

APEX ACE HOLDING LIMITED

光麗科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 6036

2019

ANNUAL REPORT 年報

* For identification purpose only 僅供識別

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Corporate Information 公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Bing Kwong (*Chairman and Chief Executive Officer*)
Mr. Lo Yuen Kin
Ms. Lo Yuen Lai

Independent Non-executive Directors

Mr. Cheung Siu Kui
Mr. Yim Kwok Man
Dr. Chow Terence

AUDIT COMMITTEE

Mr. Yim Kwok Man (*Chairman*)
Mr. Cheung Siu Kui
Dr. Chow Terence

REMUNERATION COMMITTEE

Mr. Cheung Siu Kui (*Chairman*)
Mr. Lee Bing Kwong
Mr. Yim Kwok Man

NOMINATION COMMITTEE

Mr. Lee Bing Kwong (*Chairman*)
Mr. Cheung Siu Kui
Dr. Chow Terence

COMPANY SECRETARY

Sir Kwok Siu Man KR, *FCIS, FCS*

INDEPENDENT AUDITOR

Graham H. Y. Chan & Co.
Certified Public Accountants

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

REGISTERED OFFICE

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

董事會

執行董事

李秉光先生 (*主席兼行政總裁*)
盧元堅先生
盧元麗女士

獨立非執行董事

張小駒先生
嚴國文先生
鄒重堪醫生

審核委員會

嚴國文先生 (*主席*)
張小駒先生
鄒重堪醫生

薪酬委員會

張小駒先生 (*主席*)
李秉光先生
嚴國文先生

提名委員會

李秉光先生 (*主席*)
張小駒先生
鄒重堪醫生

公司秘書

郭兆文黎剎騎士 · *FCIS, FCS*

獨立核數師

陳浩賢會計師事務所
執業會計師

主要往來銀行

香港上海滙豐銀行有限公司
星展銀行(香港)有限公司
恒生銀行有限公司

註冊辦事處

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

Corporate Information

公司資料

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2–3, 1/F
Sun Cheong Industrial Building
1 Cheung Shun Street
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit A-1303, Tianan High-Tech Plaza
Futian District, Shenzhen, China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

CORPORATE WEBSITE

<http://www.apexace.com>

INVESTOR RELATIONS CONTACT

E-mail: enquiry@apexace.com

STOCK CODE

6036

BOARD LOT

5,000 shares

香港主要營業地點

香港九龍
長順街1號
新昌工業大廈
1樓2–3室

中國主要營業地點

中國深圳福田區
天安創新科技廣場A-1303室

主要股份過戶登記處

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

香港股份過戶登記分處

聯合證券登記有限公司
香港
北角英皇道338號
華懋交易廣場二期
33樓3301至04室

公司網址

<http://www.apexace.com>

投資者關係聯絡

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股份代號

6036

買賣單位

5,000股股份

Chairman's Statement

主席報告

Dear Shareholders,

On behalf of the Board of the Company, I hereby present the audited annual results of the Group for the Year.

During the Year, the trade dispute between the US and the PRC introduced uncertainties to geopolitical and economic relations. The Group's principal business in the distribution of semiconductor and other electronic components was consequently affected as the global semiconductor market deteriorated and the demand for electronic components from the PRC and Hong Kong fell. The Group placed tremendous effort towards expanding its business scale from upstream suppliers and product mix to the downstream market and sales volume. For example, the Group is in the process of acquiring a distribution rights for electronic components and other ancillary products from a well-respected company located in the PRC.

Owing to the continuous launch of new products and effective marketing efforts during the Year, the gross profit margin of the Group increased to 7.9% against 4.8% for last year. However, due to a slowdown in demand for electronic components and memory products amid the ongoing US-China trade war, the Group recorded a significant decline in revenue. During the Year, the Group's revenue contracted by 47.9% to HK\$1,936.8 million versus HK\$3,717.6 million last year. Loss attributable to owners of the Company was HK\$17.0 million for the Year, compared with profit attributable to owners of the Company of HK\$22.6 million in 2018.

To cope with the adverse impact of the US-China trade dispute, the Group will closely monitor the conditions of the TMT market and continue to execute its diversification strategy. The Group will also seek out new products with high demands to diversify its product offerings; having already achieved progress in expanding ties with major electronics distribution companies and upstream manufacturers. Furthermore, the Group is in process to acquire 51% equity interests in a company that is engaged in electronic components distribution for segments including industrial automation, electricity system and metering, automotive, new energy and consumer electronics in the PRC. The proposed acquisition is expected to add more variety to the Group's product offerings, contribute revenue and help it access to a larger pool of seasoned customers, as well as increase the Group's market share.

致各位股東：

本人謹代表本公司董事會提呈本集團本年度的經審核全年業績。

於本年度，美國與中國之間的貿易爭端給地緣政治及經濟關係帶來不確定性。由於全球半導體市場惡化，而中國及香港對電子元件的需求下降，本集團的主要業務半導體及其他電子元件分銷因而受到影響。本集團為擴大業務規模從上游供應商及產品組合以至下游市場及銷量方面作出巨大努力。例如，本集團正在從一間享有盛譽的中國公司獲取電子元件及其他輔助產品的經銷權。

由於本年度不斷推出新產品及市場推廣工作行之有效，本集團的毛利率由去年的4.8%增至7.9%。然而，由於中美貿易戰持續期間電子元件及記憶體產品需求放緩，本集團的收益大幅下降。於本年度，本集團的收益由去年的3,717.6百萬港元減少47.9%至1,936.8百萬港元。於本年度，本公司擁有人應佔虧損為17.0百萬港元，而二零一八年本公司擁有人應佔溢利為22.6百萬港元。

為應對中美貿易爭端的不利影響，本集團將密切監控TMT市場的狀況，並繼續執行其多元化戰略。本集團亦將尋求高需求的新產品，以使其產品種類多樣化；而本集團已於擴大與主要電子分銷公司及上游製造商的聯繫方面取得進展。此外，本集團正在收購一間公司的51%股權，該公司於中國從事包括工業自動化、電力系統及測量、汽車、新能源及消費電子等分部的電子元件分銷。建議收購事項有望為本集團的產品系列增加更多種類，貢獻收益並幫助其吸引更多經驗豐富的客戶，並提高本集團的市場份額。

Chairman's Statement

主席報告

In addition, the Group will continue to seek customers whose sales are principally derived outside of the US to avoid any possible tariffs applied by the US government. The Group will also strengthen ties with customers who are tapping into the new markets under the Belt and Road Initiative. Given that the initiative is proceeding full steam ahead, delivering trillions of dollars in infrastructure financing to Asia, Europe and Africa, the Group is set to meet the increasing demand for electronic components and goods from these countries and regions.

The ongoing US-China trade dispute continues to exert pressure on the TMT sector in the PRC. Although the two countries have reached "Phase One" deal, which will reduce tariffs on US\$120 billion worth of Chinese goods, including the lowering of tariffs on TVs, projectors and other electronics to 7.5%, still other tariffs remain. These include 25% tariffs on US\$250 billion worth of Chinese products. As there is no fixed date for signing the second trade agreement, uncertainties exist, hence global activity and growth are expected to remain soft. Compounding matters of the COVID-19 epidemic outbreak, which has become a global concern. Though it is still too early to gauge what the macroeconomic impact will be, the greatest damage from the outbreak is likely to occur in the first half of the year. A weaker Chinese economy will invariably have global repercussions given that the PRC has significant influence on the world economy.

Nonetheless optimism is emanating from the semiconductor industry, fuelled by the new 5G technology adoption in the PRC and worldwide. A strong uptake of 5G smartphones will drive demand for high-capacity memory and storage used by data-intensive mobile applications in smartphones and other mobile devices. In China, commercialized 5G technology is now available in 50 cities, and is expected to spread to more than 300 cities by the end of 2020. In the face of rising demand for 5G smartphones and applications, the Group will expand its 5G product portfolio and improve the competitiveness of its products based on market needs.

此外，本集團將繼續尋求其銷售主要來自美國境外的客戶，以避免美國政府施加任何可能的關稅。本集團亦將加強與「一帶一路」倡議下正在開拓新市場的客戶的聯繫。鑒於該倡議正在全面推進，為亞洲、歐洲及非洲提供了數萬億美元的基礎設施融資，本集團已開始著手滿足該等國家及地區對電子元件及商品日益增長的需求。

持續的中美貿易爭端繼續對中國的TMT行業施加壓力。儘管兩國已達成「第一階段」協議，此將對價值1,200億美元的中國商品降低關稅，包括將電視、投影儀及其他電子產品的關稅降至7.5%，但其他關稅仍然存在，其中包括對價值2,500億美元的中國產品徵收25%的關稅。由於第二份貿易協議並無固定的簽署日期，因此存在不確定性，故全球活動及增長預計將保持疲軟。COVID-19疫情爆發的複雜性已成為全球關注的問題。儘管現在判斷宏觀經濟影響會為時過早，但該爆發造成的最大損失可能會在今年上半年出現。鑒於中國對世界經濟產生重大影響，疲軟的中國經濟將不可避免地在全球範圍內產生影響。

儘管如此，在中國乃至全球採用新的5G技術的推動下，半導體行業正在產生樂觀情緒。5G智能手機的大量使用將推動對智能手機及其他移動設備中數據密集型移動應用程式所使用的大容量內存及存儲的需求。中國現已有50個5G商用城市，預計到二零二零年年底將擴展到300多個城市。面對5G智能手機及應用程式需求的不斷增長，本集團將根據市場需求擴大其5G產品組合及提高其產品競爭力。

Chairman's Statement

主席報告

All in all, the commercial rollout of 5G, and the associated construction of network applications have given impetus to the demand for digital storage and general electronic component products from the Group. That said, there are still many challenges in the TMT market in general for the Group to face. Against the backdrop of global economic uncertainties, the Group will adhere to its "high volume-low margin" business strategy in order to protect its market share. The Group will continue to diversify its product portfolio and customer base so as to defend against economic headwinds and industrial challenges and will enhance its competitiveness to ensure that it continues to make strides forward and develop in a quality manner. The Group will continue to adopt a prudent approach towards business development and strive to deliver favourable returns to Shareholders despite the difficult times.

Lee Bing Kwong

Chairman

27 March 2020

總而言之，5G的商業推廣以及相關的網絡應用程式建設推動了本集團數碼存儲及通用電子元件產品的需求。也就是說，總體而言，本集團仍要面對TMT市場的諸多挑戰。在全球經濟不明朗的背景下，本集團將堅持其「薄利多銷」業務戰略，以保障其市場份額。本集團將繼續多元化產品組合及客戶基礎，以抵禦經濟逆境及工業挑戰；並將增強競爭力，以確保其繼續向前邁進並以優質的方式發展。儘管處於困難時期，本集團將繼續採取審慎的業務發展方針，並努力為股東帶來可觀的回報。

主席

李秉光

二零二零年三月二十七日

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

The Group is a Hong Kong-based distributor of semiconductors and other electronic components and is engaged in the supply of digital storage products and general electronic components along with the provision of complimentary technical support to its customers. It focuses on identifying, sourcing, selling and distributing quality electronic components produced by branded upstream manufacturers to downstream manufacturers within the TMT sector in the PRC and Hong Kong.

During the Year, to enhance the efficiency of the Group's product portfolio management, the Group has consolidated its Memory Products and Data & Cloud Products into one segment, namely Digital Storage Products. The General Components has remained unchanged.

Digital Storage Products

The Group's Digital Storage Products include DRAM, FLASH and MCP memory products, which are widely applied to multimedia and mobile devices such as set-top boxes, Smart TVs, wearable devices, mobile phones, etc. Along with optical and mass storage products, these products are mainly used in enterprise-level storage and server systems.

During the Year, the trade tension between the US and China coupled with the global economic downturn adversely affected the global demand for consumer electronic products. Furthermore, the oversupply and weak demand of DRAM, NAND Flash and other memory products had a substantial impact on the average selling price of the Group's Digital Storage Products, which was only subsequently stabilised in the second half of the Year after months of price declining. Revenue generated from this product segment decreased by 57.5% to HK\$1,393.7 million for the Year from HK\$3,279.1 million in the Year 2018. Gross profit of this segment decreased year-on-year by 53.8% to HK\$57.5 million from HK\$124.3 million in the Year 2018. Gross profit margin slightly improved to 4.1% from 3.8% in the Year 2018, mainly due to the increased gross profit margin in the sales of DRAM and MCP memory products following a slight market recovery in the second half of the Year.

業務回顧

本集團是一家以香港為基地的半導體和其他電子元件分銷商，從事數碼存儲產品和通用電子元件的供應，並為客戶提供免費技術支援。本集團專注於識別、採購、銷售和分銷由上游品牌製造商生產的優質電子元件予中國及香港的TMT行業的下游製造商。

於本年度，為提高本集團產品組合管理的效率，本集團已將其記憶體產品及數據與雲端產品合併為一個分部，即數碼存儲產品。通用元件保持不變。

數碼存儲產品

本集團的數碼存儲產品包括DRAM、閃存及MCP記憶體產品（廣泛應用於多媒體以及移動設備，如機頂盒、智能電視、可穿戴設備及手機等），以及光學及大容量存儲產品，該等產品主要用於企業級別的存儲及伺服器系統。

於本年度，由於美國與中國的貿易緊張局勢，加上全球經濟低迷，全球消費電子產品需求已受到不利影響。此外，DRAM、NAND閃存及其他記憶體產品的供給過剩及需求下降，亦對本集團數碼存儲產品的平均售價產生重大影響，該價格數月連跌後方才於下半年有所穩定。該產品分部產生的收益由二零一八年的3,279.1百萬港元減少57.5%至本年度的1,393.7百萬港元。該分部的毛利由二零一八年的124.3百萬港元按年減少53.8%至57.5百萬港元。毛利率從二零一八年的3.8%略微提高到4.1%，此乃主要由於下半年市場略有復甦之後，DRAM及MCP記憶體產品的銷售毛利率增長所致。

Management Discussion and Analysis

管理層討論及分析

General Components

General Components include switches, connectors, passive components, main chips, sensors, power semiconductors and analog-to-digital converters, which are mainly designed and used in mobile and multimedia devices.

As mentioned above, the economic slowdown took a toll on the global demand for consumer electronic products such as personal computers, smartphones, portable devices, Smart TVs and set-top boxes, etc. The demand from the Group's downstream manufacturers for products in the General Components also decreased apart from the sale of main chips for Smart TVs and set-top boxes. During the Year, revenue of this business segment increased by approximately 23.9% year-on-year to HK\$543.2 million from HK\$438.5 million when compared with the Year 2018. Gross profit of the segment increased by approximately 79.2% to HK\$96.3 million in the Year from HK\$53.7 million in the Year 2018. The increased sales and gross profit margin were mainly due to higher margins generated from the sales of main chips for Smart TVs and set-top boxes, switches and connectors for multimedia and mobile device products, which were under the Group's volume incentive marketing campaigns collaborated with its upstream manufacturers.

FINANCIAL REVIEW

Revenue

The two major product segments, namely (i) Digital Storage Products; and (ii) General Components, contributed approximately 72.0% and 28.0% of the Group's total revenue for the Year, respectively.

The Group's revenue was HK\$1,936.8 million for the Year (2018: HK\$3,717.6 million), representing a drop of 47.9% from the previous year. The decrease in revenue was mainly due to a combination of (i) a decreased global demand for consumer electronic products; and (ii) an oversupply of memory products carried forward from the fourth quarter of Year 2018 combined with a lower demand for Memory Products, which caused a substantial decrease in the average unit selling price of Memory Products in the Group's Digital Storage Products. Nonetheless, the revenue in the second half of the Year improved slightly as compared to the first half, which reflected the stabilisation of the average unit selling price of the Memory Products.

通用元件

通用元件包括主要在移動和多媒體設備中設計和使用的開關、連接器、無源元件、主芯片、傳感器、功率半導體和模擬數碼轉換器。

如上文所述，經濟放緩影響了全球對個人計算機、智能手機、便攜式設備、智能電視及機頂盒等消費電子產品的需求。除智能電視及機頂盒的主要芯片銷售外，本集團的下游製造商對通用元件產品的需求亦有所下降。於本年度，該業務分部的收益由二零一八年的438.5百萬港元按年增加約23.9%至543.2百萬港元。於本年度，該分部的毛利由二零一八年的53.7百萬港元增加約79.2%至96.3百萬港元。銷售額及毛利率增長乃主要由於本集團與其上游製造商合作開展批量激勵營銷活動，以銷售智能電視及機頂盒的主要芯片、多媒體及移動設備產品的開關及連接器，產生較高利潤率所致。

財務回顧

收益

於本年度，兩大產品分部（即(i)數碼存儲產品；及(ii)通用元件）對本集團總收益的貢獻分別為約72.0%及28.0%。

於本年度，本集團的收益為1,936.8百萬港元（二零一八年：3,717.6百萬港元），較上年下降47.9%。收益減少乃主要由於以下各項的合併影響：(i)消費電子產品的全球需求下降；及(ii)自二零一八年第四季度起結轉的記憶體產品供過於求，加上對記憶體產品的需求下降，導致本集團數碼存儲產品中記憶體產品的平均單位售價大幅下降。然而，本年度下半年的收益較上半年略有改善，反映記憶體產品的平均單位售價穩定。

Management Discussion and Analysis

管理層討論及分析

Gross profit and gross profit margin

The Group's gross profit for the Year decreased by approximately 13.6% to HK\$153.8 million compared to that of HK\$178.1 million last year. The decrease in gross profit during the Year was generally in line with the downward trend of the sales revenue, but the Group recorded an increase in its gross profit margin for some of its products. The gross profit margin for the Year has increased to 7.9% (2018: 4.8%) mainly due to the increased gross profit margin from the sales of DDR and MCP memory products, which was categorised under the Digital Storage Products segment. Furthermore, the gross profit margin of main chips for Smart TVs and set-top boxes, switches and connectors, which was categorised under the General Components segment, increased to 17.7% (2018: 12.3%).

Other income and change in fair value of investment property

During the Year, the Group recognised a loss arising from changes in the fair value of an investment property of HK\$2.3 million (2018: gain of HK\$2.4 million). The Group's other income remained immaterial to the Group during the Year.

Impairment loss on trade receivables

The impairment loss on trade receivables of HK\$12.2 million was recognised during the Year (2018: Nil). The increase in provision under expected credit loss model was due to significant increase in trade debts past due for more than one year.

Distribution and selling expenses

The selling and distribution costs mainly included marketing expenses and salaries for sales staff, commission expenses, transportation fees, freight charges as well as declarations and sample expenses. For the Year, selling and distribution expenses increased to approximately HK\$78.1 million (2018: HK\$47.0 million), mainly as a result of an increase in commission and agency fees in order to stimulate the Group's sales during the market slowdown.

毛利及毛利率

本集團本年度的毛利為153.8百萬港元，較去年的178.1百萬港元減少約13.6%。本年度內的毛利下跌與銷售收益下跌趨勢大致同步，而本集團部分產品的毛利率則有所增加。於本年度，毛利率上升至7.9%（二零一八年：4.8%），主要由於銷售分類為數碼存儲產品分部的DDR和MCP記憶體產品的毛利率增加所致。此外，分類為通用元件分部的智能電視及機頂盒的主要芯片、開關及連接器的毛利率增加至17.7%（二零一八年：12.3%）。

其他收入及投資物業公平值變動

於本年度，本集團確認於一項投資物業公平值變動產生的虧損為2.3百萬港元（二零一八年：收益2.4百萬港元）。於本年度，本集團的其他收入對本集團而言仍屬不重大。

貿易應收賬款減值虧損

於本年度，已確認貿易應收賬款減值虧損12.2百萬港元（二零一八年：無）。預期信貸虧損模式項下的撥備增加乃由於逾期超過一年的貿易應收債項大幅增加。

分銷及銷售開支

銷售及分銷成本主要包括營銷開支及銷售人員薪金、佣金開支、交通費用、運輸費用以及申報及樣本開支。於本年度，銷售及分銷開支增加至約78.1百萬港元（二零一八年：47.0百萬港元），主要由於佣金及中介費用增加以刺激本集團於市場放緩時的銷售。

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Administrative expenses

Administrative expenses primarily consisted of salaries and benefits (including emoluments to the Directors), insurance premiums, short-term lease expenses and other premises fees, exchange differences, bank charges and depreciation expenses. The Group's administrative expenses decreased by HK\$15.0 million to HK\$61.8 million during the Year (2018: HK\$76.8 million), which was mainly attributable to the effect of (i) the absence of IPO listing expenses of approximately HK\$5.4 million; and (ii) a decrease in the insurance expenses in aggregate by approximately HK\$6.5 million.

Finance costs

The Group's finance costs mainly represented interest expenses on its bank borrowings during the Year. Such bank borrowings were obtained by the Group for general working capital needs. The Group had finance costs of approximately HK\$7.1 million (2018: HK\$18.3 million). The finance costs decreased as a result of the overall decreasing use of factoring loans.

Net loss for the Year

Net loss for the Year amounted to HK\$9.1 million, compared to net profit of HK\$33.3 million for the Year 2018.

Net (loss)/profit attributable to the owners of the Company

The net loss attributable to the owners of the Company for the Year was HK\$17.0 million, compared with the net profit attributable to the owners of the Company for the Year 2018 of HK\$22.6 million. The change was mainly attributable to (i) the substantial drops in the Group's sales revenue and gross profit resulting from the slowdown of the global economy, the continuous and uncertain trade tension between the US and the PRC and the weaker market demand from China's TMT sector; (ii) a significant increase in distribution and selling expenses; (iii) a provision for impairment in the Group's inventory resulting from a drop in the net realisable value of a certain portion of the inventory of the Group; and (iv) an impairment loss on trade receivables.

行政開支

行政開支主要包括薪金及福利(包括董事酬金)、保險費用、短期租賃開支及其他物業費用、匯兌差額、銀行收費及折舊開支。本集團的行政開支減少15.0百萬港元至本年度的61.8百萬港元(二零一八年：76.8百萬港元)，乃主要由於：(i)缺少首次公開發售上市開支約5.4百萬港元；及(ii)保險開支合共減少約6.5百萬港元的影響所致。

融資成本

本集團的融資成本主要指於本年度內其銀行借貸的利息開支。本集團取用該等銀行借貸以供日常營運資金需求。本集團的融資成本約為7.1百萬港元(二零一八年：18.3百萬港元)。融資成本減少乃由於整體減少使用保理貸款。

本年度淨虧損

本年度淨虧損為9.1百萬港元，相比二零一八年度純利為33.3百萬港元。

本公司擁有人應佔淨(虧損)/純利

於本年度，本公司擁有人應佔淨虧損為17.0百萬港元，相比二零一八年度本公司擁有人應佔純利為22.6百萬港元。出現變動主要歸因於(i)全球經濟放緩，中美貿易的緊張局勢持續不確定，且中國TMT行業的市場需求疲弱，以致本集團的銷售收益及毛利大幅下跌；(ii)分銷及銷售開支大幅增加；(iii)本集團若干部分的存貨可變現淨值減少，以致本集團存貨出現減值撥備；及(iv)貿易應收賬款減值虧損。

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LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group met its liquidity requirements principally through a combination of internal resources and bank borrowings. The Group's cash resources as at 31 December 2019 were approximately HK\$211.8 million (31 December 2018: HK\$182.6 million) which were mainly denominated in HK\$, RMB and US\$.

As at 31 December 2019, the Group's total outstanding bank borrowings amounted to HK\$346.1 million (31 December 2018: HK\$391.3 million) which comprised mainly bank factoring loans, import loans, trust receipts loans, instalment loans and revolving loans. The Group's bank borrowings which were unrestricted and carried at amortised cost with a clause of repayment on demand are classified as current liabilities. The gearing ratio decreased from 118.7% as at 31 December 2018 to 113.2% as at 31 December 2019 as a result of the prudent approach taken by the management of the Group on managing its business finances. Gearing ratio was calculated based on total loans and borrowings divided by total equity at the respective reporting date.

The Group's financial statements were presented in HK\$. The Group carried out its business transactions mainly in HK\$, RMB and US\$. As the HK\$ remained pegged to the US\$, there was no material exchange risk in this respect. Since the portion of RMB revenue was insignificant, there was no material exchange risk in this respect. The Group currently does not have any interest rate hedging policy. However, the management monitors the Group's exposure to interest rate risk on an ongoing basis and will consider relevant hedging policy should the need arise. Credit risk was hedged mainly through credit policy and factored to external financial institutions.

CONTINGENT LIABILITIES

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

CHARGES ON ASSETS

As at 31 December 2019, the banking facilities of the Group were secured by trade receivables of the Group with an aggregate carrying amount of approximately HK\$270.9 million (2018: HK\$367.3 million), the legal charge over the investment property of the Group of HK\$51.7 million (2018: HK\$54.0 million), leasehold land and buildings of approximately HK\$39.1 million (2018: HK\$40.5 million) of the Group, insurance policy executed by a related company, personal guarantee executed by Mr. Pai Yin Lin (a director and a non-controlling shareholder of subsidiaries of the Company) and corporate guarantees executed by the Group.

流動資金及財務資源

於本年度，本集團主要通過綜合使用內部資源及銀行借貸來滿足其流動資金需求。本集團於二零一九年十二月三十一日的現金資源約為211.8百萬港元(二零一八年十二月三十一日：182.6百萬港元)，其主要以港元、人民幣及美元計值。

於二零一九年十二月三十一日，本集團的未償還銀行借貸總額為346.1百萬港元(二零一八年十二月三十一日：391.3百萬港元)，主要包括銀行保理貸款、進口貸款、信託收據貸款、分期貸款及循環貸款。本集團銀行借貸並無限制及按攤銷成本列賬，附帶通知償還條款，分類為流動負債。資本負債比率由二零一八年十二月三十一日的118.7%減少至二零一九年十二月三十一日的113.2%，主要原因為本集團的管理層於管理業務融資時採取審慎策略。資本負債比率乃按於各報告日期的貸款及借貸總額除以總權益計算。

本集團的財務報表以港元呈列。本集團主要以港元、人民幣及美元進行其業務交易。由於港元仍然與美元掛鈎，就此而言並無重大匯兌風險。由於人民幣收益的比例較低，就此而言並無重大匯兌風險。本集團目前並無任何利率對沖政策。然而，管理層會持續監控本集團的利率風險，並將於需要時考慮相關對沖政策。信貸風險已主要根據信貸政策及向外部金融機構進行保理的方式對沖。

或然負債

於二零一九年十二月三十一日，本集團並無任何重大或然負債。

資產抵押

於二零一九年十二月三十一日，本集團的銀行融資以總賬面值約270.9百萬港元(二零一八年：367.3百萬港元)的本集團貿易應收賬款、以51.7百萬港元(二零一八年：54.0百萬港元)的本集團投資物業作出的法定押記、約39.1百萬港元(二零一八年：40.5百萬港元)的本集團租賃土地及樓宇、關連公司所簽立的保單、白逸霖先生(本公司附屬公司的董事及非控股股東)所簽立的個人擔保以及本集團簽立的公司擔保作抵押。

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DIVIDEND

The Board resolved not to recommend any final dividend for the Year (2018: 0.6 HK cent per Share).

The final dividend for the Year 2018 amounting to HK\$6,000,000 was paid to the Shareholders on Friday, 5 July 2019.

CHANGES IN ACCOUNTING POLICIES

For the Year, the Group adopted for the first time the new and revised HKFRSs issued by HKICPA, which were relevant to its operations and effective for the Group's accounting period beginning on 1 January 2019. For details, please refer to Note 3 to the consolidated financial statements of the Company in this Annual Report.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2019, the Group had 122 employees (as at 31 December 2018: 104) in Hong Kong and the PRC. The Group's remuneration policy is built on the principle of equitability with incentive-based, motivating, performance-oriented and market-competitive remuneration packages for its employees. Remuneration packages are normally reviewed on a regular basis. Apart from salary, other staff benefits include provident fund contributions, medical insurance coverage and performance-based bonuses. In addition, the Company has adopted a share option scheme and a restricted share award scheme as an incentive or a reward for the eligible participants for their contribution to the Group, and provides continuous training to its employees to improve their marketing skills and enhance their product knowledge.

股息

董事會議決不建議就本年度派發任何末期股息(二零一八年：每股股份0.6港仙)。

二零一八年度末期股息6,000,000港元已於二零一九年七月五日(星期五)派付予股東。

會計政策變更

於本年度，本集團首次採納香港會計師公會頒佈的新訂及經修訂香港財務報告準則，該等準則與其經營相關且於本集團於二零一九年一月一日開始的會計期間生效。詳情請參閱本年報的本公司綜合財務報表附註3。

僱員及酬金政策

於二零一九年十二月三十一日，本集團於香港及中國僱用122名員工(於二零一八年十二月三十一日：104名)。本集團的薪酬政策乃建基於公平原則，為其僱員提供以獎勵為基礎、激勵、表現為本及具市場競爭力的薪酬待遇。薪酬待遇一般作定期檢討。除薪金外，其他員工福利包括公積金供款、醫療保險保障及以表現為本的花紅。此外，本公司已採納購股權計劃及限制性股份獎勵計劃作為合資格參與者為本集團作出貢獻的激勵或獎勵，並為其僱員提供持續培訓，以提升其營銷技巧及加強其產品認識。

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USE OF NET PROCEEDS FROM LISTING

The net proceeds received by the Company from the Global Offering (the "Net Proceeds") amounting to approximately HK\$116.9 million after deducting underwriting commissions. All related expenses have been and will be used in the manner consistent with that disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Net Proceeds received have been applied by the Group from the Listing Date up to 31 December 2019 as follows:

上市所得款項淨額用途

經扣除包銷佣金後，本公司自全球發售收取的所得款項淨額（「所得款項淨額」）約116.9百萬港元。所有相關開支已及將以與招股章程內「未來計劃及所得款項用途」一節所披露者一致的方式使用。本集團自上市日期起直至二零一九年十二月三十一日止應用已收取的所得款項淨額如下：

| | | Application of Net Proceeds as stated in the Prospectus | Actual Use of Net Proceeds from Global Offering up to 31 December 2019 直至二零一九年十二月三十一日 實際使用全球發售所得款項淨額 | Actual Use of Net Proceeds during the Year 本年度實際使用所得款項淨額 | Unused Net Proceeds 未使用所得款項淨額 | Percentage of Unused Net Proceeds 未使用所得款項淨額百分比 | Expected timeframe of full utilisation of unused Net Proceeds 悉數動用未使用所得款項淨額的預期時間框架 |
|--|---------------------------|---|--|---|----------------------------------|---|---|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | % | |
| Repayment of bank loans | 償還銀行貸款 | 39,045 | 39,045 | – | – | – | – |
| Establishing a new product and development department | 新設產品及開發部門 | 2,810 | 1,400 | 700 | 1,410 | 50 | Q2 2020–Q3 2021 二零二零年第二季度至二零二一年第三季度 |
| Strengthening sales and marketing and technical support team by recruiting staff and providing trainings | 透過增聘人員及提供培訓加強銷售、營銷及技術支援團隊 | 10,750 | 6,000 | 3,000 | 4,750 | 44 | Q2 2020–Q3 2021 二零二零年第二季度至二零二一年第三季度 |
| Enhancing warehouse and office in Hong Kong | 改善香港的倉庫及辦事處 | 4,600 | 930 | 206 | 3,670 | 80 | Q3 2020–Q1 2021 二零二零年第三季度至二零二一年第一季度 |
| Installing enterprise resource planning and supporting software | 安裝企業資源規劃系統及支持軟件 | 7,090 | 3,532 | 216 | 3,558 | 50 | Q2 2020–Q2 2021 二零二零年第二季度至二零二一年第二季度 |
| Establishing new offices in the PRC | 在中國建立新辦事處 | 5,027 | 318 | 318 | 4,709 | 94 | Q3 2020–Q2 2021 二零二零年第三季度至二零二一年第二季度 |
| Acquisition and establishment of Shenzhen head office | 購買及建立深圳總辦事處 | 35,888 | – | – | 35,888 | 100 | Q1–Q2 2021 二零二一年第一季度至第二季度 |
| Working capital for general corporate purpose | 作一般公司用途的營運資金 | 11,690 | 11,690 | – | – | – | – |
| | | 116,900 | 62,915 | 4,440 | 53,985 | 46 | |

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USE OF PROCEEDS

The Group has utilized approximately 54% of the net proceeds as of 31 December 2019, which amounts to approximately HK\$62.9 million.

As for the balance of the net proceeds, after a series of careful considerations, the Board has postponed the expenditures for the above-mentioned items during the Year mainly due to the following factors: (i) continuing of the US trade war with China; (ii) dropped in global and domestic demands for consumer electronic products; (iii) dropped in the Group's sales revenue and gross profit; (iv) unstable real estate market in HK and the PRC; and (v) the Group has taken a prudent approach to control and minimize its overall expenditures.

The Group is expecting to utilize the balance of the net proceeds on the above-mentioned items between year 2020 to year 2021, due to the following reasons: (i) the pressures of the COVID-19 pandemic are unprecedented, creating widespread uncertainty about where the world is heading. Therefore, the scale of the adverse impact on the global and domestic economy will remain unpredictable; (ii) the global demand of consumer electronic products is expecting to further diminished in year 2020; (iii) most manufacturers' productions have returned to normal capacity after Q1 2020; and (iv) in the event that COVID-19 will continue to spread throughout the world, the Directors believe that the real estate market in Hong Kong and the PRC is expected to stay unstable for the balance of year 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of Subsidiaries, associates and joint ventures during the Year.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Reference is made to the announcement of the Company dated 30 September 2019 whereby it was announced that an indirect wholly-owned subsidiary of the Company entered into the Acquisition Agreement with the Vendor and the guarantors for the transfer of the distributorship rights from the Vendor at a consideration of US\$5.0 million. As at the date of this Annual Report, part of the distributorship rights has already been transferred to the subsidiary.

所得款項用途

截至二零一九年十二月三十一日，本集團已動用所得款項淨額約54%，為數約62.9百萬港元。

就所得款項淨額結餘而言，經一系列審慎考慮後，董事會已於本年度內推遲上述項目的開銷，主要是由於以下因素：(i) 中美貿易戰的持續；(ii) 消費類電子產品的全球及國內需求下降；(iii) 本集團的銷售收益及毛利下降；(iv) 香港及中國房地產市場不穩定；及(v) 本集團已採取審慎方針監控及將其整體開支降至最低值。

本集團預期於二零二零年至二零二一年之間將所得款項淨額結餘用於上述項目，理由如下：(i) COVID-19疫情所帶來的壓力為前所未有，此令世界前進的方向產生廣泛的不確定性。因此，對全球及國內經濟造成的不利影響的程度仍將無法預測；(ii) 消費類電子產品的全球需求預計將於二零二零年進一步縮減；(iii) 大多數製造商於二零二零年第一季度後已恢復正常生產能力；及(iv) 倘COVID-19繼續於全球擴散，董事認為，香港及中國的房地產市場預期於二零二零年剩餘期限仍然不穩定。

重大收購及出售附屬公司、聯營公司及合營企業

於本年度，本集團並無任何重大收購及出售附屬公司、聯營公司及合營企業。

所持重要投資及有關重大投資或資本資產的未來計劃

茲提述本公司日期為二零一九年九月三十日的公佈，當中宣佈本公司的間接全資附屬公司與賣方及擔保人就賣方轉讓分銷權訂立收購協議，代價為5.0百萬美元。於本年報日期，部分分銷權早已轉讓予附屬公司。

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Reference is also made to the announcement of the Company dated 7 November 2019 regarding the MOU. Subject to the parties entering into a formal agreement, it is proposed that the Company will acquire 51% of the equity interest in the target company from the owner of the target company. The exact amount of the consideration for the proposed acquisition will be further negotiated and is estimated to be less than RMB110 million.

SUBSEQUENT EVENT

The Board is not aware of any significant event affecting the Group which requires disclosure that occurred subsequent to 31 December 2019 and up to the date of this Annual Report.

PROSPECTS

Looking forward, with the uncertainty of the US-China trade war, we believe that it will continue to cripple the global economy in the coming months. To date, the US has imposed tariffs on US\$360 billion of Chinese goods, which is more than 50% of China's total exports to the US. This will most likely exert pressure on businesses within China's consumer electronics market, including the TMT sector.

With phase one of the US-China trade agreement implemented on 15 January 2020, the process of resolving the US-China trade war has begun and is likely to have a positive impact on the electronics industry growth rate in 2020. Unfortunately, the newly surfaced COVID-19 outbreak in China has presented another challenge to the local as well as the global economy. The Group foresees that the electronic components industry will be negatively and adversely affected by the COVID-19 epidemic in the first half of the year 2020. In the event that the spread of the COVID-19 could be under control in the second half of the year 2020 globally, the Directors foresee that the demand and sales of consumer electronics products will ramp up rapidly and will begin its recovery in the second half or the last quarter of the year 2020.

World economists believe that both the Chinese economy and global economy will be significantly affected by the COVID-19 epidemic in the first half of the year 2020. The effects would be particularly felt by the electronics industry of which China plays a major market role as a key supplier of electronic products and related components. The Group will diligently monitor the changes in the electronics industry by balancing the risks and opportunities throughout Hong Kong and the PRC.

茲亦提述本公司日期為二零一九年十一月七日有關諒解備忘錄之公佈。待訂約方訂立正式協議後，本公司將建議自目標公司的擁有人收購目標公司的51%股權。建議收購事項的實際代價將有待進一步磋商，估計低於人民幣110百萬元。

結算日後事項

董事會並不知悉於二零一九年十二月三十一日後直至本年報日期曾經發生任何對本集團造成影響並須予以披露的重大事項。

展望

展望未來，鑒於中美貿易戰的不確定性，我們認為未來數月全球經濟仍將受損。迄今，美國已對價值3,600億美元的中國進口商品加徵關稅，佔中國向美國出口總額超過50%。此很大可能為中國的消費類電子產品市場業務，包括TMT行業帶來壓力。

隨著於二零二零年一月十五日實施中美第一階段經貿協議，解決中美貿易戰的流程已經開始，預計將對二零二零年電子行業增長率產生正面影響。不幸的是，中國最近爆發COVID-19，給當地乃至全球經濟帶來了另一個挑戰。本集團預計，電子元件行業將於二零二零年上半年受到COVID-19疫情的負面及不利影響。倘COVID-19疫情的擴散可於二零二零年下半年得到全球控制，董事預計消費類電子產品的需求及銷售將快速回暖，並於二零二零年下半年或最後一個季度開始復甦。

世界經濟學家認為COVID-19疫情將於二零二零年上半年對中國經濟及全球經濟造成重大影響。電子行業受到的影響尤為明顯，因為中國作為主要的電子產品及相關元件供應商在市場扮演重要角色。本集團將密切監察電子行業變動，平衡香港及中國內地的風險與機遇。

Management Discussion and Analysis

管理層討論及分析

Wireless 5G networks are rolling out rapidly in China. This ultra-fast data transmission service is now available to consumers in approximately 50 cities in China and is expected to be adopted throughout the country from 2020 onwards. The demand for digital storage and general electronic component products is, therefore, expected to grow in the coming years. Meanwhile, the Belt and Road Initiative is steaming ahead, delivering trillions of dollars to infrastructure financing across Asia, Europe, Africa and indirectly increasing the demand for electronic components and goods in those countries and regions.

According to some industry analysts, the automotive industry is in better shape than it was five years ago, where profits and sales generated from the industry have recorded growths following the recent economic crises around the world. Hence, the Group plans to allocate more resources to the automotive segment to capture more opportunities.

The energy security and urban air-pollution concerns that emerge from rapid growth in the number of vehicles on the road have spurred China to initiate the Thousands of Vehicles, Tens of Cities Program to accelerate the commercialisation of new energy vehicles ("NEV"). Hence, the Group plans to allocate more resources to the NEV (automotive) segment to capture potential more opportunities.

China's artificial intelligence ("AI") industry is expected to reach US\$30 billion by 2022 according to a report released by the Chinese Institute of Electronics. Hence, the Group plans to allocate more resources to the AI segment to seize new opportunities.

With the online market for study courses market set to grow by 20% annually, China is poised to become one of the world's most vibrant online education markets. The growth is contributed by China's growing household spending power, the under-supply of education resources and the introduction of the two-child policy. As a result, the opportunities for eLearning businesses in China are significant. The Group plans to allocate more resources to the commercial-server segment to capture more opportunities in this aspect here.

To maintain and expand its market share, the Group will continue its diversification strategy to develop new applications of its products in the industry. The Group is in the process of acquiring the distributorship rights of certain electronic components and other ancillary products for automotive and multimedia applications from a well-respected company located in the PRC. The Group has signed an MOU in relation to the acquisition of a 51% equity in a company engaged in electronic components distribution for segments including industrial automation, electricity system and metering, automotive, NEV and consumer electronics in the PRC. The Group expects its product portfolio to be further strengthened upon the completion of the acquisition. The Group continues to evaluate potential acquisitions in the future in order to seize more promising business opportunities and to generate additional revenue in the future.

5G無線網絡正於中國快速推進。此項超快速數據傳輸服務現已向中國約50個城市的消費者開通，預期自二零二零年起全國通用。因此，預期數碼存儲及通用電子元件產品需求將於未來數年增長。同時，「一帶一路」建設正在蓬勃發展，為亞洲、歐洲及非洲的基建融資帶來數萬億資金，並間接帶動該等國家及地區的電子元件及商品需求增長。

若干行業分析師表示，汽車行業市況勝於五年前在經歷世界周邊近期的經濟危機後，業內所得的利潤及銷售均錄得增長。因此，本集團計劃向汽車行業分配更多資源以把握更多機會。

道路車輛數量快速增長，對能源安全和城鎮空氣污染的關注隨之而起。中國推出「十城千輛」計劃，加快新能源汽車（「NEV」）的商業化。因此，本集團將向NEV（汽車）分部分配更多資源以把握更多潛在機會。

根據中國電子學會發佈的報告，中國的人工智能（「AI」）行業預期到二零二二年將達300億美元。因此，本集團計劃向AI分部分配更多資源以抓住新契機。

隨著學習課程的在線市場每年以20%的速度增長，中國有望成為世界上最活躍的在線教育市場之一。市場增長乃歸因於中國家庭消費能力不斷提高，教育資源不足及「二孩」政策出台。因此，中國的電子學習業務機會巨大。就此而言，本集團計劃向商業服務器分部分配更多資源以把握更多機會。

為維持及擴大市場份額，本集團將繼續其多元化策略以開發其行業產品的新應用程序。本集團正在向位於中國的一家知名企業購買若干汽車及多媒體應用的電子元件及其他配套產品的分銷權。本集團已就收購一家於中國從事多行業（包括工業自動化、電力系統與計量、汽車、NEV及消費類電子產品）電子元件分銷的公司51%股權簽署諒解備忘錄。本集團預期其產品組合將於完成收購後進一步加強。本集團繼續評估未來的潛在收購，以抓住更多前景可觀的商機，從而在未來創造更多收入。

Biographies of Directors and Senior Management

董事及高級管理層履歷

EXECUTIVE DIRECTORS

Mr. Lee Bing Kwong (“Mr. Lee”), aged 65, the founder of the Group and the Controlling Shareholder, was appointed as an executive Director on 4 July 2012 and is also the CEO and the Chairman as well as the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Lee is also a director of certain Subsidiaries. Mr. Lee obtained a bachelor’s degree of applied science from the University of Toronto, Canada in 1980. Mr. Lee established Nicegoal Investments in 1987 with business mainly in manufacturing of personal computer motherboard and trading of components and accessories for personal computer and AVT in 1992 which started its business of trading of electronic components in 2005. Prior to the establishment of Nicegoal Investments, Mr. Lee acted as sales engineer and marketing engineer in the sales and marketing department of Motorola Semiconductors (HK) Limited during the period from 1981 and 1985. Mr. Lee has been active in the semi-conductor field for more than 30 years. Mr. Lee is the sole director of Best Sheen Limited, the Controlling Shareholder. Mr. Lee is the husband of Ms. Lo Yuen Lai and the brother-in-law of Mr. Lo Yuen Kin, both being executive Directors and the father of Mr. Lee Chak Hol, being the deputy CEO.

Mr. Lo Yuen Kin (“Mr. Lo”), aged 57, was appointed as an executive Director on 21 February 2014. Mr. Lo is also a director of certain Subsidiaries. Mr. Lo joined our Group in May 2012 as finance director. Mr. Lo obtained a bachelor’s degree of engineering from The Cooper Union for the Advancement of Science and Art, New York, US in 1988 and a master’s degree of science (aeronautics and astronautics) from Stanford University, California, US in 1990. In 1987, Mr. Lo was elected by The Cooper Union — Cooper Union Pi Phi Chapter and declared a certified member of Pi Tau Sigma Fraternity. Further, Mr. Lo has been a responsible officer of Positano Wealth Management Limited for the supervision of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO since September 2017 and was a responsible officer of China Shenghai Investment Management Limited responsible for the supervision of Type 1 (dealing in securities) (for the period from September 2009 to August 2013), Type 4 (advising on securities) (for the period from April 2009 to August 2013) and Type 9 (asset management) (for the period from April 2009 to August 2013). During the period from December 2002 to February 2007, Mr. Lo worked for SinoPac Capital Limited as director of equity trading. During the period from 1990 to 2016, Mr. Lo worked with various financial institutions and accounting firm, including Price Waterhouse, Credit Lyonnais (Asia) Limited, Mees Pierson Securities (Asia) Limited, Morgan Grenfell Asia Securities (HK) Limited, BZW Asia Limited, China International Capital Corporation (Hong Kong) Limited, ING Baring Securities (Hong Kong) Limited, G.K. Goh Securities (H.K.) Limited and YGD Asset Management (HK) Limited. Mr. Lo is the younger brother of Ms. Lo Yuen Lai and the brother-in-law of Mr. Lee, both being executive Directors and the uncle of Mr. Lee Chak Hol, being the deputy CEO.

執行董事

李秉光先生(「李先生」)，65歲，本集團之創始人及控股股東，於二零一二年七月四日獲委任為執行董事，亦為行政總裁及主席，以及提名委員會主席及薪酬委員會成員。李先生亦為若干附屬公司之董事。李先生於一九八零年自加拿大多倫多大學獲應用科學學士學位。李先生於一九八七年成立奮勝投資(主要業務為製造個人電腦主板及從事個人電腦元件及配件貿易)及於一九九二年成立艾維特(於二零零五年開業及從事電子元件貿易)。於成立奮勝投資之前，李先生自一九八一年至一九八五年期間擔任萬力半導體香港有限公司銷售及市場推廣部之銷售工程師及市場工程師。李先生於半導體行業活躍逾30年。李先生為控股股東佳澤有限公司的唯一董事。李先生為執行董事盧元麗女士的丈夫及執行董事盧元堅先生的內兄及行政副總裁李澤浩先生的父親。

盧元堅先生(「盧先生」)，57歲，於二零一四年二月二十一日獲委任為執行董事。盧先生亦為若干附屬公司之董事。盧先生於二零一二年五月加入本集團，擔任財務董事。盧先生於一九八八年在美國紐約獲柯柏高等科學藝術聯盟學院工程學學士學位及於一九九零年在美國加利福尼亞州獲史丹佛大學(航空航天學)碩士學位。於一九八七年，盧先生獲選為柯柏聯盟學院 — Cooper Union Pi Phi Chapter 及 Pi Tau Sigma Fraternity 認證會員。此外，盧先生自二零一七年九月起擔任知見財富管理顧問有限公司的負責人員，負責監督證券及期貨條例項下第4類(就證券提供意見)及第9類(提供資產管理)受規管活動，並曾擔任中國盛海投資管理有限公司的負責人員，負責監督第1類(證券交易)(於二零零九年九月至二零一三年八月期間)、第4類(就證券提供意見)(於二零零九年四月至二零一三年八月期間)及第9類(提供資產管理)(於二零零九年四月至二零一三年八月期間)受規管活動。自二零零二年十二月至二零零七年二月期間，盧先生擔任永豐金(香港)財務有限公司股權交易主任。自一九九零年至二零一六年期間，盧先生在多間金融機構及會計師事務所任職，包括羅兵咸永道、Credit Lyonnais (Asia) Limited、Mees Pierson Securities (Asia) Limited、Morgan Grenfell Asia Securities (HK) Limited、巴克萊德勝亞洲有限公司、中國國際金融(香港)有限公司、霸菱証券(香港)有限公司、吳玉欽證券(香港)有限公司及國鼎資產管理(香港)有限公司。盧先生為執行董事盧元麗女士之胞弟及執行董事李先生之內弟及行政副總裁李澤浩先生之舅父。

Biographies of Directors and Senior Management

董事及高級管理層履歷

Ms. Lo Yuen Lai (“Ms. Lo”), aged 64, was appointed as an executive Director on 22 March 2019. Ms. Lo is also a director of certain Subsidiaries. Ms. Lo worked as the assistant to the chief executive officer of AVT, an indirect wholly-owned Subsidiary, from August 2015 to February 2018 and has been the sales director and a director of AVT since February 2018 and March 2019 respectively. Ms. Lo has also been a director of I-Sky Electronic Limited, an indirect wholly-owned Subsidiary, since March 2004. She served as a non-executive director from April 2010 to July 2010 and as an executive director and the deputy chairman of the board from July 2010 to June 2013 of CIL Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 479). Ms. Lo is the wife of Mr. Lee, being the Controlling Shareholder, the Chairman, the CEO and an executive Director, the elder sister of Mr. Lo, being an executive Director, and the mother of Mr. Lee Chak Hol, being the deputy CEO.

盧元麗女士（「盧女士」），64歲，於二零一九年三月二十二日獲委任為執行董事。盧女士亦為若干附屬公司之董事。於二零一五年八月至二零一八年二月，以及自二零一八年二月至二零一九年三月，盧女士分別出任間接全資附屬公司艾維特的行政總裁助理及艾維特的銷售總監兼董事。自二零零四年三月起，盧女士亦為間接全資附屬公司天科電子有限公司的董事。彼於二零一零年四月至二零一零年七月曾任華建控股有限公司（其股份於聯交所主板上市（股份代號：479））的非執行董事，並且於二零一零年七月至二零一三年六月出任該公司執行董事兼董事會副主席。盧女士為控股股東、主席、行政總裁兼執行董事李先生的妻子、執行董事盧先生的姊姊，以及行政副總裁李澤浩先生的母親。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Siu Kui (“Mr. Cheung”), aged 70, was appointed as an INED on 15 February 2018. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Cheung obtained a bachelor’s degree of applied science from the University of Toronto, Canada in 1975. Mr. Cheung was elected as a member of the Association of Professional Engineers of the Province of Ontario, Canada and the Institution of Electronic and Radio Engineers in 1977 and 1983 respectively. Mr. Cheung retired in 2008. Prior to Mr. Cheung’s retirement, he acted as vice president (Greater China Operation) of Renesas Technology (Hong Kong) Limited during the period from 2003 to 2008 responsible for, amongst others, strategic planning and operation support for the Greater China Market. During the period from 1983 to 2003, Mr. Cheung worked with various electronic components companies, including Motorola Semiconductors (HK) Limited and Hitachi Electronic Components (Asia) Limited; and was responsible for the sales and marketing of electronic components.

獨立非執行董事

張小駒先生（「張先生」），70歲，於二零一八年二月十五日獲委任為獨立非執行董事。彼亦為薪酬委員會主席以及審核委員會及提名委員會各自的成員。張先生於一九七五年獲加拿大多倫多大學應用科學學士學位。張先生於一九七七年及一九八三年分別獲選為加拿大安大略省職業工程師協會（Association of Professional Engineers）會員及電子及無線電工程師學會會員。張先生於二零零八年退休。於退休前，自二零零三年至二零零八年期間，張先生擔任瑞薩香港有限公司（大中華區營運）副總裁，負責（其中包括）大中華區市場的戰略規劃與運營支持。自一九八三年至二零零三年期間，張先生任職於多間電子元件公司，包括萬力半導體香港有限公司及Hitachi Electronic Components (Asia) Limited，負責電子元件銷售及營銷。

Biographies of Directors and Senior Management 董事及高級管理層履歷

Mr. Yim Kwok Man (“Mr. Yim”), aged 51, was appointed as an INED on 15 February 2018. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Yim has over 20 years’ experience in the areas of corporate finance, debt and equity capital markets, asset management and merger and acquisition advisory. He has been a fellow member of The Association of Chartered Certified Accountants in the UK since 2003 and an associate member of the Hong Kong Society of Accountants (now known as The Hong Kong Institute of Certified Public Accountants) since 2002. Mr. Yim is currently an independent non-executive director of Tsui Wah Holdings Limited, the shares of which are listed on Main Board of the Stock Exchange (stock code: 1314), with effect from November 2012. Mr. Yim is also a non-executive director of Star Properties Group (Cayman Islands) Ltd., the shares of which are listed on Main Board of the Stock Exchange (stock code: 1560), with effect from March 2016. Mr. Yim was a responsible officer of Odysseus Capital Asia Limited (formerly known as GALAXY CAPITAL LIMITED), a corporation licensed under the SFO, for Type 6 regulated activity (advising on corporate finance) till July 2014. Mr. Yim graduated with a bachelor’s degree of engineering in civil engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1991 and obtained a master in business administration degree from The Chinese University of Hong Kong in 1994. Prior to joining our Group, Mr. Yim served as a non-executive director of Eternite International Company Limited (now renamed as Larry Jewelry International Company Limited), the shares of which are listed on GEM of the Stock Exchange (stock code: 8351), for the period from December 2010 to August 2011. From Mr. Yim’s graduation to present, he worked with various financial institutions and investment banks, including Rabobank International Hong Kong Branch, DBS Asia Capital Limited and CITIC Capital Markets Holdings Limited.

Dr. Chow Terence (“Dr. Chow”), aged 57, was appointed as an INED on 15 February 2018. He is also a member of each of the Audit Committee and the Nomination Committee. Dr. Chow obtained a Bachelor of Medicine and Bachelor of Surgery degree from The Chinese University of Hong Kong in 1987. Dr. Chow has worked in various public and academic units, including medicine, surgery, orthopaedics & traumatology, oncology, anaesthesia and intensive care before starting his private general practice in 1991. Dr. Chow founded Bright Growth Doctors & Associates in 1993, which was the first private medical group in Hong Kong to have its own CT (computerized tomography) machine. In 2000, Dr. Chow founded TY Healthcare Corporation and has been its chairman and medical director since then. From 2007 to 2012, Dr. Chow has been appointed by the Government of the Hong Kong Special Administrative Region as a Penal Member of the Human Organ Transplant Board. He is currently a member of the Hong Kong Medical Association and the Hong Kong College of Family Physicians. Dr. Chow is also been an Honorary Clinical Assistant Professor in Family Medicine at the University of Hong Kong.

嚴國文先生(「嚴先生」)，51歲，於二零一八年二月十五日獲委任為獨立非執行董事。彼亦為審核委員會主席及薪酬委員會成員。嚴先生在企業融資、債務及股權資本市場、資產管理及併購諮詢領域擁有逾20年經驗。彼於二零零三年起為英國特許公認會計師公會資深會員及於二零零二年起為香港會計師公會會員。嚴先生現為翠華控股有限公司(其股份自二零一二年十一月起於聯交所主板上市，股份代號：1314)的獨立非執行董事。嚴先生亦自二零一六年三月起擔任星地產集團(開曼群島)有限公司(其股份於聯交所主板上市，股份代號：1560)的非執行董事。嚴先生擔任奧漸資本亞洲有限公司(前稱嘉理資本有限公司)的負責人員直至二零一四年七月，該公司為一間根據證券及期貨條例從事第6類(就機構融資提供意見)受規管活動之持牌法團。嚴先生於一九九一年畢業於香港理工學院(現稱香港理工大學)，獲土木工程學士學位，並於一九九四年獲香港中文大學工商管理碩士學位。於加入本集團之前，自二零一零年十二月至二零一一年八月期間，嚴先生擔任永恒國際股份有限公司(現更名為俊文寶石國際有限公司，其股份於聯交所GEM上市，股份代號：8351)的非執行董事。畢業後至今，嚴先生任職於多間金融機構及投資銀行，包括荷蘭合作銀行香港分行、星展亞洲融資有限公司及中信資本市場控股有限公司。

鄧重堪醫生(「鄧醫生」)，57歲，於二零一八年二月十五日獲委任為獨立非執行董事。彼亦為審核委員會及提名委員會各自的成員。鄧醫生於一九八七年獲香港中文大學內外全科醫學學士學位。鄧醫生於一九九一年開始從事私營全科前，曾任職於多個公共及學術團體，包括內外科、骨科與創傷科、腫瘤科、麻醉及重症監護。鄧醫生於一九九三年成立高怡醫務所，其乃香港首家擁有CT(電腦層析成像)的私人醫療機構。於二零零零年，鄧醫生成立天一醫療機構有限公司，並自此擔任其主席及醫學總監。於二零零七年至二零一二年，鄧醫生獲香港特別行政區政府委任為人體器官移植委員會小組成員。彼現時為香港醫務委員會及香港家庭醫學學院會員。鄧醫生亦為香港大學家庭醫學名譽臨床助理教授。

Biographies of Directors and Senior Management

董事及高級管理層履歷

SENIOR MANAGEMENT

Mr. Lee Chak Hol (“Mr. CH Lee”), aged 28, joined our Group in October 2015 and was appointed as deputy CEO. He is also a director of certain Subsidiaries. He is mainly responsible for assisting the CEO in daily management of the Group for relevant coordination with internal management and external business alliances, including but not limited to the operation and management of the Information Technology and Human Resources Departments of the Group and the supervision of internal control implementation. Mr. CH Lee obtained a Bachelor of Science degree from the University of Toronto in November 2014. Prior to joining our Group, Mr. CH Lee had worked with various financial institutions, including the commercial banking department of The Hongkong and Shanghai Banking Corporation Limited, and was responsible for arrangement of trade and/or guarantee transactions for corporation, Denz Capital Limited (primarily investing in private equity) as an intern and the risk control department of UBS, responsible for internal control. Mr. CH Lee is a son of Mr. Lee and Ms. Lo and the nephew of Mr. Lo Yuen Kin, all being executive Directors.

Ms. Lau Wai Yee, aged 54, joined our Group in August 2018 and was appointed as the Regional General Manager of the Group. Her scope of duties include market development, sales and marketing and customer development. She has over 20 years management experience in electronics field on sales and marketing in listed company.

Ms. Leung Yuen Ting (“Ms. Leung”), aged 49, joined our Group in May 2012 and was appointed as the financial controller of the Group responsible for general financial management and daily financial operations of the Group. Ms. Leung obtained her Bachelor of Business (Accountancy) from the Royal Melbourne Institute of Technology University, Australia, in September 2008. Ms. Leung has been a member of the Hong Kong Association of Accounting Technicians since 1995. Ms. Leung has over 25 years of experience in the accounting field. Prior to joining our Group, Ms. Leung had worked as an in-house accountant for various companies, including Far East Consortium International Limited, Card Protection Plan Limited, AET Flexible Space (Hong Kong) Limited and EQ Corporate Management (HK) Limited.

Mr. Ho Yuen Tung (“Mr. Ho”), aged 40, joined the Group in 2017 and was appointed as the financial controller of the Group in July 2018. Mr. Ho is responsible for the Group’s financial planning, internal control and management, compliance requirements under the Listing Rules. He has extensive experience in auditing, financial and treasury management, information technology, credit control as well as banking. He has accumulated more than 15 years of experience in accounting, auditing and financial management in international audit firms and listed company. He holds a Bachelor’s degree in Business Administration (Accounting) from Hong Kong Baptist University. He is a fellow member of the Association of Chartered Certified Accountants in the UK.

高級管理層

李澤浩先生(「李澤浩先生」)，28歲，於二零一五年十月加入本集團，獲委任為行政副總裁。彼亦為若干附屬公司之董事。彼主要負責協助行政總裁對本集團的日常管理，協調內部管理層及外部商業聯盟，包括但不限於本集團資訊科技及人力資源部門的運營及管理以及監督內部控制措施的實施情況。李澤浩先生於二零一四年十一月獲多倫多大學理學學士學位。於加入本集團之前，李澤浩先生曾任職於多家金融機構，包括香港上海滙豐銀行有限公司的商業銀行部(負責為公司交易安排貿易及/或擔保交易)、戴斯資本有限公司的實習生(主要負責私募資金的投資)及瑞士銀行風險控制部(負責內部控制)。李澤浩先生為李先生和盧女士的兒子及盧元堅先生的外甥，李先生、盧女士及盧元堅先生均為執行董事。

劉慧儀女士，54歲，於二零一八年八月加入本集團，並獲委任為本集團的區域總經理。彼之職責範圍包括市場開發、銷售及市場營銷以及客戶開發。彼於上市公司的電子銷售及市場營銷領域擁有逾20年的管理經驗。

梁婉婷女士(「梁女士」)，49歲，於二零一二年五月加入本集團，獲委任為本集團財務總監，負責本集團整體財務管理及日常財務運營。梁女士於二零零八年九月獲澳洲墨爾本皇家理工大學商學士(會計)學位。梁女士自一九九五年起成為香港專業會計師協會會員。梁女士於會計行業擁有逾25年經驗。加入本集團之前，梁女士曾於多家公司(包括遠東發展有限公司、Card Protection Plan Limited、AET Flexible Space (Hong Kong) Limited及怡信企劃管理(香港)有限公司)任職內部會計師。

何遠東先生(「何先生」)，40歲，於二零一七年加入本集團，並於二零一八年七月獲委任為本集團財務總監。何先生負責本集團的財務規劃、內部監控及管理、上市規則的合規要求等事宜。彼於審計、財務及庫務管理、資訊科技、信貸監控以及銀行業務方面擁有豐富經驗。彼曾任職多間國際審計公司及上市公司，在會計、審計及財務管理方面累積逾15年的經驗。彼持有香港浸會大學工商管理(會計)學士學位。彼為英國特許公認會計師公會資深會員。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is dedicated in maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Group as well as the Shareholders. The Company has adopted the applicable code provisions and, where appropriate, adopted the recommended best practices as set out in the CG Code as its own code of corporate governance.

The Company has complied with all the applicable code provisions as set out in the CG Code during the Year, with the following exception:

Under code provision A.2.1 of the CG Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lee, who has considerable experience in the semiconductor and other electronics components industry, is the Chairman and the CEO. The Board believes that vesting the roles of both the Chairman and the CEO in Mr. Lee has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board will, nevertheless, review the structure from time to time and separate the roles of the Chairman and the CEO to two individuals, if appropriate.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors. A specific enquiry has been made by the Company with each of the Directors and all the Directors have confirmed that they had complied with the requirements set out in the Model Code throughout the Year.

THE BOARD

The Board is responsible for the leadership and control of the Group and oversees the Group's businesses, strategic decisions and performance. The Board has delegated the day-to-day responsibility to the executive Directors and senior management who perform their duties. The Board has established the Board committees and has delegated to these Board committee's various responsibilities as set out in their respective terms of reference. The responsibilities of these Board committees include monitoring the Group's operational and financial performance and ensuring that appropriate internal control and risk management are in place.

企業管治常規

本公司致力維持及確保高水準的企業管治常規，而本公司的企業管治原則乃採納以符合本集團以及股東的最佳利益。本公司已採納適用守則條文及(如適用)採納企業管治守則所載的建議最佳常規作為其自身的企業管治守則。

於本年度，本公司一直遵守企業管治守則所載的所有適用守則條文，惟下文情況除外：

根據企業管治守則第A.2.1條之守則條文，主席及行政總裁之責任應加以區分，且不應由同一人士擔任。李先生(彼於半導體及其他電子元件行業擁有豐富經驗)為主席及行政總裁。董事會認為，將主席及行政總裁之角色賦予李先生對確保本集團維持始終如一的領導大有裨益，並可快速高效地實施本集團的整體策略規劃。然而，董事會將不時檢討該架構，並於適當時候將主席及行政總裁的角色分開由兩人擔任。

董事進行證券交易

本公司已採納標準守則作為董事買賣本公司證券的守則。本公司已向各董事作出具體查詢，而全體董事已確認彼等於本年度整段期間已遵守標準守則所載規定。

董事會

董事會負責領導及監控本集團以及監督本集團的業務、策略決定及表現。董事會已將日常責任轉授予履行其職責的執行董事及高級管理層。董事會已成立董事委員會並將多項職責委派予該等董事委員會，有關職責載於該等董事委員會各自的職權範圍。該等董事委員會的職責包括監控本集團營運及財務表現，並確保備有合適內部監控及風險管理措施。

Corporate Governance Report

企業管治報告

As at the date of this Annual Report, the Board is comprised of three (3) executive Directors and three (3) INEDs. The members of the Board during the Year and up to the date of this Annual Report is set out below:

Executive Directors

Mr. Lee Bing Kwong (*Chairman and CEO*)

Mr. Lo Yuen Kin

Ms. Lo Yuen Lai

INEDs

Mr. Cheung Siu Kui

Mr. Yim Kwok Man

Dr. Chow Terence

The biographical information of the Directors and relationship between the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 17 to 20 of this Annual Report. There is no other financial, business, family or other material/relevant relationships among the members of the Board.

Chairman and CEO

The Company has appointed Mr. Lee as the Chairman and the CEO, who is primarily responsible for overseeing the corporate development and strategic planning of the Group.

INEDs

In compliance with the Listing Rules, the Company has appointed three (3) INEDs, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received a written confirmation from each of the INEDs in respect of their independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs are independent during the Year and up to the date of this Annual Report.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the businesses, strategic decisions and performance of the Group and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors take decisions objectively in the best interests of the Company.

The Chairman leads the Board to formulate corporate mission, visions and policies of the Group and to ensure that all Directors are properly briefed on issues.

於本年報日期，董事會由三(3)名執行董事及三(3)名獨立非執行董事組成。本年度及截至本年報日期董事會成員載列如下：

執行董事

李秉光先生(主席兼行政總裁)

盧元堅先生

盧元麗女士

獨立非執行董事

張小駒先生

嚴國文先生

鄒重堪醫生

董事履歷資料及董事之間的關係載於本年報第17至20頁「董事及高級管理層履歷」一節。董事會成員之間概無任何其他財務、業務、家族或其他重要／相關關係。

主席兼行政總裁

本公司已委任李先生為主席兼行政總裁，主要負責監督本集團的企業發展及策略規劃。

獨立非執行董事

為遵守上市規則，本公司已委任三(3)名獨立非執行董事，佔董事會人數至少三分之一，其中一人具備適當專業資格或會計或有關財務管理專長。根據上市規則第3.13條所載的獨立性指引，本公司已接獲各獨立非執行董事有關彼等獨立性的確認書。本公司認為全體獨立非執行董事於本年度及截至本年報日期均為獨立人士。

董事會與管理層的職責、如何負責及作出貢獻

董事會負有領導及監控本公司以及監督本集團的業務、策略決定及表現的責任，並集體負責統管並監督其事務以促使本公司成功。董事客觀行事，所作決策符合本公司最佳利益。

主席帶領董事會制訂本集團的企業使命、願景及政策，並確保所有董事對事情有適當了解。

Corporate Governance Report

企業管治報告

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

All executive Directors actively involve in managing the affairs of the Company with a good understanding of the business, and play important roles in the daily operations, whilst all INEDs participate in the Board meetings and bring their independent views and judgments on various issues.

INEDs provide the Group with a wide range of skills, expertise and varied backgrounds and qualifications through their regular attendance and active participation at various Board committee meetings of the Company. They bring independent opinion and judgment on the strategy and policies to ensure that the interests of all Shareholders are taken into account.

All Directors have full and timely access to all the information of the Company and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

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

During the Year, each executive Director frequently met and discussed with the management team in order to maintain an effective feedback system and enable the Group to react to changes or problems quickly and efficiently. The Board reviews its arrangement on delegation of responsibilities and authority regularly to ensure that such delegations are appropriate in view of the Company's prevailing circumstances and that appropriate reporting system is in place.

Each Director is free to seek advice from and has access to the Company's senior management team independently.

全體董事(包括獨立非執行董事)已為董事會的高效及有效運作帶來廣泛而寶貴的業務經驗、知識及專業技術。

全體執行董事積極參與管理本公司事務，對業務有清楚了解，並於日常營運中扮演重要角色，而全體獨立非執行董事則參與董事會會議，為各種事宜提供獨立意見及判斷。

獨立非執行董事透過定期出席及積極參與本公司各董事會委員會會議，為本集團提供廣泛的技能、專業知識及不同背景和資歷。彼等為策略及政策提供獨立意見及判斷，確保全體股東的利益受到保障。

全體董事均可全面及適時地查閱本公司的所有資料，且管理層有義務向董事及時提供充足資料，以便董事履行其責任。董事可按要求，在適當的情況下尋求獨立專業意見以履行其對本公司所負職責，費用由本公司支付。

董事須向本公司披露彼等擔任的其他職位詳情，而董事會會定期檢討各董事向本公司履行責任所需付出的貢獻。

董事會保留與政策事宜、策略及預算、內部監控及風險管理、重大交易(尤其是可能涉及利益衝突的交易)、財務資料、董事委任及本公司其他重要營運事宜有關的一切重大事宜的決定權。有關實行董事會決定、領導及協調本公司日常營運及管理的責任轉授予管理層團隊負責。該管理層團隊須向董事會報告其表現。

於本年度，各執行董事經常與管理層團隊會面及討論以保持有效的意見反饋機制及讓本集團能迅速高效地對變化或問題作出反應。董事會定期檢討其責任及權限授予安排以確保有關權力授予於本公司當前的情況下屬屬恰當及設有適當的匯報制度。

各董事可自由及獨立地尋求本公司高級管理層團隊的意見及和彼等接觸。

Corporate Governance Report

企業管治報告

Board Proceedings

The Board is required to convene four (4) regular meetings in a financial year with intervals of not more than four (4) months. Notices of not less than 14 days is required to be given to all Directors and each Director is invited to include matters in the agenda. The Company Secretary assisted the Chairman in establishing the meeting agenda. Detailed agenda and related meeting materials were circulated to all Directors at least three days before the date of the regular meetings.

Minutes were recorded in sufficient detail and draft minutes have been circulated to all Board members for comments. Finalised minutes were also sent to all Directors for their records within reasonable time after the meetings. All minutes were kept by the Company Secretary and were open for inspection by Directors.

All Directors have been given the relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interest.

During the Year, four (4) Board meetings were held, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the Year 2018 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2019 and one (1) AGM was held. Details of the attendance of the Directors are set out below:

董事會議事程序

董事會須於一個財政年度內召開四(4)次定期會議，每次會議之間相隔不超過四(4)個月。召開會議須向所有董事發出不少於14日通知，各董事均獲邀在議程中加入商討事項。公司秘書協助主席制訂會議議程。詳細議程及有關會議資料於定期會議日期前至少三日向所有董事傳閱。

會議記錄已作足夠詳細的記錄，而會議記錄初稿已向全體董事會成員傳閱以供表達意見。會議記錄的最終定稿亦已在會議結束後的合理時段內發送全體董事以作其記錄之用。所有會議記錄皆由公司秘書保存，並可供董事查閱。

全體董事已獲發有關作為董事的職責及責任、董事適用的相關法例及規例，以及權益披露責任的相關指引資料。

於本年度，董事會已舉行四(4)次會議，內容有關(其中包括)考慮及批准本集團於二零一八年度的經審核綜合財務報表及本集團截至二零一九年六月三十日止六個月的未經審核綜合財務報表及舉行一(1)次股東週年大會。董事出席詳情載列如下：

| Name of Directors | 董事姓名 | Attendance of Board Meeting(s) | | AGM 股東週年大會 |
|--|------------------------|--------------------------------|-----------|---------------|
| | | Board | | |
| | | 董事會會議 | 已出席／合資格出席 | |
| | | Attended/eligible to attend | | |
| | | 已出席／合資格出席 | | |
| Executive Directors | | 執行董事 | | |
| Mr. Lee Bing Kwong (Chairman and CEO) | 李秉光先生(主席兼行政總裁) | 4/4 | 1/1 | |
| Mr. Lo Yuen Kin | 盧元堅先生 | 4/4 | 1/1 | |
| Ms. Lo Yuen Lai (appointed on 22 March 2019) | 盧元麗女士(於二零一九年三月二十二日獲委任) | 4/4 | 1/1 | |
| INEDs | | 獨立非執行董事 | | |
| Mr. Cheung Siu Kui | 張小駒先生 | 3/4 | 1/1 | |
| Mr. Yim Kwok Man | 嚴國文先生 | 4/4 | 1/1 | |
| Dr. Chow Terence | 鄒重堪醫生 | 4/4 | 1/1 | |

Corporate Governance Report

企業管治報告

Directors' Induction and Continuous Professional Development

All Directors should participate in continuous professional development which is relevant to develop and refresh their knowledge and skills. Every newly appointed Director has received a comprehensive, formal and tailored induction package to ensure that he or she has a proper understanding of the Company's operation and business and the relevant statutes, common laws, the Listing Rules, legal and regulatory requirements and governance policies. The Company Secretary also provides the updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements to the Board from time to time. All Directors are encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records.

During the Year, all Directors attended suitable training and/or briefings by certain professional advisers and/or participated in continuous professional development courses organized by professional bodies/firms on corporate governance or updates on laws, rules and regulations relating to the roles, functions and duties of a director to develop and refresh their knowledge and skills.

According to the training records maintained by the Company, the continuous professional development programmes received by each of the Directors during the Year is summarised as follows:

董事就任簡報及專業發展計劃

全體董事均須等參與有關發展的持續專業發展及重溫知識及技能。每名新委任董事已收到全面、正式及特製的就任資料集，以確保彼對本公司的營運及業務、相關法規、普通法、上市規則、法例及監管規定以及管治政策有正確了解。公司秘書亦不時向董事會提供上市規則以及其他相關法例及監管規定的最新發展及轉變的更新資料。本公司鼓勵所有董事出席相關培訓課程，費用由本公司支付，且彼等須向本公司提供彼等的培訓記錄。

於本年度，全體董事均出席由若干專業顧問提供適當的培訓及／或簡介會，及／或參與由專業團體／機構舉辦有關企業管治或有關董事角色、職能及責任的法律、規則及法規的最新資料的持續專業發展課程，以發展及重溫其知識及技能。

根據本公司保存之培訓記錄，各董事於本年度接受的持續專業發展計劃概述如下：

| Name of Directors | 董事姓名 | Type of Training 培訓類型 |
|----------------------------|----------------|--------------------------|
| Executive Directors | 執行董事 | |
| Mr. Lee Bing Kwong | 李秉光先生 | A and B A及B |
| Mr. Lo Yuen Kin | 盧元堅先生 | A and B A及B |
| Ms. Lo Yuen Lai | 盧元麗女士 | A and B A及B |
| INEDs | 獨立非執行董事 | |
| Mr. Cheung Siu Kui | 張小駒先生 | B B |
| Mr. Yim Kwok Man | 嚴國文先生 | A and B A及B |
| Dr. Chow Terence | 鄒重璠醫生 | A and B A及B |

Notes:

- A: attending training sessions, including but not limited to, seminars, briefings, conferences, forums and workshops
- B: reading materials relating to the seminars material, regulatory updates on laws, rules and regulations to directors' roles and functions, economy, general business, corporate governance and directors' duties and responsibilities

附註：

- A: 參與培訓課程，包括但不限於研討會、簡介會、會議、討論會及研討會
- B: 閱讀有關研討會材料、董事角色及職能的法律、規則及法規監管更新資料、經濟、整體業務、企業管治以及董事職務及責任的資料

Corporate Governance Report

企業管治報告

The Appointment, Re-election and Removal of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three (3) years.

Each of the executive Directors has entered into a service agreement with the Company for a term of three (3) years and each of the INEDs has entered into a letter of appointment with the Company for a term of two (2) years, and is subject to retirement provision pursuant to the Articles of Association.

The Articles of Association contains provisions for the appointment, re-election and removal of Directors as follows:

Appointment of Directors

Article 83(2) of the Articles of Association provides that subject to the Articles of Association and the Law, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.

Article 83(3) of the Articles of Association provides that the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board.

Re-election of Directors

Article 83(3) of the Articles of Association also provides that any Director so appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointment by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Pursuant to the article 84(1) of the Articles of Association, at each AGM one-third (1/3) of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third (1/3)) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years.

委任、重選及罷免董事

企業管治守則守則條文A.4.1訂明，非執行董事的委任應有指定任期，並須接受重選，而企業管治守則條文A.4.2則列明，所有為填補臨時空缺而被委任的董事應在接受委任後的首次股東大會上接受股東選舉，及每名董事（包括有指定任期的董事）應輪流退任，至少每三（3）年一次。

各執行董事已與本公司訂立服務協議，任期為三（3）年，而各獨立非執行董事已與本公司訂立委任函，任期為兩（2）年，並須遵守組織章程細則的退任條文。

組織章程細則載有關於委任、重選及罷免董事的條文如下：

委任董事

組織章程細則第83(2)條規定，根據組織章程細則及法律，本公司可通過普通決議案選舉任何人士擔任董事，以填補董事會的臨時空缺或增加現有董事會人數。

組織章程細則第83(3)條規定，董事有權不時及隨時委任任何人士為董事以填補董事會的臨時空缺或作為現有董事會的新增成員。

重選董事

組織章程細則第83(3)條亦規定，獲董事會委任以填補臨時空缺的任何董事的任期至彼獲委任後本公司的首個股東大會為止，並可於該會上膺選連任，獲董事會委任作為現有董事會新增成員的任何董事的任期僅至下屆股東週年大會為止，屆時符合資格膺選連任。

根據組織章程細則第84(1)條，於每屆股東週年大會上，當時三分之一（1/3）董事（或倘人數並非三（3）的倍數，則取最接近但不少於三分之一（1/3）的人數）須輪值告退，惟每位董事須最少每三年於股東週年大會退任一次。

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Article 84(2) of the Articles of Association provides that a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires and any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Removal of Directors

Under article 83(5) of the Articles of Association, the members may, at any general meeting and by an ordinary resolution, remove a Director at any time before the expiration of his/her period of office notwithstanding anything to the contrary in these articles or in any agreement between the Company and such Director (but without prejudice to any claim from damage under any such agreement).

Remuneration of Directors and Senior Management

The Directors' remuneration for the Year are set out in note 10 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographies of Directors and Senior Management" in this Annual Report for the Year by band is set out below:

組織章程細則第84(2)條規定，退任董事符合資格膺選連任，並繼續於彼退任之大會上擔任董事，而任何其他退任董事為自上次重選或獲委任以來任期最長而須輪值告退之其他董事，而於同日獲委任或重選為董事者（除彼等之間另有協定）則以抽籤方式決定告退人選。

罷免董事

根據組織章程細則第83(5)條，股東可於任何股東大會上通過普通決議案，於其任期屆滿前的任何時間罷免董事，即使細則有任何相反規定或本公司與該董事有任何協議亦然（但無損根據任何該協議提出的任何損害索償）。

董事及高級管理層薪酬

於本年度董事薪酬載於綜合財務報表附註10。

根據企業管治守則的守則條文第B.1.5條，於本年度高級管理層成員（董事除外）（其資料載於本年報「董事及高級管理層履歷」一節內）的薪酬組別載列如下：

| Remuneration band (HK\$) | 薪酬組別 (港元) | Number of individual(s) 人數 |
|--------------------------|---------------------|-------------------------------|
| Nil to 1,000,000 | 零至1,000,000 | 3 |
| 1,000,001 to 1,500,000 | 1,000,001至1,500,000 | 1 |

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties:

1. to develop and review the Company's policies and practices on corporate governance and make appropriate recommendations to the Board;
2. to review and monitor the training and continuous professional development of Directors and senior management;

企業管治職能

董事會負責履行以下企業管治職責：

1. 制訂及檢討本公司的企業管治政策及常規，並向董事會提供適當建議；
2. 檢討及監察董事及高級管理層的培訓及持續專業發展；

Corporate Governance Report

企業管治報告

- | | |
|---|-------------------------------------|
| 3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; | 3. 檢討及監察本公司遵守法例及監管規定方面的政策及常規； |
| 4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and | 4. 制訂、檢討及監察適用於僱員及董事的行為守則及合規手冊（如有）；及 |
| 5. to review the Company's compliance with the code and disclosure in this report. | 5. 檢討本公司對守則的遵守情況及本報告的披露資料。 |

BOARD COMMITTEES

The Board has established three (3) Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. All the committees are empowered by the Board under the respective terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee, which are posted on the respective websites of the Stock Exchange and the Company and are available for inspection by the Shareholders upon request made to the Company Secretary. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Audit Committee comprises all the INEDs, namely Mr. Yim, Mr. Cheung and Dr. Chow. Mr. Yim is the chairman of the Audit Committee.

The Board considers that each Audit Committee member has extensive commercial experience and the Audit Committee has a suitable expertise in various businesses, financial and legal sectors and that the composition and establishment of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules.

The primary duties of the Audit Committee are mainly (i) to review and supervise the financial reporting process and to oversee the audit process of the Group, (ii) to oversee internal control procedures of our Group, and (iii) to review risk management and internal control systems of our Group. It has the responsibilities and powers set forth in the terms of reference.

The Audit Committee members shall meet at least twice a year to consider the interim and final results prepared by the Board.

董事委員會

董事會設有三(3)個董事委員會，分別為審核委員會、薪酬委員會及提名委員會。所有委員會均由董事會根據審核委員會、薪酬委員會及提名委員會各自的職權範圍授權，該等職權範圍已分別登載於聯交所及本公司網站，股東亦可要求公司秘書供其查閱。董事委員會配備充足資源以履行彼等的職責。

審核委員會

審核委員會由全體獨立非執行董事組成，即嚴先生、張先生及鄧醫生。嚴先生為審核委員會主席。

董事會認為各審核委員會成員均具備豐富的從商經驗，審核委員會於各業務、財務及法律領域均具有合適的專業知識，且審核委員會的組成及設立符合上市規則第3.21條的規定。

審核委員會的主要職責為(i)檢討及監督財務匯報過程及監察本集團之審核過程；(ii)監察本集團之內部監控程序；及(iii)審閱本集團之風險管理及內部監控制度。其具有職權範圍所載的責任及權力。

審核委員會成員須每年至少會面兩次以審議由董事會編製的中期及末期業績。

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During the Year, the Audit Committee held two (2) meetings to, among others, review and supervise the financial reporting process and review the risk management and internal control systems of the Group and its audit related matters. It had, in conjunction with Graham H. Y. Chan & Co., the Independent Auditor, reviewed the Group's audited consolidated financial statements for the Year 2018 and the unaudited consolidated financial statements for the six months ended 30 June 2019 and recommended the same to the Board for its consideration and approval. The Audit Committee was of the opinion that the relevant results were prepared in compliance with the applicable accounting standards and requirements and that adequate disclosures had been made. The Audit Committee also carried out and discharged its other duties as set out in the CG Code.

The attendance of each INED at the Audit Committee meetings during the Year is as follows:

於本年度，審核委員會舉行兩(2)次會議，以(其中包括)檢討及監督財務匯報過程及審閱本集團之風險管理及內部監控制度以及其審核相關事宜。其已與獨立核數師陳浩賢會計師事務所審閱本集團二零一八年度的經審核綜合財務報表及截至二零一九年六月三十日止六個月的未經審核綜合財務報表，並就此向董事會作出推薦建議，以供董事會考慮及批准。審核委員會認為，相關業績乃按符合適用會計準則及規定予以編製，且已作出充分披露。審核委員會亦進行及履行於企業管治守則所載的其他職責。

各獨立非執行董事於本年度出席審核委員會會議的次數如下：

| Members | 成員 | No. of Attendance/ No. of Meetings Eligible to Attend 已出席／合資格 出席的會議次數 |
|--------------------|-------|---|
| Mr. Yim Kwok Man | 嚴國文先生 | 2/2 |
| Mr. Cheung Siu Kui | 張小駒先生 | 2/2 |
| Dr. Chow Terence | 鄒重璣醫生 | 2/2 |

The Audit Committee met on 27 March 2020 and, among other matters, review the Group's audited consolidated results for the Year.

審核委員會於二零二零年三月二十七日舉行會議，並(其中包括)審閱本集團本年度的經審核綜合業績。

Remuneration Committee

The Remuneration Committee comprises two (2) INEDs, namely Mr. Cheung and Mr. Yim and one (1) executive Director, Mr. Lee. Mr. Cheung is the chairman of the Remuneration Committee.

薪酬委員會

薪酬委員會由兩(2)名獨立非執行董事組成，即張先生及嚴先生以及一(1)名執行董事，李先生。張先生為薪酬委員會主席。

The primary duties of the Remuneration Committee are mainly (i) to develop a transparent policy in relation to remuneration; (ii) to review the remuneration policy and the structure relating to all Directors and senior management of our Group; (iii) to assess the performance of all Directors and review performance-based remunerations payable to Directors and senior management of our Group and determine the remuneration packages of individual executive Directors and senior management, which include benefits in kind; and (iv) to make recommendations to the Board on the remuneration of non-executive Directors.

薪酬委員會的主要職責為(i)制定具透明度之薪酬政策；(ii)檢討本集團所有董事及高級管理層之薪酬政策及架構；(iii)評估所有董事的表現及檢討應付本集團董事及高級管理層之績效薪酬並釐定個別執行董事及高級管理層的薪酬待遇(包括實物福利)；及(iv)就非執行董事薪酬向董事會提供推薦建議。

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During the Year, the Remuneration Committee held one (1) meeting for reviewing and determining the remuneration and other benefits payable by the Company to the executive Directors and senior management and recommending the Board of the remuneration of non-executive Directors.

The attendance of each member of the Remuneration Committee at its meeting during the Year is as follows:

於本年度，薪酬委員會舉行一(1)次會議，以審閱並釐定本公司向執行董事及高級管理層應付的薪酬及其他福利並就非執行董事薪酬向董事會提供推薦建議。

薪酬委員會各成員於本年度的出席會議次數如下：

| Members | 成員 | No. of Attendance/ No. of Meetings Eligible to Attend 已出席／合資格 出席的會議次數 |
|--------------------|-------|---|
| Mr. Cheung Siu Kui | 張小駒先生 | 1/1 |
| Mr. Yim Kwok Man | 嚴國文先生 | 1/1 |
| Mr. Lee Bing Kwong | 李秉光先生 | 1/1 |

The Remuneration Committee met on 27 March 2020 and considered certain remuneration-related matters of the Directors and senior management.

薪酬委員會於二零二零年三月二十七日舉行會議，並考慮董事及高級管理層的若干薪酬相關事宜。

Nomination Committee

The Nomination Committee comprises two (2) INEDs, namely Mr. Cheung and Dr. Chow and one (1) executive Director, Mr. Lee (Chairman). Mr. Lee is the chairman of the Nomination Committee.

提名委員會

提名委員會由兩(2)名獨立非執行董事組成，即張先生及鄧醫生以及一(1)名執行董事，李先生(主席)。李先生為提名委員會主席。

The primary duties of the Nomination Committee are (i) to review the structure, size and composition of the Board on a regular basis; (ii) to make recommendations to our Board relating to the appointment or re-appointment of the Directors; (iii) to identify individuals suitably qualified to become members of the Board; and (iv) to assess the independence of our INEDs.

提名委員會的主要職責為(i)定期檢討董事會之架構、規模及組成；(ii)就委任或重聘董事向董事會提供推薦建議；(iii)物色擁有適當資格人士成為董事會成員；及(iv)評估獨立非執行董事之獨立性。

The Board has adopted the Board Diversity Policy on 15 February 2018 and the Nomination Committee shall monitor the implementation of the Board Diversity Policy and review the progress of its measurable objectives from time to time.

董事會已於二零一八年二月十五日採納董事會成員多元化政策，及提名委員會須監察董事會成員多元化政策的施行情況並不時檢討其可計量目標的達成進度。

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A summary of the Board Diversity Policy, together with its implementation are disclosed as below:

The Board Diversity Policy aims to set out the approach to achieve and maintain diversity on the Board in order to strengthen the performance of the Board, promote effective decision-making and better corporate governance and monitoring. To achieve a sustainable and balanced development, the Company encourages increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In designing an appropriate composition of the Board, the Board diversity has been considered from a number of perspectives, including but not limited to gender, age, culture and educational background, professional experience, skills, knowledge and length of service. All Directors' appointment will be based on applicable merits and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

During the Year, the Nomination Committee held one (1) meeting for, among other matters, (i) reviewing the structure, size and composition of the Board; (ii) assessing the independence of INEDs; and (iii) making recommendation to the Board on the appointment or re-appointment of Directors.

The attendance of each member of the Nomination Committee at its meeting during the Year is as follows:

董事會成員多元化政策的概要連同其實施情況於下文披露：

董事會成員多元化政策旨在列出實現及維持使本公司董事會成員達致多元化的方法，藉以提升董事會的表現、促進有效決策及更佳的企業管治及監控。為達到可持續及均衡發展，本公司鼓勵董事會層面更趨多元化，並視之為支持實現其策略目標及其可持續發展的關鍵元素。於設計董事會的適當組成時，已就董事會成員多元化作出多方面考慮，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年期。所有董事委任將基於適用價值而定，而候選董事將按客觀標準加以考慮，並妥為顧及董事會成員多元化的益處。

於本年度，提名委員會舉行一(1)次會議，其中包括(i)檢討董事會之架構、規模及組成；(ii)評估獨立非執行董事之獨立性；以及(iii)就委任或重新委任董事向董事會提供推薦建議。

提名委員會各成員於本年度的出席會議次數如下：

| Members | 成員 | No. of Attendance/ No. of Meetings Eligible to Attend 已出席／合資格 出席的會議次數 |
|--------------------|-------|---|
| Mr. Lee Bing Kwong | 李秉光先生 | 1/1 |
| Mr. Cheung Siu Kui | 張小駒先生 | 1/1 |
| Dr. Chow Terence | 鄒重璠醫生 | 1/1 |

The Nomination Committee met on 27 March 2020 and recommended the re-appointment of all the retiring Directors at the forthcoming AGM after assessing their contribution and performance based on the Nomination Policy.

Nomination Policy

The Nomination Policy which sets out the selection criteria and nomination procedures to identify, select and recommend candidates for Directors. The policy is embedded in the NCTOR. Please refer to paragraphs 8.1.1 to 8.1.4 and paragraph 9 of the NCTOR.

提名委員會於二零二零年三月二十七日舉行會議，並建議於根據提名政策評估其貢獻及表現後，在即將舉行的股東週年大會上重新委任所有退任董事。

提名政策

提名政策載列選擇標準及提名程序，以識別、選擇及推薦董事候選人。該政策已納入提名委員會的職權範圍。請參閱提名委員會職權範圍的第8.1.1至8.1.4段及第9段。

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企業管治報告

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the Year.

The statement of the Independent Auditor about its reporting responsibilities and opinion on the financial statements is set out in the Independent Auditor's Report on pages 69 to 77 of this Annual Report.

INDEPENDENT AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the Independent Auditor, Graham H. Y. Chan & Co., in respect of audit services and non-audit services for the Year is set out below:

董事對財務報表的責任

董事確認彼等負責編製本集團於本年度的財務報表。

獨立核數師有關其對財務報表的匯報責任而作出的聲明載於本年報第69至77頁的獨立核數師報告內。

獨立核數師酬金

本年度就審核服務及非審核服務已付／應付獨立核數師陳浩賢會計師事務所的酬金分析載列如下：

| Service | 服務 | Fee paid/payable |
|-----------------------|--------|------------------|
| | | 已付／應付費用 |
| | | HK\$000 |
| | | 千港元 |
| Annual audit services | 年度審核服務 | 1,230 |
| Non-audit services | 非審核服務 | 514 |
| Total | 總計 | 1,744 |

Non-audit services mainly include review of interim financial statements, and service related to acting as the reporting accountants.

非審核服務包括中期財務報表之審閱及就擔任申報會計師提供的相關服務。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining an adequate and effective risk management and internal control systems to safeguard the interest of the Company and the Shareholders and through the Audit Committee, reviewing the effectiveness of such systems on an annual basis.

風險管理及內部監控

董事會明白其有責任維持適當有效的風險管理及內部監控制度，以保障本公司及股東的權益，並透過審核委員會每年檢討有關制度的成效。

Procedures have been set up for, amongst others, identifying, analysing, categorizing, mitigating and monitoring significant risks, and safeguarding assets against unauthorized use or disposition, maintaining proper accounting records and ensuring reliability of financial information, ensuring compliance with relevant legislation and regulations and protecting the interests of the Shareholders. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aims to provide a reasonable, as opposed to an absolute, assurance against material misstatement or loss.

本公司已制定程序，以（其中包括）識別、分析、分類、減輕及監測重大風險，及保護資產以防未經授權使用或處置，維持妥當的會計記錄及確保財務資料的可靠性，確保遵守相關法律法規及保護股東權益。有關制度為管理而非消除未能達致業務目標的風險而設，並旨在就重大失實陳述或損失作出合理而非絕對的保證。

Corporate Governance Report

企業管治報告

Main Features of Risk Management and Internal Control Systems

The key elements of the Company's risk management and internal control systems include the establishment of a risk register to keep track of and record identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the ongoing testing of internal control procedures to ensure their effectiveness.

An ongoing risk management approach is adopted by the Company for identifying and assessing the key inherent risks that affect the achievements of its objectives. A risk matrix is adopted to determine risk rating (L = low risk, M = medium risk, H = high risk) after evaluation of the risk by the likelihood and the impact of the risk event. The risk ratings reflect the level of managements, attention and risk treatment effort required.

Process used to identify, evaluate and manage significant risks

During the process of risk assessment, each risk owner of departments and major subsidiaries is required to capture and identify the key inherent risks that affect the achievement of its objectives. Each inherent risk is evaluated according to the risk matrix. After taking into consideration the risk response, such as control measures in place to mitigate the risk, the residual risk of each inherent risk is evaluated again. The risk register with the risk responses and residual risks is reported to the Audit Committee. The Audit Committee, evaluates the effectiveness of the systems and report to the Board. The highest category of residual risks is subject to the Board's oversight.

Process used to review the effectiveness of the Risk Management and Internal Control Systems and to resolve material internal control defects

The Audit Committee has performed ongoing review of the effectiveness of the Group's risk management and internal control systems (during which an external independent consulting firm was engaged to offer assistance) for the period from 1 October 2018 to 30 September 2019, according to the scope of review covering the Group's material controls in financial, operational and compliance aspects agreed and approved by the Audit Committee and in compliance with the requirements under Code Provision C.2 of the CG Code.

The Audit Committee was satisfied that there had been no major deficiency noted in the areas of the Group's risk management and internal controls systems, following the implementation of recommendations against the internal control defects revealed. The Audit Committee has access to information necessary to fulfil their duties and responsibilities with respect to risk assessment and risk management. Accordingly, the Audit Committee and the Board considered the risk management and internal control systems to be effective and have been implemented with adequate resources during the Year.

風險管理及內部監控系統的主要特徵

本公司風險管理及內部監控系統的主要元素包括設立風險登記冊以追蹤及記錄所識別的風險、評估及評測風險、發展及持續更新對應程序，以及持續測試內部監控程序以確保行之有效。

本公司採用一個持續性的風險評估方法以識別及評估影響其達到目標的主要固有風險。通過風險發生的可能性及其影響評估風險後，根據風險矩陣釐定風險評級（L為低風險、M為中風險、H為高風險）。風險評級反映管理層所需注意及處理風險力度水平。

用以識別、評估及管理重大風險的程序

於風險評估的程序中，各面對風險的部門及主要附屬公司須及時捕捉及識別影響其達到目標的主要固有風險。各固有風險乃根據風險矩陣進行評估。經考慮風險的應對方法後（如採取監控措施以減低風險）將再次評估各固有風險的剩餘風險。風險記錄冊連同風險應對方法及剩餘風險將會向審核委員會予以匯報。審核委員會評估制度的有效程度並向董事會匯報。剩餘風險的最高級別須受董事會監管。

用以檢討風險管理及內部監控系統有效性及解決重大內部監控缺陷的程序

根據由審核委員會同意及批准的涵蓋本集團於財務、營運及合規方面重大監控的審核範圍，並遵守企業管治守則守則條文第C.2條規定，審核委員會已於二零一八年十月一日至二零一九年九月三十日期間對本集團風險管理及內部監控系統的有效性進行持續審查（於該期間已聘請外部獨立諮詢公司以提供協助）。

審核委員會信納，於實施針對已出現之內部監控缺陷的推薦建議後，本集團的風險管理及內部監控系統方面未發現重大缺陷。審核委員會能夠獲取履行其就風險評估及風險管理方面的職責及責任屬必要的資料。因此，審核委員會及董事會認為，風險管理及內部監控系統行之有效，並已具備充足資源於本年度實施。

Corporate Governance Report

企業管治報告

Procedures and internal controls for the handling and dissemination of inside information

The Board has already established a policy on the procedures and internal controls for the handling and dissemination of inside information. The policy stipulates the obligations of the Group, in respect of the restriction on disseminating non-public information, handling of rumours, unintentional selective disclosure, exemption and waiver to the disclosure of inside information, and also compliance and reporting procedures. Senior management must take all reasonable measures to ensure that proper safeguards exist to prevent a breach of any disclosure requirement from time to time, promptly bring any possible leakage or divulgence of inside information to the attention of the Financial Controllers, or his/her delegates, who will notify the Board timely and accordingly for taking the appropriate action promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding recurrence.

The Company does not have an internal audit department. The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size and nature of the Group's business. The need for an internal audit function will be reviewed from time to time. However, for the Year, the Audit Committee, through the engagement of an external independent consultant has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls. The Board considers that the Group's risk management and internal control are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

處理及發佈內幕消息的程序及內部監控措施

董事會已就處理及發佈內幕消息的程序及內部監控措施制定政策。該政策訂明本集團有關發佈非公開資料、處理謠言、無意選擇性披露、豁免及放棄披露內幕消息方面限制的職責，以及合規及報告程序。高級管理層必須不時採取一切合理措施確保存在適當的保障措施，以防違反相關披露規定，以及迅速提請財務總監或其授權代表注意內幕消息的任何潛在洩漏，而財務總監或其授權代表將及時告知董事會及迅速採取適當的行動。倘出現任何嚴重違反該政策的行為，董事會將決定或指派適當人士決定糾正問題的行動方針，並避免再次發生。

本公司並無內部審核部門。鑒於本集團的業務規模及性質，董事會目前認為並無設立內部審核職能的即時需要。設立內部審核職能的需要將不時予以檢討。然而，於本年度，審核委員會透過委聘外部獨立顧問，對本集團的風險管理及內部監控系統的成效進行檢討，當中涉及所有重大監控事項，包括財務、營運及合規監控。董事會認為本集團的風險管理及內部監控屬適當有效。董事會預計將每年對風險管理及內部監控系統進行檢討。

Corporate Governance Report

企業管治報告

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced as soon as reasonably practicable when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited an unauthorized use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the executive Directors, Company Secretary and investor relations officers are authorized to communicate with parties outside the Group.

COMPANY SECRETARY

The Company Secretary is Sir Seaman Kwok, who has been appointed by the Board since 5 August 2018 and had been so nominated by Boardroom under an engagement letter made between the Company and Boardroom. The primary person at the Company with whom Sir Seaman Kwok has been contacting is Mr. CH Lee, the deputy CEO, in relation to corporate secretarial matters. As Sir Seaman Kwok was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange at a substantial amount of time since then, he was not required to have at least 15 hours of relevant continuous professional training under the Listing Rules for each of the five conservation years from 2012. Sir Seaman Kwok has undertaken 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Year.

內幕消息的披露

本集團確認其根據證券及期貨條例及上市規則須履行的責任，整體原則為內幕消息須在決定後於合理實際可行情況下盡快公佈。處理及發佈內幕消息的程序及內部監控如下：

- 本集團處理事務時會充分考慮上市規則項下的披露規定及香港證券及期貨事務監察委員會於二零一二年六月頒佈的「內幕消息披露指引」；
- 本集團透過財務報告、公告及其網站等途徑，向公眾廣泛及非獨家地披露資料，以實施及披露其公平披露政策；
- 本集團已嚴格禁止未經授權使用機密或內幕消息；及
- 本集團已就外界查詢本集團事務訂立及執行回應程序，據此只有執行董事、公司秘書及投資者關係專員獲授權與外界人士溝通。

公司秘書

本公司的公司秘書為郭兆文勳賢，彼自二零一八年八月五日起獲董事會委任，並根據本公司與寶德隆訂立的委任函獲寶德隆提名。就公司秘書事宜與郭兆文勳賢聯絡的本公司主要人員為本公司行政副總裁李澤浩先生。由於郭兆文勳賢於一九九一年首次獲委任為香港恒生指數成份股公司的公司秘書，並自此大部分時間在若干其他知名聯交所上市公司出任有關職位，故彼於二零一二年起連續五年間各年毋須根據上市規則接受至少15小時的相關持續專業培訓。於本年度，郭兆文勳賢已根據上市規則第3.29條規定接受15小時的相關專業培訓。

Corporate Governance Report

企業管治報告

DIVIDEND POLICY

The Company adopted the Dividend Policy on 31 December 2018. According to the Dividend Policy, in deciding whether to propose any dividend payout and/or determining the amount of any dividend to be paid, the Board will take into account, amongst other matters:

- (a) the Group's actual and expected financial performance;
- (b) interests of shareholders of the Company;
- (c) retained earnings and distributable reserves of the Company and each of the other members of the Group;
- (d) the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- (e) possible effects on the Group's creditworthiness;
- (f) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (g) the Group's expected working capital requirements and future expansion plans;
- (h) liquidity position of the Group and any future commitments at the time of declaration of dividend;
- (i) taxation considerations;
- (j) statutory and regulatory restrictions;
- (k) general business conditions and strategies;
- (l) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (m) other factors that the Board deems appropriate.

The declaration and payment of dividends shall be subject to all applicable laws and regulations, including but not limited to the Companies Ordinance and the Memorandum and Articles.

The Company will review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time.

股息政策

本公司已於二零一八年十二月三十一日採納股息政策。根據股息政策，董事會決定是否建議派發任何股息及／或釐定將予派付的任何股息金額時，將考慮（其中包括）：

- (a) 本集團的實際及預期財務表現；
- (b) 本公司股東的利益；
- (c) 本公司以及本集團下屬每個成員的留存收益及可分配儲備金；
- (d) 本集團之債務權益比率、股本回報比率，以及施加於本集團的財務限制所處之水平；
- (e) 對本集團信貸狀況之潛在影響；
- (f) 由本集團的貸款人可能施加的任何股息派付限制；
- (g) 本集團之預期營運資本需求以及未來擴張計劃；
- (h) 於宣派股息時本集團之流動資金狀況及任何未來之承諾情況；
- (i) 稅務考慮；
- (j) 法律及合規限制；
- (k) 整體商業條件及策略；
- (l) 整體經濟狀況、本集團業務的商業週期，以及可能對本公司業務或財務表現和狀況有影響的其他內部或外部因素；及
- (m) 董事會認為適當的其他因素。

股息的宣派及派付應符合所有適用的法例及規定，包括但不限於公司條例及大綱及細則。

本公司將會不時審閱股息政策以及保留其唯一及絕對酌情權於任何時間更新、修訂及／或修改股息政策。

Corporate Governance Report

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SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings of the Company (the "General Meetings"), including the election of individual Directors. All resolutions put forward at General Meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the respective websites of the Stock Exchange and the Company after each General Meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at General Meetings shall at all times have the right, by written requisition to the Board or Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; any such meeting shall be held within two (2) months after deposit of such requisition; and if within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Law for the Shareholders to move new resolutions at General Meetings. Shareholders who wish to move a resolution may request the Company to convene a General Meeting in accordance with the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

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

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

Company Secretary

Apex Ace Holding Limited
Units 2-3, 1/F
Sun Cheong Industrial Building
1 Cheung Shun Street
Kowloon, Hong Kong

股東權利

為保障股東的權益及權利，本公司股東大會（「股東大會」）上會就每項實際獨立的事宜個別提出決議案，包括選舉個別董事。於股東大會提呈的所有決議案將根據上市規則以投票方式表決，投票結果將於各股東大會後分別登載於聯交所及本公司網站。

股東召開股東特別大會

根據組織章程細則第58條，任何一名或以上股東倘於請求提交日期持有不少於附帶股東大會表決權的本公司繳足股本的十分之一，即時刻有權透過向董事會或公司秘書提出書面請求，要求董事會召開股東特別大會處理該請求所指明的任何業務交易；而任何該大會須於提出該請求後兩(2)個月內舉行。倘於提出有關請求起計二十一(21)日內，董事會並無如期召開該會議，則請求人本身可以按相同方式召開股東大會，而請求人因董事會未有召開大會而招致的一切合理開支須獲本公司償付予請求人。

於股東大會提呈建議

組織章程細則或開曼群島公司法並無有關股東於股東大會動議新決議案的條文。股東如欲動議決議案，可按照上一段所載程序要求本公司召開股東大會。

向董事會作出查詢

如欲向董事會作出任何查詢，股東可向本公司寄發書面查詢。本公司一般不會處理口頭或匿名查詢。

股東可將上述查詢或要求寄往以下地址：

公司秘書

光麗科技控股有限公司
香港九龍
長順街1號
新昌工業大廈
1樓2-3室

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the Shareholders and in particular, through AGMs and other General Meetings. At the AGM, Chairman and chairman of the Board committees (or their delegates as appropriate) are available to meet the Shareholders and answer their enquiries.

The Company maintains a website at www.apexace.com as a communication platform with the Shareholders and investors, where the financial information and other relevant information of the Company are available for public access.

Constitutional Documents

During the Year, the Company has not made any changes to its Memorandum and Articles. An up-to-date version of the Memorandum and Articles is available on the respective websites of the Stock Exchange and the Company.

為免生疑問，股東必須將妥為簽署的書面請求、通知或聲明，或查詢（視情況而定）的正本交回或寄往以上地址，並提供其全名、聯絡資料及身份以使其生效。股東資料可能按法例允許予以披露。

與股東及投資者的溝通／投資者關係

本公司認為，與股東有效溝通對提升投資者關係以及投資者對本公司業務表現及策略的了解非常重要。本公司致力與股東維持持續對話，尤其是透過股東週年大會及其他股東大會。於股東週年大會上，主席及董事委員會主席（或其代表（如適用））出席會見股東及解答股東查詢。

本公司設有網站 www.apexace.com 作為與股東及投資者的溝通平台，可供公眾查閱本公司的財務資料及其他相關資料。

組織章程文件

於本年度，本公司並無對其大綱及細則作出任何更改。大綱及細則的最新版本已分別刊載於聯交所網站及本公司網站。

Report of the Directors

董事會報告

The Board is pleased to present the report of the Directors together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Subsidiaries are principally engaged in the sales of electronic components, and sales and integration of storage systems. The Shares were initially listed on the Main Board of the Stock Exchange on the Listing Date. Segment analysis of the Company for the Year is set out in note 6 to the consolidated financial statements. A list of the Subsidiaries, together with their places of incorporation, principal activities, place of operation and particulars of their issued shares/registered share capital, is set out in note 27 to the consolidated financial statements.

FINANCIAL RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 78 and 79 of this Annual Report.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 166 of this Annual Report.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the Year are set out in note 24 to the consolidated financial statements.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2018: 0.6 HK cent per Share).

BUSINESS REVIEW AND PERFORMANCE

Review of our Business and Performance

A discussion and analysis of the performance of the Group using financial key performance indicators during the Year and the key factors affecting its results and financial position are set out in the section headed "Management Discussion and Analysis" of this Annual Report.

Information about a review of, and an indication of likely future development in, the Group's business is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of this Annual Report.

Particulars of Important Events

Since 31 December 2019, being the end of the financial year under review, no important event has occurred affecting the Group.

董事會欣然提呈董事會報告連同本集團於本年度的經審核綜合財務報表。

主要業務

本公司的主要業務為投資控股。附屬公司主要從事銷售電子元件以及銷售及整合儲存系統。股份於上市日期在聯交所主板首次上市。本公司於本年度的分部分析載於綜合財務報表附註6。附屬公司列表連同其註冊成立地點、主要業務、經營地點及其已發行股份／註冊股本詳情載於綜合財務報表附註27。

財務業績

本集團於本年度的業績載於本年報第78頁及79頁的綜合損益及其他全面收益表。

財務資料概要

本集團過往五個財政年度的業績及資產和負債概要載於本年報第166頁。

股本

本公司於本年度的股本變動詳情載於綜合財務報表附註24。

末期股息

董事會議決不建議就本年度派付末期股息(二零一八年：每股股份0.6港仙)。

業務回顧及表現

業務及表現的回顧

本集團於本年度採用關鍵財務表現指標呈列的表現的討論及分析以及影響其業績及財務狀況的主要因素載於本年報「管理層討論及分析」一節。

有關本集團業務的事務回顧及未來可能發展說明的資料載於本年報「主席報告」及「管理層討論及分析」。

重大事件的詳情

自二零一九年十二月三十一日(即回顧財政年度結算日)以來,概無發生影響本集團的重大事件。

Report of the Directors

董事會報告

RISK MANAGEMENT

The following section lists out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this Annual Report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Financial risks

Details on the financial risks on foreign currency, credit on trade receivables, liquidity and interest rate facing the Group on its operation can be referred to note 30 to the consolidated financial statements.

Seasonality of products demand

Our Group's business is generally seasonal in nature. It is possible that seasonality in demand for our customers' products might affect our Group's sales in the future. Market conditions faced by our customers may be volatile and are beyond the control of the Group. Future downturns in the end markets of our customers may affect the business of our Group.

Reliance on major customers and suppliers

Our stable relationship with our major customers and suppliers enables our business to achieve stable revenue and profitability levels. On the other hand, if there are any changes in such relationship, which may lead to withdrawals, cancellations or terminations of transactions, the Group's performance and business growth may be adversely affected.

Evolution in information technology

Our Group operates in a highly competitive industry which faces rapid changes in market trends, consumer preferences and constantly evolving technological advances in hardware models, software features and functionalities. The ongoing changes in technology require us to constantly incorporate new features or technology into our sensitivity and adaptability to market demand and/or services in order to cope with the evolving environment and customer demands.

Future economic and political policies of the PRC government

The development of PRC's economy is based on many factors, including but not limited to structure of economy, government involvement, control of foreign exchange, allocation of resources and capital investment. However, any of such changes to the economic and political strategies and policies of the PRC government may have an adverse impact on the overall global economy and affect all the industries in which the Group operates.

風險管理

以下章節列出本集團所面對的主要風險及不明朗因素。這並非詳盡清單，故可能存在下文概述的主要風險領域以外的其他風險及不明朗因素。此外，本年報並不構成任何人士投資本公司證券的推薦或建議，投資者務請自行判斷或於對本公司證券作任何投資前諮詢其本身的投資顧問。

財務風險

有關本集團營運所面對的外幣、貿易應收賬款信貸、流動資金及利率的財務風險詳情，可參閱綜合財務報表附註30。

產品需求的季節性影響

本集團的業務通常具有季節性。我們客戶產品的季節性需求可能影響本集團日後的銷售。客戶所面對的市場環境或會波動且非本集團所能控制。客戶的終端市場日後下滑或會影響本集團的業務。

依賴主要客戶及供應商

我們與主要客戶及供應商的穩定關係令我們的業務能取得穩定的收益及盈利水平。另一方面，倘該等關係出現可能導致撤回、取消或終止交易的任何轉變，則本集團的表現及業務增長可能遭受不利影響。

資訊科技的演變

本集團所經營的行業競爭非常激烈，市場趨勢及客戶喜好變化迅速，硬件型號、軟件特色及功能方面的技術不斷進步。科技的持續轉變令我們必須不斷加入新特色或技術以迎合或適應市場需求及／或服務，以應對不斷變化的環境及客戶需求。

日後中國政府的經濟及政治政策

中國經濟的發展基於眾多因素，包括但不限於經濟結構、政府干涉程度、外匯管制、資源分配及資本投資。然而，中國政府的政經策略及政策的任何相關變動或會對環球經濟整體造成不利影響並影響本集團經營所在的所有行業。

Report of the Directors

董事會報告

Future economic and political uncertainties in the world

Economic and political uncertainties in the world resulted from major events such as Brexit, the U.S. presidential election or terrorist attack events may have short-term and long-term effects on the global economy and the performance of the global capital markets, which in turn may adversely impact the performance of the Group.

Performance history and forward-looking statements

The performance and the results of the operations of the Group as set out in this Annual Report are historical in nature and past performance is not a guarantee of future performance. This Annual Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialize or turns out to be incorrect.

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is our corporate and social responsibility in promoting a sustainable and environmental friendly environment. Our Group does not engage in the manufacturing of products and does not have any production facilities. The inventories are kept at our Group's storage and warehousing facilities situated inside the headquarters' office unit. Therefore, our Group is not subject to significant health, safety or environmental risks. In addition, the Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. During the Year, our Group had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

Compliance with Laws and Regulations

Our operations are mainly carried out by the Subsidiaries in Hong Kong and China while the Company itself is listed on the Stock Exchange. Our operations shall comply with relevant laws and regulations in China and Hong Kong.

During the Year and up to the date of this report, the Group has complied with all the relevant laws and regulations in China and Hong Kong in all material respects.

日後環球經濟及政治不明朗因素

英國脫歐、美國總統大選或恐襲等重大事件所帶來的環球經濟及政治不明朗因素可能對環球經濟及環球資本市場的表現造成短期及長期影響，繼而可能對本集團的表現造成不利影響。

表現記錄及前瞻性陳述

本年報所載的本集團表現及經營業績為歷史資料，而過往表現並非未來表現的保證。本年報可能載有前瞻性陳述及意見，當中涉及風險及不明朗因素。實際結果亦可能與該等前瞻性陳述及意見所述的預期有重大出入。倘任何前瞻性陳述或意見未能成真或並不正確，本集團或董事、本集團僱員或代理概不承擔任何責任或法律責任。

環境政策及表現

推動可持續及綠色環境是我們的企業及社會責任。本集團並無從事產品製造業務，亦無任何生產設施。存貨乃存儲在本集團位於總部辦公室單位內的存儲及倉庫設施。因此，本集團並無面對重大健康、安全或環境風險。此外，本集團已實施環保措施，亦鼓勵員工在工作時注重環保，按實際需要使用電力及紙張，盡量減少能源消耗及不必要的浪費。於本年度，本集團並無因違反健康、安全或環境規例而遭到任何罰款或其他懲罰。

遵守法例及規例

我們的營運主要由於香港及中國的附屬公司進行，而本公司本身則於聯交所上市。我們的營運須遵守中國及香港的相關法例及規例。

於本年度及直至本報告日期，本集團於所有重大方面一直遵守中國及香港的所有相關法例及規例。

Report of the Directors

董事會報告

Relationship with Employees, Customers and Suppliers

The Group is constantly aware of the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. We encourage employees to strengthen their knowledge of the industries in which the Group operates and attend courses or training sessions to improve their relevant industry and technical knowledge. The Group also maintains ongoing communications with its employees, customers and suppliers through various channels such as regular meetings, calls and emails in order to allow employees to contribute to the development of the Group, deliver better customer services to our clients and obtain better services and cooperation from our suppliers.

DONATIONS

Donations made by the Group during the Year for charitable and community purposes amounted to HK\$234,000 (2018: HK\$1,234,000).

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

RESERVES

Details of the movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity for the Year on page 82 of this Annual Report.

DISTRIBUTABLE RESERVES

As of 31 December 2019, the Company's distributable reserves calculated in accordance with the Law amounted to HK\$104.5 million.

PROPERTY, PLANT AND EQUIPMENT

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

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company was listed on the Stock Exchange on the Listing Date with net proceeds received by the Company from the Global Offering in the amount of approximately HK\$116.9 million after deducting underwriting commissions and all related expenses and before the exercise of overallotment option (the "Net Proceeds"). The Net Proceeds will be used in the manner consistent with that was mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus. Please refer to section headed "Management Discussion and Analysis" of this Annual Report for the utilisation of the Net Proceeds for the Year.

與僱員、客戶及供應商的關係

本集團一向明白與其僱員、客戶及供應商保持良好關係以實現其即時及長遠業務目標的重要性。我們鼓勵僱員增進對本集團所經營行業的認識，以及參與課程或培訓以提升其相關行業及技術知識。本集團亦透過定期會議、電話及電郵等多種途徑與其僱員、客戶及供應商保持持續溝通，從而讓僱員為本集團的發展作出貢獻、向客戶提供更佳的客戶服務，以及從供應商獲得更佳的服務及合作關係。

捐款

本集團於本年度就慈善及公益用途作出為數234,000港元(二零一八年：1,234,000港元)的捐款。

稅務寬減及寬免

本公司並不知悉股東可因其持有本公司證券而獲得任何稅務寬減及寬免。

儲備

本集團於本年度的儲備變動詳情載於本年報第82頁的本年度的綜合權益變動表。

可分派儲備

截至二零一九年十二月三十一日，根據法例計算，本公司的可分派儲備達104.5百萬港元。

物業、廠房及設備

本年度的物業、廠房及設備變動詳情載於綜合財務報表附註14。

首次公開發售所得款項用途

本公司於上市日期在聯交所上市，經扣除包銷佣金及所有相關開支後以及於行使超額配股權前，本公司從全球發售收到的所得款項淨額約為116.9百萬港元。所得款項淨額(「所得款項淨額」)將按與招股章程「未來計劃及所得款項用途」一節所述者一致的方式動用。有關本年度動用所得款項淨額的詳情，請參閱本年報「管理層討論及分析」一節。

Report of the Directors

董事會報告

RESTRICTED SHARE AWARD SCHEME

The Company has adopted the Restricted Share Award Scheme to recognise the contribution by the Group's personnel and to increase their incentives in working for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group. The Restricted Share Award Scheme was adopted by the Board on 30 August 2019 (the "Adoption Date") and shall be valid and effective for a term of ten (10) years commencing on the Adoption Date. Since the Adoption Date and up to 31 December 2019, no Share has been awarded under the Restricted Share Award Scheme.

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

The Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Year.

DIRECTORS

The Directors during the Year and up to the date of this Annual Report are:

Executive Directors:

Mr. Lee Bing Kwong (*Chairman and CEO*)

Mr. Lo Yuen Kin

Ms. Lo Yuen Lai (appointed on 22 March 2019)

INEDs:

Mr. Cheung Siu Kui

Mr. Yim Kwok Man

Dr. Chow Terence

Biographical details of the Directors are set out in "Biographies of Directors and Senior Management" of this Annual Report. In accordance with the Articles of Association, Mr. Lo and Mr. Yim shall retire at the forthcoming AGM and being eligible, have offered themselves for re-election thereat.

DIRECTORS' SERVICE CONTRACTS

None of the Directors offering for re-election at the forthcoming AGM has a service contract with the Company, which is not terminable within one year without payment of compensation other than statutory compensation.

REMUNERATION POLICY

The remuneration policy of the employees of our Group has been set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The remuneration of the Directors is recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Company has adopted the Share Option Scheme and the Restricted Share Award Scheme as incentives to the eligible participants.

限制性股份獎勵計劃

本公司已採納限制性股份獎勵計劃，旨在認可本集團員工的貢獻，並增加彼等的工作動力，以滿足本集團持續營運及發展；及為本集團的進一步發展吸引合適人才。限制性股份獎勵計劃獲董事會於二零一九年八月三十日（「採納日期」）採納，於採納日期起計十（10）年內有效。於採納日期至二零一九年十二月三十一日，概無根據限制性股份獎勵計劃獎勵股份。

購買、出售或贖回本公司的上市證券

於本年度，本公司並無贖回其於聯交所上市之任何股份，且本公司或其任何附屬公司概無購買或出售任何該等股份。

董事

於本年度及直至本年報日期的董事為：

執行董事：

李秉光先生（*主席兼行政總裁*）

盧元堅先生

盧元麗女士（於二零一九年三月二十二日獲委任）

獨立非執行董事：

張小駒先生

嚴國文先生

鄒重堪醫生

董事履歷詳情載於本年報「董事及高級管理層履歷」。根據組織章程細則，盧先生及嚴先生須於應屆股東週年大會上退任且合資格並願意於會上重選連任。

董事服務合約

於應屆股東週年大會接受重選的董事概無與本公司訂有不可在並無支付賠償（法定賠償除外）的情況下於一年內終止的服務合約。

薪酬政策

本集團僱員的薪酬政策由薪酬委員會按其長處、資歷及能力訂定。董事酬金由薪酬委員會經考慮本公司經營業績、個人表現及可資比較之市場數據後作出建議。本公司已採納購股權計劃及限制性股份獎勵計劃，作為對合資格參與者的獎勵。

Report of the Directors

董事會報告

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE AND COMPETING BUSINESS

Save as disclosed under note 28 "Related Party Transactions" to the consolidated financial statements, no transactions, arrangements and contracts of significance (as defined in Appendix 16 to the Listing Rules) to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director, an entity connected with the Director or Controlling Shareholder or its subsidiaries (other than members of the Group) had a material interest, whether directly or indirectly, during the Year and up to the date of this report.

As of 31 December 2019, none of the Directors was interested in any businesses apart from our business which competed or was likely to compete with our business, either directly or indirectly or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions were set out in note 28 to the consolidated financial statements. These related party transactions constituted continuing connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In the opinion of the Directors, the related party transactions were carried out in the normal course of business and at normal commercial terms negotiated between the Group and the respective related parties.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, at no time during the Year had the Company or any of the Subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of the subsidiaries.

CONNECTED TRANSACTION

The Directors confirm that save as disclosed in the section headed "Related Party Transactions" of this report above, none of the related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules that is required to be disclosed. Save as disclosed in note 28 to the consolidated financial statements, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this report pursuant to the Listing Rules during the Year.

董事於重大交易、安排及合約以及競爭業務中的權益

除綜合財務報表附註28「關連方交易」所披露者外，於本年度及直至本報告日期，概無存續重大交易、安排及合約（定義見上市規則附錄十六），而本公司或其控股公司或其任何附屬公司或同系附屬公司為訂約方且董事、與董事有關連之實體或控股股東或其附屬公司（本集團成員公司除外）於其中直接或間接擁有重大權益。

截至二零一九年十二月三十一日，除我們的業務外，概無董事於與我們業務構成或很可能構成直接或間接競爭，或須根據上市規則第8.10條披露的任何業務中擁有權益。

關連方交易

關連方交易詳情載於綜合財務報表附註28。該等關連方交易構成上市規則第14A章項下之持續關連交易，惟獲豁免遵守申報、公告及獨立股東批准規定。董事認為，關連方交易乃於一般業務過程中及按本集團與各關連方磋商的正常商業條款進行。

重大合約

除本報告所披露者外，於本年度任何時間，本公司或其任何附屬公司概無與控股股東或其任何附屬公司訂立任何重大合約，亦無就控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務訂立任何重大合約。

關連交易

董事確認除本報告上述「關連方交易」一節所披露者外，概無關連方交易構成根據上市規則第14A章所須披露的關連交易或持續關連交易。除綜合財務報表附註28所披露者外，於本年度，本集團概無訂立任何關連交易或持續關連交易而須根據上市規則於本報告中披露。

Report of the Directors

董事會報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURE

As at 31 December 2019, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"), or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions

董事於股份及相關股份以及債權證的權益及淡倉

於二零一九年十二月三十一日，董事及本公司最高行政人員於本公司或其相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債權證中，須根據：(i) 證券及期貨條例第XV部第7及8分部知會本公司及聯交所的權益或淡倉（包括根據證券及期貨條例的該等條文彼等被視作或視為擁有的權益或淡倉），(ii) 證券及期貨條例第352條記入該條所指登記冊（「登記冊」）的權益或淡倉，或(iii) 標準守則知會本公司及聯交所的權益或淡倉如下：

好倉

| Name of Directors | Companies concerned | Capacity | Number of Shares held 所持股份數目 | | | | | Total | Percentage of issued shares of the companies concerned 佔有關公司已發行股份百分比 |
|-------------------|---------------------|--------------------------------------|---------------------------------|---------------------|-------------------|----------------|--|-------------|---|
| | | | Personal interest | Corporate interests | Family interests | Other interest | Number of underlying Shares held 所持有的相關股份數目 | | |
| 董事姓名 | 有關公司 | 身份 | 個人權益 | 公司權益 | 家族權益 | 其他權益 | | 總計 | 股份百分比 |
| Mr. Lee | the Company | Interest of a controlled corporation | – | 750,000,000 | – | – | – | 750,000,000 | 75% |
| 李先生 | 本公司 | 受控法團權益 | | (Note 1) (附註1) | | | | | |
| | Best Sheen (Note 2) | Beneficial owner | 1 | – | – | – | – | 1 | 100% |
| | 佳澤(附註2) | 實益擁有人 | | | | | | | |
| Ms. Lo | the Company | Interest of spouse | – | – | 750,000,000 | – | – | 750,000,000 | 75% |
| 盧女士 | 本公司 | 配偶權益 | | | (Note 1) (附註1) | | | | |

Notes:

附註：

- These Shares are registered in the name of Best Sheen, a company wholly owned by Mr. Lee, the Chairman and the CEO and an executive Director. As Mr. Lee controls more than one-third of the voting power of Best Sheen, by virtue of the provisions in Part XV of the SFO, Mr. Lee is deemed to be interested in all the Shares held by Best Sheen. Ms. Lo is the wife of Mr. Lee and is, therefore, deemed to be interested in the Shares in which Mr. Lee is interested in under the SFO.
- Best Sheen is interested in 75% of the issued Shares and, accordingly, is the holding company of the Company within the meaning of the SFO.
- 該等股份以佳澤的名義登記，而佳澤為由主席、行政總裁及執行董事李先生全資擁有的公司。由於李先生控制佳澤超過三分之一的投票權，根據證券及期貨條例第XV部的條文，李先生被視為於佳澤持有的所有股份中擁有權益。盧女士為李先生的妻子，因此，根據證券及期貨條例，彼被視為於李先生擁有權益的股份中擁有權益。
- 佳澤擁有已發行股份之75%權益及因此為本公司之控股公司（定義見證券及期貨條例）。

Report of the Directors

董事會報告

Save as disclosed above, as at 31 December 2019, so far as is known to the Directors, none of the Directors and the chief executives of the Company had or were deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, to be entered in the Register; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and the chief executives of the Company, as at 31 December 2019, the following corporation (other than a Director or the chief executives of the Company) which had interests or short position in the Share and underlying Shares, which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

| Name of substantial shareholder 主要股東名稱 | Capacity/ Nature of interest 身份／權益性質 | Number of Shares held (Note 1) 所持股份數目 (附註1) | Percentage of issued Shares 佔已發行股份百分比 |
|---|--|---|---|
| Best Sheen (Note 2) 佳澤 (附註2) | Beneficial owner/Personal interest 實益擁有人／個人權益 | 750,000,000 | 75% |

Notes:

- These represent the entity's long position in the Shares.
- The entire issued share capital of Best Sheen is held by Mr. Lee, the Chairman, the CEO and an executive Director.

Save as those disclosed above, as at 31 December 2019, the Directors and the chief executives of the Company are not aware of any other person or corporation having an interest or short positions in the Shares or underlying Shares, which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

除上文所披露者外，於二零一九年十二月三十一日，就董事所知，概無董事及本公司最高行政人員於本公司或其相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中擁有或被視為擁有任何權益或淡倉，而須(i)根據證券及期貨條例第XV部第7及8分部須通知本公司及聯交所（包括根據證券及期貨條例有關條文彼等被當作或視為擁有的權益及淡倉）；(ii)根據證券及期貨條例第352條記入登記冊；或(iii)根據標準守則知會本公司及聯交所。

主要股東於股份及相關股份的權益及淡倉

就董事及本公司最高行政人員所知，於二零一九年十二月三十一日，根據證券及期貨條例第XV部第2及3分部的條文須向本公司披露，或根據證券及期貨條例第336條記入須存置登記冊的公司（一名董事及本公司最高行政人員除外）於股份及相關股份中擁有的權益或淡倉如下：

附註：

- 其指實體於股份的好倉。
- 佳澤的全部已發行股本由主席、行政總裁及執行董事李先生持有。

除上文所披露者外，於二零一九年十二月三十一日，董事及本公司最高行政人員並不知悉有任何其他人士或公司於股份或相關股份中擁有權益或淡倉而須根據證券及期貨條例第XV部第2及3分部向本公司披露，或記錄於本公司根據證券及期貨條例第336條須存置的登記冊。

Report of the Directors

董事會報告

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme pursuant to a resolution in writing passed by the Shareholders on 15 February 2018 as incentives or rewards for eligible participants who contribute to the Group.

No share options have been granted since the Listing Date. Therefore, no share options were granted, exercised or cancelled or lapsed during the Year and there were no outstanding share options under the Share Option Scheme as at 31 December 2019. The total number of Shares in respect of which share options may be granted under the Share Option Scheme shall not in aggregate exceed 100,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this Annual Report. A summary of the major terms of the Share Option Scheme are as follows:

(i) Purposes

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to our Group. The Directors consider that the Share Option Scheme will enable the Group to reward the employees, the Directors and other selected participants for their contribution to our Group.

(ii) Participants

The following persons of the Company, any member of the Group or an entity in which the Group holds an equity interest may be invited by the Directors to take up options to subscribe for Shares at the Directors' absolute discretion:

- (a) employees and directors;
- (b) suppliers and customers;
- (c) persons or entities that provide research, development or other technological support;
- (d) holders of any securities;
- (e) advisers (professional or otherwise) or consultants to any area of business or business development; and
- (f) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

購股權計劃

本公司根據股東於二零一八年二月十五日通過的書面決議案採納購股權計劃，作為對向本集團作出貢獻的合資格參與者的獎勵或獎賞。

自上市日期以來，概無授出購股權。因此於本年度，並無購股權獲授出、行使、被註銷及失效及於二零一九年十二月三十一日，購股權計劃項下並無尚未行使購股權。根據購股權計劃可能授出之購股權的股份總數合計不得超過100,000,000股，即佔於本年報日期已發行股份總數的10%。購股權計劃的主要條款概要如下：

(i) 目的

購股權計劃旨在讓本集團向選定的參與者授出購股權，作為對彼等向本集團所作貢獻的獎勵或獎賞。董事認為，購股權計劃讓本集團能回報僱員、董事及其他選定的參與者向本集團所作的貢獻。

(ii) 參與者

本公司、本集團任何成員公司或本集團持有股本權益的實體的以下人士可獲董事邀請接納購股權以認購股份（由董事全權酌情決定）：

- (a) 僱員及董事；
- (b) 供應商及客戶；
- (c) 提供研究、開發或其他技術支援的人士或實體；
- (d) 任何證券的持有人；
- (e) 任何業務或業務發展領域的顧問（專業或其他）或諮詢人；及
- (f) 以合營企業、商業聯盟或其他業務安排的方式經已或可能對本集團的發展及成長作出貢獻的任何其他參與者組別或類別。

Report of the Directors

董事會報告

(iii) Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (i.e. 100,000,000 Shares).

(iv) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted to each participant, including a Director or the chief executive of the Company who accepts the offer for the grant of an option under the Share Option Scheme in any 12-month period shall not exceed 1% of the number of the issued Shares. Any further grant of options in excess of this limit is subject to the Shareholders' approval in a general meeting.

Where any grant of options to a Substantial Shareholder or an INED, or to any of their respective associates, in excess of 0.1% of the Shares in issue at the date of grant and with an aggregate value (based on the closing price of the Shares at the date of each grant) in excess of HK\$5 million, within any 12-month period, is subject to the Shareholders' approval in a general meeting.

Options granted to a Director, chief executive of the Company or Substantial Shareholder, or to any of their respective associates, are subject to approval by the INEDs.

(v) Time of acceptance and exercise of option

An offer of options may be accepted by a participant within 21 days from the date of the offer of grant of the options. Unless otherwise determined by the Directors and stated in the offer, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(vi) Subscription price for Shares and consideration for the option

The subscription price for Shares will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant; (ii) the average of the closing prices of Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK\$1.00 is payable by the grantee on acceptance of the grant of option.

(iii) 股份最高數目

因行使根據購股權計劃將予授出的所有購股權而可予發行的股份最高數目合共不得超過於上市日期已發行股份的10%（即100,000,000股股份）。

(iv) 每名參與者的最高配額

於任何12個月期間內，因授予接納根據購股權計劃授出購股權的要約的每名參與者（包括董事或本公司最高行政人員）的購股權獲行使而已發行及將發行的股份總數，不得超過已發行股份數目的1%。任何進一步授出超過此限額的購股權須獲股東於股東大會上批准。

倘於任何12個月期間內，向主要股東或獨立非執行董事或其各自任何聯繫人授出超過授出日期已發行股份0.1%及總值（根據股份於各授出日期的收市價計算）超過5百萬港元的任何購股權，則須獲股東於股東大會上批准。

授予董事、本公司最高行政人員或主要股東或其任何各自的聯繫人的購股權須獲獨立非執行董事批准方可作實。

(v) 購股權的接納及行使時間

購股權的要約可由參與者於授出購股權的要約日期起計21日內接納。除董事另行釐定及於要約載列外，承授人於行使獲授的購股權前，並無規定持有購股權的任何最短期間，亦毋須達到任何表現指標。

(vi) 股份的認購價及購股權的代價

股份的認購價將由董事釐定，惟不得低於以下各項的最高者：(i) 股份於授出要約日期按聯交所日報表所示的收市價；(ii) 股份於緊接授出要約日期前五個交易日按聯交所日報表所示的平均收市價；及(iii) 股份面值。

接納授出的購股權時，承授人須支付1.00港元的象徵式代價。

Report of the Directors

董事會報告

(vii) Period

The Share Option Scheme will remain in force for a period of 10 years commencing on 16 March 2018, the date on which the Share Option Scheme became effective.

EQUITY-LINK AGREEMENTS

No equity-linked agreement that would or might (i) result in the Company issuing Shares, or (ii) require the Company to enter into an agreement that would or might result in the Company issuing Shares, was entered into by the Company during the Year or subsisted at the end of the Year.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

Mr. Lee, through his interest in Best Sheen, is interested in 75% of the issued Shares. As such Mr. Lee and Best Sheen are the Controlling Shareholders. The Controlling Shareholders have confirmed that they had been in compliance with all the undertakings provided under the deed of non-competition dated 15 February 2018 and signed by Mr. Lee and Best Sheen in favour of the Company (the "Deed of Non-competition"), since the signing of the Deed of Non-competition and up to 31 December 2019. Details of the Deed of Non-competition are set out in the section headed "Non-competition Undertaking" in the Prospectus. There are no matters which required to be deliberated by the INEDs in relation to the compliance and enforcement of the Deed of Non-competition and they considered that the terms of the Deed of Non-competition have been complied with by the Controlling Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float (i.e. at least 25% of the issued Shares being held by the public) as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company has adopted the code provisions as set out in the CG Code. The Board considered that during the Year and up to the date of this Annual Report, the Company has complied with the applicable code provisions set out in the CG Code except for those disclosed in the Corporate Governance Report included in this Annual Report. For details, please refer to the "Corporate Governance Report" on pages 21 to 38 of this Annual Report.

(vii) 期間

購股權計劃將由購股權計劃生效日期二零一八年三月十六日起的10年期間內有效。

股權掛鈎協議

概無將會或可能(i)導致本公司發行股份，或(ii)本公司須訂立將會或可能導致本公司發行股份的協議的股權掛鈎協議於本年度獲本公司訂立或於該本年度結束時存續。

控股股東的不競爭承諾

李先生透過其於佳澤的權益，擁有已發行股份之75%權益。因此，李先生及佳澤為控股股東。控股股東確認，彼等自簽立不競爭契據起及直至二零一九年十二月三十一日一直遵守日期為二零一八年二月十五日且由李先生及佳澤以本公司為受益人簽立的不競爭契據（「不競爭契據」）項下所作出的所有承諾。有關不競爭契據的詳情載於招股章程「不競爭承諾」一節。概無與遵守及強制執行不競爭契據有關的事項須經獨立非執行董事商討，且彼等認為不競爭契據的條款已獲控股股東遵守。

充足公眾持股量

根據本公司公開獲得的資料及就董事所知，於本報告日期，本公司維持上市規則項下的規定充足公眾持股量（即公眾人士持有至少25%已發行股份）。

優先購買權

開曼群島（本公司的註冊成立地點）法例或章程細則並無有關優先購買權的條文，令本公司須向其現有股東按比例提呈新股份。

企業管治

本公司已採納企業管治守則所載的守則條文。除載於本年報的企業管治報告所披露者外，董事會認為於本年度及直至本年報日期的期間內，本公司一直遵守企業管治守則所載的適用守則條文。詳情請參閱本年報第21至38頁的「企業管治報告」。

Report of the Directors

董事會報告

MANAGEMENT CONTRACT

No contracts, other than the employment contracts of the executive Directors, concerning the management and administration of the whole or substantial part of the business of the Company were entered into or in existence as at 31 December 2019 or at any time during the Year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged for appropriate insurance cover for the Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities during the Year and the indemnity provision and Directors' and officers' liability insurance remained in force during the Year and as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the five largest customers of the Group comprised 49.7% by value of our total sales during the Year, with the largest customer accounted for 13.9%. For the Year, the five largest suppliers of the Group comprised 88.6% by value of our total purchases during the Year, with the largest supplier accounted for 40.0%.

None of the Directors, their Close Associates or a Shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued Shares) has an interest in any of our five largest customers and suppliers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this Annual Report, at no time during the Year was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EVENT AFTER THE REPORTING PERIOD

Other than the matters outlined elsewhere in this Annual Report, there have been no matters that have occurred subsequent to 31 December 2019 which have significantly affected, or may significantly affect the Group's operations, results or state of affairs in future years.

管理合約

於二零一九年十二月三十一日或本年度內任何時間，除執行董事之僱傭合約外，概無訂立或存在有關本公司全部或重大部分業務的管理及行政管理合約。

准許的彌償保證條文

根據組織章程細則，各董事均有權從本公司的資產中就其因執行職務或與之有關的其他事宜而蒙受或招致的所有損失或負債獲得彌償。於本年度，本公司已為董事及高級職員的責任投保合適保險，就董事及高級管理層因企業活動而引致針對彼等展開的法律行動提供保障，且於本年度及於本報告日期，有關彌償條文以及董事及高級職員責任保險仍然有效。

主要客戶及供應商

於本年度，本集團五大客戶佔我們本年度銷售總值49.7%，而最大客戶則佔13.9%。於本年度，本集團五大供應商佔我們本年度採購總值88.6%，而最大供應商則佔40.0%。

概無董事、其緊密聯繫人或股東（就董事所知擁有已發行股份數目5%以上者）於任何五大客戶及供應商中擁有權益。

董事購入股份或債權證的權利

除本年報另行披露者外，於本年度內任何時間，本公司或其任何控股公司、附屬公司或同系附屬公司概非任何安排的訂約方，從而讓本公司董事可藉購入本公司或任何其他法人團體的股份或債權證而取得利益。

報告期後事項

除本年報其他部分所述的事宜外，於二零一九年十二月三十一日後概無發生已對或可能對未來年度本集團之經營、業績或事務狀況有重大影響的事宜。

Report of the Directors

董事會報告

INDEPENDENT AUDITOR

The consolidated financial statements for the Year have been audited by Graham H. Y. Chan & Co, which will retire at the conclusion of the forthcoming AGM and offer themselves for re-appointment. A resolution for the re-appointment of Graham H. Y. Chan & Co. as the Independent Auditor will be proposed at the forthcoming AGM.

On behalf of the Board

Lee Bing Kwong

Chairman

Hong Kong, 27 March 2020

獨立核數師

本年度的綜合財務報表已由陳浩賢會計師事務所審核，其將於應屆股東週年大會結束時退任並願意獲重聘。重聘陳浩賢會計師事務所為獨立核數師的決議案將於應屆股東週年大會上提呈。

代表董事會

主席

李秉光

香港，二零二零年三月二十七日

2019 Environmental, Social and Governance Report

二零一九年環境、社會及管治報告

ABOUT THE REPORT

The Company is pleased to present the 2019 ESG Report to provide an overview of the Group's management of significant issues affecting the operations, including ESG issues.

Reporting Period

The Report illustrates the policies and performance regarding the environmental and social aspects in the Reporting Period.

Reporting Scope and Boundaries

The Report focuses on the two principal business divisions, namely, trading of (i) digital storage products and (ii) general components. The reporting boundary includes sites of operations¹ in Hong Kong and Shenzhen. In the Year, there was no material changes to the reporting scope and boundaries. The Group will continuously upgrade its internal data collection procedures and gradually expand the scope of the disclosure.

Reporting Basis

The Report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Listing Rules on the Stock Exchange and on the basis of the four reporting principles — materiality, quantitative, balance and consistency:

- “Materiality” Principle:
The Group determines material ESG issues by stakeholder engagement and materiality assessment. Details are explained in section headed “Materiality Assessment”.
- “Quantitative” Principle:
Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- “Balance” Principle:
The Report identifies the achievements and changelings faced by the Group.
- “Consistency” Principle:
The Report uses consistent methodologies for meaningful comparisons in the following years unless improvements in methodology are identified.

¹ The sites of operations refer to the warehouse and office in Hong Kong and the office in Shenzhen. They are operated by the Company's subsidiaries Ascent Way International Limited, AVT International Limited and Shenzhen Lisigao Electronics Company Limited* (深圳麗斯高電子有限公司).

* The English name is translated for identification purpose only

關於本報告

本公司欣然提呈二零一九年環境、社會及管治報告，以概述本集團如何管理對營運構成影響的重大問題，包括環境、社會及管治議題。

報告期間

本報告說明於報告期間有關環境及社會層面的政策及績效。

報告範疇及範圍

本報告集中於兩個主要業務分部，分別為：(i) 數碼存儲產品及(ii)通用元件之貿易。報告範圍包括香港及深圳之營運地點¹。於本年度，報告範疇及範圍並無重大變動。本集團將不斷提升內部數據收集程序並逐步擴大披露範圍。

報告基準

本報告是根據聯交所上市規則附錄二十七所載的環境、社會及管治報告指引，按四個報告原則的基準（重要性、量化、平衡及一致性）編製：

- 「重要性」原則：
本集團按持份者參與及重要性評估釐定重要環境、社會及管治議題。詳情載於「重要性評估」一節。
- 「量化」原則：
在可行情況下以量化指標呈列資料，包括所用標準、方法、假設及提供比較數據的資料。
- 「平衡」原則：
本報告識別本集團取得的成果及面臨的挑戰。
- 「一致性」原則：
除非在已識別之方法上有所改進，否則本報告於其後年度採用一致的方法進行有意義的比較。

¹ 營運地點指香港倉庫及辦事處以及深圳辦事處。該等營運地點由本公司附屬公司振啟國際有限公司、香港艾維特國際有限公司及深圳麗斯高電子有限公司營運。

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二零一九年環境、社會及管治報告

The Report has complied with all “comply or explain” provisions and reported on selected recommended disclosures outlined in the ESG Reporting Guide.

The information contained herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group’s internal management systems. The Report is prepared and published in both Chinese and English at the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (<http://apexace.com/>). In the event of contradiction or inconsistency between the Chinese version and the English version, the English version shall prevail.

Confirmation and Approval

The Report has been confirmed and approved by the Board on 27 March 2020.

Information and Feedbacks

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content of this Report, please contact the Group through the following channels:

Address Units 2–3, 1/F, Sun Cheong Industrial Building,
1 Cheung Shun Street, Kowloon, Hong Kong
Email enquiry@apexace.com
Tel +852 3725 0102
Fax +852 2401 2105

ESG GOVERNANCE STRUCTURE

The Group is committed to integrating environmental, social and governance factors into its operations in order to create sustainable value for stakeholders and take up the responsibilities as a corporate citizen. The Group has established an ESG Working Group. The ESG Working Group is composed of core members of the Group and is responsible for facilitating the adoption of ESG strategies and policies throughout the Group, collecting information related to ESG and other relevant tasks. The ESG Working Group reports to the audit committees on the implementation of ESG initiatives and the performance of the sites of operations regularly.

The Board is responsible for the evaluation and determination of the Group’s ESG-related risks and ensuring that the Group has established an applicable and effective system to manage and internally control ESG-related risks.

本報告已遵守所有「不遵守就解釋」條文並報告環境、社會及管治報告指引所概述的經選定推薦披露資料。

本報告所載資料來源於本集團內部文件及統計資料，以及附屬公司根據本集團內部管理體系提供的結合控制、管理及營運的資料。本報告以中、英文編製及刊發在聯交所網站(www.hkexnews.hk)及本公司網站(<http://apexace.com/>)。如中、英文兩個版本有任何抵觸或不相符之處，應以英文版本為準。

確認和批准

本報告已於二零二零年三月二十七日經董事會確認和批准。

意見和反饋

本集團重視持份者的意見。閣下如對本報告的內容有任何問題或建議，謹請經以下渠道與本集團聯絡：

地址 香港九龍長順街1號新昌工業大廈
1樓2–3室
電郵 enquiry@apexace.com
電話 +852 3725 0102
傳真 +852 2401 2105

環境、社會及管治的管治架構

本集團致力將環境、社會及管治因素納入營運中，為持份者創造可持續價值，並承擔企業公民的責任。本集團已設立環境、社會及管治工作小組，由本集團的核心成員組成，負責促進整個集團採用環境、社會及管治策略及政策，收集有關環境、社會及管治及其他相關任務的資料。環境、社會及管治工作小組會定期向審核委員會匯報環境、社會及管治措施的推行情況，以及營運地點的表現。

董事會負責評估及釐定本集團的環境、社會及管治相關風險，並確保本集團設立有效的適用系統，以管理及內部監控環境、社會及管治相關風險。

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STAKEHOLDER ENGAGEMENT

Stakeholders' opinion provides a solid foundation for the Group's sustainable development and success. The stakeholder engagement helps the Group to develop a business strategy that meets the needs and expectations of stakeholders, enhances the ability to identify risks and strengthens important relationships. Stakeholders can express their opinions on environmental, social and governance aspects through various channels. The relevant stakeholders of the Group and their engagement platforms are as follows:

持份者參與

持份者的意見為本集團可持續發展和成功奠定堅實的基礎。持份者參與有助本集團制定符合持份者需要及期望的業務策略，提高識別風險的能力和加強重要關係。持份者可通過各種渠道表達對環境、社會及管治方面的意見。本集團的相關持份者及其參與平台如下：

| Stakeholders 持份者 | Engagement Platforms 參與平台 |
|--|---|
| Government and regulatory agencies 政府及監管機構 | <ul style="list-style-type: none"> Annual reports, interim reports, environmental, social and governance reports and other public information 年報、中期報告、環境、社會及管治報告以及其他公開資料 |
| Shareholders and investors 股東及投資者 | <ul style="list-style-type: none"> Annual general meetings and other general meetings of shareholders 股東週年大會及其他股東大會 Company website 公司網站 Press release and announcements 新聞稿及公告 Annual reports, interim reports, environmental, social and governance reports and other public information 年報、中期報告、環境、社會及管治報告以及其他公開資料 |
| Peer Industry 同業 | <ul style="list-style-type: none"> Exhibition and trade fair 展覽及貿易展覽會 |
| Employee 僱員 | <ul style="list-style-type: none"> Training 培訓 Community services 社區服務 |
| Customer 客戶 | <ul style="list-style-type: none"> Exhibition and trade fair 展覽及貿易展覽會 Regular visits 定期造訪 |
| Supplier 供應商 | <ul style="list-style-type: none"> Supplier selection 供應商甄選 Exhibition and trade fair 展覽及貿易展覽會 Regular visits 定期造訪 |

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MATERIALITY ASSESSMENT

The Group identifies issues for disclosure in the Report through materiality assessment. By considering the dependence and influence on the Group of the stakeholders and the resources availability of the Group, our management has identified key stakeholders and conducted a survey with them. They have expressed their opinions and recommendations on the sustainability issues related to the Group's operations.

Consolidating the results from materiality assessment, the Group has identified the materiality level for the issues based on the relative importance of the issues to the business and the importance to stakeholders.

重要性評估

本集團通過重要性評估識別本報告的披露問題。經考慮持份者對本集團的依賴及影響以及本集團的資源可用性後，管理層已識別主要持份者並向其進行調查。彼等已就本集團營運的相關可持續發展問題發表意見及提出建議。

本集團透過整合重要性評估結果，按照問題對業務的相對重要性以及對持份者的重要性識別議題的重要性程度。

Materiality Level

重要性程度

ESG Issues

環境、社會及管治議題

Priority

優先

Community Investment
社區投資
Development and Training
發展及培訓
Employment
僱傭

Moderate

中等

Health and Safety
健康與安全
Supply Chain Management
供應鏈管理
Product Responsibility
產品責任
Anti-corruption
反貪污
Labour Standards
勞工準則

Important

重要

Use of Resources
資源使用
Emissions
排放
The Environmental and Natural Resources
環境及天然資源

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ENVIRONMENTAL ASPECTS

Environmental sustainability is a key focus of the Group's corporate social responsibility. The Group has formulated the Environmental Protection Policy Statement to demonstrate its determination to protect the environment.

Emissions

Since the business activities covered by this Report mainly involve office operations, there was no emission that would have significant environmental impacts other than Greenhouse Gas ("GHG") produced indirectly in the course of electricity consumption. Domestic wastewater produced by the Group was sent through a local pipe network to a sewage treatment plant.

The Group is committed to the following:

- Minimize emissions of air pollutants and GHGs;
- Adopt internationally recognized standards or equivalent local standards in assessing and disclosing the emissions of GHGs in its operations;
- Prevent and minimize hazardous and non-hazardous waste; and
- Properly discharge hazardous and non-hazardous waste produced in its operations.

As the Group's business activities mainly involve office operations with no material manufacturing of products, there are no significant environmental laws and regulations that have a significant impact on the Group.

環境層面

環境的可持續是本集團企業社會責任的重點。本集團已制訂環保政策聲明，以展現其保護環境的決心。

排放

由於本報告涵蓋的業務活動主要涉及辦公室營運，因此並不會產生對環境構成顯著影響的排放，惟用電過程中間接產生的溫室氣體（「溫室氣體」）除外。本集團生產的日常起居廢水通過當地管網排放至污水處理廠。

本集團致力於以下各方面：

- 盡量減少空氣污染物和溫室氣體的排放；
- 在評估和披露其營運中的溫室氣體排放時，採用國際公認的標準或同等的地方標準；
- 防止和減少有害廢棄物和無害廢棄物；及
- 妥善清理其營運中產生的有害廢棄物和無害廢棄物。

由於本集團的業務活動主要涉及辦公室營運而並無重大之製造產品運作，因此並無重大環保法律及規例對本集團產生顯著影響。

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GHG Emissions

To control the GHG emissions, the Group has adopted policies on efficient use of energy as described in the section headed "Use of Resources" below and will continue to assess, record and disclose its GHG emissions and other environmental data on a yearly basis. The performance indicators are as follows:

| GHG Emissions ² 溫室氣體排放 ² | Unit 單位 | 2019 二零一九年 | 2018 二零一八年 |
|---|--|---------------|---------------|
| Scope 1 ³ 範圍一 ³ | tonnes CO ₂ -equivalent 二氧化碳當量，以噸計 | 27.27 | 0 |
| Scope 2 ⁴ 範圍二 ⁴ | tonnes CO ₂ -equivalent 二氧化碳當量，以噸計 | 65.88 | 53.7 |
| Scope 3 ⁵ 範圍三 ⁵ | tonnes CO ₂ -equivalent 二氧化碳當量，以噸計 | 669.74 | 29.3 |
| Total Emissions 總排放量 | tonnes CO ₂ -equivalent 二氧化碳當量，以噸計 | 762.89 | 83.0 |
| Intensity 密度 | tonnes CO ₂ -equivalent/ft ² 二氧化碳當量，以噸計／平方呎 | 0.044 | 0.005 |

溫室氣體排放

為控制溫室氣體的排放，本集團已採用下文「資源使用」一節所述有關有效使用能源之政策，並將繼續每年評估、記錄及披露其溫室氣體排放及其他環境數據。績效指標如下：

During the Reporting Period, the increase of GHG emissions was caused by the increase of business air travelling. It is also the main source of our GHG emissions. Air travelling is important for us to explore new business opportunities and maintain relationship with our existing clients. We will continue to keep track of employees' business travelling and the corresponding GHG emissions. The Group will encourage the employees to make uses of phone or video conferencing to reduce emissions from air travel.

於報告期間，溫室氣體排放量增加乃由於商務航空差旅增加。其亦為我們的溫室氣體排放的主要來源。航空差旅對我們物色新業務機遇及維持與現有客戶的關係而言甚為重要。我們將繼續記錄員工的航空差旅及相應的溫室氣體排放量。本集團將鼓勵員工採用電話或視頻會議，以減少航空差旅帶來的排放。

² The GHG emissions is estimated with reference to The GHG Protocol Corporate Accounting and Reporting Standard published by World Resources Institute and World Business Council for Sustainable Development, 2019 Sustainability Report issued by China Light and Power Co. Ltd. and 2011–2012 Regional Power Grid Average CO₂ Emission Factors in China guideline published by the National Development and Reform Commission of the People's Republic of China.

³ Scope 1: The direct emission from the business operations owned or controlled by the Group, including the fuel consumption from mobile vehicles

⁴ Scope 2: The "indirect energy" emissions from the internal purchased electricity consumption by the Group

⁵ Scope 3: Other indirect emissions that occur outside the Group, including emissions from business air travel only.

² 溫室氣體排放量的估算乃經參考世界資源研究所及世界可持續發展工商理事會刊發的《溫室氣體盤查議定書：企業會計與報告標準》、中華電力有限公司刊發的《2019可持續發展報告》及中華人民共和國國家發展和改革委員會發佈的《2011年和2012年中國區域電網平均二氧化碳排放因子》指引。

³ 範圍一：由本集團擁有或控制的業務營運直接產生的排放，包括汽車的燃料消耗。

⁴ 範圍二：由本集團內部消耗外購電力所引致的「間接能源」排放。

⁵ 範圍三：在本集團以外產生的其他間接排放，包括僅由航空差旅帶來的排放。

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Wastes

The wastes generated from sites of operations are generally domestic wastes, office paper, paper board and toner. We have engaged with recycling companies to recycle the wastes. The details of the wastes generated are as follows:

| Wastes 廢物 | Treatment Method 處置方法 | Unit 單位 | 2019 二零一九年 | 2018 二零一八年 |
|--|-------------------------------|------------|---------------|---------------|
| General Unclassified Wastes 一般未分類廢物 | Disposed to Landfill 堆填區處置 | kg 千克 | 288.0 | 288.0 |
| Office Paper 辦公室用紙 | Recycled or Reused 回收或再利用 | kg 千克 | 287.0 | 11.5 |
| Paper Board 紙板 | Recycled or Reused 回收或再利用 | kg 千克 | 48.0 | 51.0 |
| Toner 碳粉 | Recycled 循環使用 | kg 千克 | 2.0 | 3.0 |

廢物

營運地點產生的廢物通常是家庭廢物、辦公室用紙、紙板及碳粉。我們委聘回收公司以回收廢物。所產生的廢物詳情如下：

To reduce paper consumption, we encourage our employees to:

- Reuse envelopes and folders for sending internal documents and letters; and
- Adopt electronic communication and filing.

為減少紙張消耗，我們鼓勵僱員：

- 發送內部文件和信件時重用信封和文件夾；及
- 採用電子通訊和存檔方式。

The Group will continuously monitor the GHG emissions and waste production to see if any detailed measures can be formulated in the future for more effective management of emissions.

本集團將持續監察溫室氣體排放及廢物產生的情況，以確定日後是否可制定任何更有效管理排放的詳細措施。

Use of Resources

The Group is well aware that reasonable use of resources is essential to sustainable development. The Group is committed to the following:

- Adopt the principles of reduce, reuse and recycle to increase the consumption efficiency of energy, paper, water, high-quality plastic stretch film (packaging materials) and other resources in its business operations;
- Nurture the culture of environmental protection within the Group to increase the environmental awareness of employees;
- Formulate achievable and measurable goals with regard to environmental protection;
- Maintain continuous communication with employees with regard to environmental protection policies; and

資源使用

本集團深明合理使用資源對可持續發展至關重要。本集團致力於以下各方面：

- 奉行減少、再利用和回收的原則，提高其業務營運中的能源、紙張、水、優質塑料拉伸膜（包裝材料）和其他資源的消耗效率；
- 在本集團內培育環保文化，提高員工的環保意識；
- 制訂有關環境保護的可實現和可計量的目標；
- 在環境保護政策方面與員工保持持續溝通；及

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- Regularly review the implementation of the Environmental Protection Policy Statement to ensure effective execution.

The Group seeks to encourage its employees to adopt efficiency measures in the use of lighting, computer, water, paper and packaging materials.

Energy Management

The major energy source is electricity. The Group has implemented various measures to mitigate the consumption regarding the use of lighting, air conditioner and computer.

Lighting

- Switch off unnecessary lighting in public areas (such as reception area, pantry, lavatory and corridors) during less busy hours (such as lunch-time and non-business hours);
- Divide space into zones with the individual lighting control system to provide flexibility; and
- Paint light colours for the office walls and ceilings to reduce unnecessary lighting.

Air conditioner

- Switch off unnecessary air-conditioners during less busy hours (such as lunch-time and non-business hours);
- Switch on the air-conditioner only when the meeting room is occupied. Switch off the air-conditioner upon leaving the meeting room; and
- Replacing old, inefficient systems with energy-efficient air-conditioning systems when necessary.

Computer

- Adjust the computer setting to activate the standby or hibernation mode of computers so that the display monitor will switch off automatically or enter energy saving mode when left idle for a prescribed period of time;
- Adjust the brightness of the display monitor; and
- Switch off computers (including the display monitor) after use.

- 定期審視環境保護政策聲明的實施，以確保其有效執行。

本集團致力鼓勵員工以符合效率的方式使用照明、電腦、水、紙張及包裝材料。

能源管理

能源的主要來源是電力。本集團已實行多項措施以減低有關使用照明、空調及電腦的消耗。

照明

- 在較為空閒的時間（如午膳時段和非營業時間）關掉公共區域（如接待處、茶水間、洗手間和走廊）的非必要照明；
- 將空間劃分為設有個別照明控制系統之區域以靈活控制照明安排；及
- 辦公室牆壁和天花板選用淺色，以減少不必要的照明。

空調

- 在較為空閒的時間（如午膳時段和非營業時間）關掉不必要的空調；
- 會議室只會在使用時才開啟空調。離開會議室時關掉空調；及
- 於需要時以節能空調系統取代舊式低效系統。

電腦

- 調整電腦設定以啟用電腦的待機或休眠模式，使顯示屏在閒置一段既定時間後自動關閉或進入節能模式；
- 調整顯示屏的亮度；及
- 用後關掉電腦（包括顯示屏）。

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The details of energy consumption are as follows:

能源消耗詳情如下：

| Energy Consumption 能源消耗 | Unit 單位 | 2019 二零一九年 | 2018 二零一八年 |
|----------------------------|--------------------------------|---------------|---------------|
| Total Consumption 消耗總量 | MWh 兆瓦時 | 221.9 | 104.0 |
| Intensity 密度 | MWh/ft ² 兆瓦時／平方呎 | 0.010 | 0.006 |

During the reporting period, the increase of energy consumption comes from our fuel consumption of mobile vehicles and increase of electricity consumption in our offices.

於報告期內，能源消耗增加乃來自我們汽車的燃料消耗及我們辦公室的電力消耗增加。

Water Resource

Water consumption refers to the water usage in washroom and pantry. The water supply is provided by the third party and managed by the property management company. Therefore, there is no issue in sourcing water. The Group has implemented initiatives to control water consumption as follows:

水資源

耗水量指洗手間及茶水間的用水。供水由第三方提供，並由物業管理公司管理。因此，本公司並無採購水的問題。本集團已推行以下控制耗水的措施：

- Turn off the water tap promptly after use; and
- When using dual-flush toilets, choose the amount of water for flushing according to one's needs and avoid unnecessary flushing.
- 用後隨即關掉水龍頭；及
- 使用「雙沖式沖廁」坐廁時，根據需要選擇沖水量，避免不必要的沖水。

| Water Resource 水資源 | Unit 單位 | 2019 二零一九年 | 2018 二零一八年 |
|---|------------------------------------|---------------|---------------|
| Total Consumption 消耗總量 | m ³ 立方米 | 414 | 381 |
| Intensity ⁶ 密度 ⁶ | m ³ /employee 立方米／僱員 | 3.39 | 3.66 |

⁶ As at 31 December 2019, there were 122 employees in the Group.

⁶ 於二零一九年十二月三十一日，本集團有122名僱員。

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Others

- Maintain or replace malfunctioning equipment; and
- Give priority to environmentally friendly products or materials in the procurement process.

The Group plans to adopt more resource saving measures in the future, such as holding regular internal environmental awareness seminars for employees, turning off all electrical equipment when not in use at its offices and warehouses, and conducting regular inspection for water leaking faucets and toilets.

Packaging Materials

The main packaging materials include label stickers, stretch film and plastic pallet. The details of the consumption volume are as follows:

| Packaging Material 包裝材料 | Unit 單位 | 2019 二零一九年 | 2018 二零一八年 |
|----------------------------|-------------|---------------|---------------|
| Label Stickers 標籤貼紙 | tonnes 噸 | 0.150 | 0.006 |
| Stretch Film 拉伸膜 | tonnes 噸 | 0.432 | 0.570 |
| Plastic Pallet 塑料墊板 | tonnes 噸 | 0.300 | 4.590 |

The Environment and Natural Resources

Due to the nature of the Group's business, its daily business operations posed no significant adverse impact on the environment directly. However, the indirect GHG emissions would aggravate the phenomenon of global warming. The Group strives to reduce the indirect impact caused by GHG emissions through various measures mentioned in the sections "Emissions" and "Use of resources".

Looking ahead, the Group will continuously assess its environmental risks so as to formulate appropriate response measures and regularly review and update its Environmental Protection Policy Statement.

其他

- 維護或更換故障設備；及
- 在採購過程中優先考慮環保產品或材料。

本集團計劃日後採取更多資源節約措施，例如為員工定期舉辦內部環保意識研討會，員工在辦公室及倉庫關閉不使用的所有電力設備，並定期檢查水龍頭及廁所有否漏水。

包裝材料

主要包裝材料包括標籤貼紙、拉伸膜及塑料墊板。消費量的詳情如下：

環境及天然資源

由於本集團業務的性質，其日常業務營運對環境並無直接的重大不利影響。然而，溫室氣體的間接排放加劇全球暖化現象。本集團致力通過「排放」及「資源使用」各節提述的不同措施，減輕溫室氣體排放造成的間接影響。

展望未來，本集團將持續評估其環境風險，以制訂適當的應對措施，並定期檢視及更新其環保政策聲明。

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SOCIAL ASPECTS

The Group abided by all laws and regulations adopted in all sites of operations and has formulated the Employment and Labour Practices Policy Statement. The aim of the Employment and Labour Practices Policy Statement is to provide employees with a workplace that is free of discrimination and harassment and emphasises diversity, health and safety.

Employment and Labour Practices

Employment

The Group regards talents as a key to corporate success and sustainability. The Group stipulates in the Employment and Labour Practices Policy Statement and Staff Handbook that the Group will:

- Provide equal opportunities in employment, training and career development regardless of gender, age, nationality, race, skin colour, religion, body size, illness, mental or physical disability, family roles, family composition, sexual orientation, political beliefs or social status;
- Provide employees with internal guidelines in relation to equal opportunities, discrimination and harassment; and
- Create a diverse working environment within the Group.

Remuneration and compensation

The remuneration is determined based on the internal grading structure and with reference to the employee's educational or technical qualifications, experience and degree of responsibility pertinent to the job. Salary is reviewed and adjusted regularly based on the performance of employee. Besides, overtime compensation is offered to applicable employee.

Promotion

Employees are promoted on basis of their performance in the current jobs and the extent to which they demonstrate the attributes required for the higher grade. Promotion assessment will be conducted by the Head of Department or Business Unit and the Head of Human Resources Department, and finally approved by the authorized Management.

Working hours, rest periods

The Group implements five-day work week for non-shift employees. For shift employees will work according to shift roster but will be entitled to a rest day per week. The Group's statutory holidays are entitled to employees, including public holidays, annual leave, sick leave and maternity leave.

社會層面

本集團恪守所有營運地點採納的所有法律及規例，並已制訂僱傭及勞工常規政策聲明。僱傭及勞工常規政策聲明旨在為員工提供並無歧視和騷擾的工作場所，並強調多元化、身心健康和安全。

僱傭及勞工常規

僱傭

本集團視人才為企業成功與可持續發展的關鍵。本集團在僱傭及勞工常規政策聲明及員工手冊中訂明，本集團將：

- 在僱傭、培訓和事業發展方面提供平等機會，不論性別、年齡、國籍、種族、膚色、宗教、體型、疾病、精神或身體殘疾、家庭角色、家庭組成、性取向、政治信念或社會地位如何；
- 為員工提供與平等機會、歧視和騷擾相關的內部指引；及
- 在本集團內創造多元化的工作環境。

薪酬及酬金

薪酬乃基於內部評級架構及參考員工的學歷或技術資格、經驗及就有關工作須承擔的責任而釐定。薪金定期根據員工的表現予以檢討及調整。此外，亦向部分適用的員工提供加班補償。

晉升

僱員的晉升基於彼等於當前工作崗位的表現以及所展示才能與較高職級所需者的相符程度而定。晉升評估將由部門或業務單位的主管或人力資源部主管負責進行，並由獲授權管理層作出最終審批。

工作時數、假期

本集團為非輪班制員工實施五天工作週。而輪班制員工則根據輪班執勤表工作，每週享有一天假期。本集團的員工享有法定假期，包括公眾假期、年假、病假及產假。

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Welfare and other benefits

Employees after probation are admitted to the Company's medical scheme and are included in the travel and personal accident insurance. Monthly contributions are made to Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance of Hong Kong.

The Group abided by the employment laws and regulations that apply to its sites of operations, including but not limited to the Employment Ordinance (Cap. 57), the Employees' Compensation Ordinance (Cap. 282), the Minimum Wage Ordinance (Cap. 608), the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong and the labour law of the People's Republic of China. During the Reporting Period, there were no cases of non-compliance in relation to compensation, dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The Group has been enhancing the related employment policies and establishing a grievance mechanism to timely manage and respond to grievance and suggestions raised by employees recently.

Health and Safety

To build a healthy and safe working environment, the Group has stated its commitment in the Employment and Labour Practices Policy Statement that it will:

- Formulate occupational health and safety measures to minimize the risk of employees being injured, infected, or exposed to occupational hazards in the workplace; and
- Prepare for emergencies to ensure that the Group can respond in a timely and effective manner.

The Group abided by the relevant laws and regulations that apply to its sites of operations, including but not limited to the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong. During the Reporting Period, there were no cases of non-compliance in relation to providing a safe working environment and protecting employees from occupational hazards.

The Group established announcements and advertisements related to occupational health and safety in the workplace. Looking ahead, the Group will refine its occupational health and safety management system and organise occupational health training to improve the health awareness of employees.

福利及其他待遇

通過試用期的員工可參加本公司的醫療計劃，獲得差旅及個人意外保險的保障。本公司根據香港《強制性公積金計劃條例》，每月就強制性公積金退休福利計劃作出供款。

本集團恪守適用於其營運地點的僱傭法律及規例，包括但不限於香港的《僱傭條例》(第57章)、《僱員補償條例》(第282章)、《最低工資條例》(第608章)、《職業安全及健康條例》(第509章)及《中華人民共和國勞動法》。於報告期間，在薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利方面均無不合規情況。

本集團一直改善相關僱傭政策，並建立申訴機制，適時管理和回應員工最近提出的申訴和建議。

健康和 safety

為營造健康安全的工作環境，本集團已在僱傭及勞工常規政策聲明中表明其致力：

- 制訂職業健康和安全措施，以盡量減少員工在工作場所受傷、受感染或面對職業危害的風險；及
- 為緊急情況做好準備，以確保本集團能夠及時有效地應對。

本集團恪守適用於其營運地點的相關法律及規例，包括但不限於香港的《職業安全及健康條例》(第509章)。於報告期間，在提供安全的工作環境和保護員工免受職業危害方面並無任何不合規情況。

本集團訂明有關工作場所職業健康及安全的公告及告示。展望未來，本集團將完善其職業健康安全管理體系，並組織職業健康培訓，以提高員工的健康意識。

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Development and Training

The Group values the employees' development and training and has stated in the Employment and Labour Practices Policy Statement that it will:

- Invest in the training and career development of employees;
- Provide adequate training opportunities to enhance the knowledge and skills required for employees to perform their job duties; and
- Continuously improve the employment system and create a positive environment for the career development of employees.

The Group conducted technical product training as well as training on information technology for all employees. To communicate with its employees about their career development and performance, management also held performance review with employees on an annual basis.

Recently, the Group has been building a system to assess the performance of employees annually. The Group will periodically review and update its development and training measures.

Labour Standards

The Group has formulated the Employment and Labour Practices Policy Statement and prohibits the use of child labour and forced labour. The Group undertakes timely communication with employees regarding overtime work arrangements. For example, if there is any need for regular overtime work, the Group will make forward planning and discussion with the relevant employees beforehand. Before hiring, various documents related to the age of applicants are checked to verify his/her age and identity to avoid child labour and forced labour.

The Group abided by the relevant laws and regulations that apply to its sites of operations, including but not limited to the Employment Ordinance (Cap. 57). During the Reporting Period, there were no cases of non-compliance in relation to child labour and forced labour.

The Group will review the implementation of its Employment and Labour Practices Policy Statement to ensure effective execution of its practices on prohibiting child labour and forced labour.

發展及培訓

本集團重視員工的發展及培訓，並在僱傭及勞工常規政策聲明中表明其將：

- 投資於員工的培訓和事業發展；
- 提供足夠的培訓機會，以提升員工履行職務所需的知識和技能；及
- 不斷完善僱傭體系，為員工的事業發展創造利好環境。

本集團為全體員工進行技術產品培訓和資訊科技培訓。為了與員工就其事業發展和表現進行溝通，管理層亦每年與僱員進行員工表現回顧。

最近，本集團建立每年評估員工表現的系統。本集團將定期檢討及更新其發展及培訓措施。

勞工準則

本集團制訂了僱傭及勞工常規政策聲明，禁止使用童工和強制勞工。本集團適時與員工進行加班安排的溝通。例如，倘若需要定期加班，本集團將事先制訂計劃並與相關員工討論。在招聘之前，檢查與求職者年齡相關的各種文件，以核實年齡和身份，以防童工和強制勞工。

本集團恪守適用於其營運地點的相關法律及規例，包括但不限於《僱傭條例》(第57章)。於報告期間，並無與童工和強制勞工有關的不合規個案。

本集團將審視其僱傭及勞工常規政策聲明的實施情況，以確保有效執行其禁止童工和強制勞工的做法。

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Operating Practices

The Group abided by laws and regulations that apply to all sites of operations and has formulated the Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement in order to manage environmental and social risks in its daily operations.

Supply Chain Management

The Group believes that proper management of supply chain is essential to a socially responsible company and is committed to the following:

- Stringently select suppliers and review their performance regularly;
- Identify environmental and social risks in the supply chain and formulate corresponding measures; and
- Ensure continuous communication with suppliers and provide them with timely support.

When selecting and sourcing potential suppliers, the Group will take into account certain factors including (i) the suppliers' credentials such as, their backgrounds, production facilities and goodwill; (ii) the features and quality of the products manufactured by them; (iii) the current and forecasted demand of the products in the market; (iv) the price and payment terms offered to the Group; and (v) their technical capability.

The Group has established a risk assessment procedure to identify environmental and social risks of suppliers and formulate a supplier code of practice that covers issues of environmental protection and community care. The Group will continuously review and improve related procedures.

Product Responsibility

The Group is principally engaged in the sales of electronic components and is committed to the following:

- Ensure the quality of our products to safeguard the health and safety of our clients;
- Protect clients' privacy when collecting, saving, using and sending personal information of clients;
- Formulate remedial measures and contingency plan when there is client information leakage in a timely and effective manner;
- Adopt adequate measures to maintain and protect the Group intellectual property rights; and
- Ensure continuous communication with employees and clients regarding product responsibility.

營運慣例

本集團恪守適用於所有營運地點的法律及規例，並制訂了供應鏈管理、產品責任及反貪污政策聲明，以管理日常營運中的環境和社會風險。

供應鏈管理

本集團相信，對篤行社會責任的公司而言，妥善管理供應鏈至關重要，而本集團致力於以下各方面：

- 嚴選供應商並定期審查其表現；
- 識別供應鏈中的環境和社會風險並制訂相應措施；及
- 確保與供應商持續溝通，並為供應商提供適時的支持。

於選擇及物色潛在供應商時，本集團將考慮若干因素，包括(i)供應商的認證資料，例如其背景、生產設施及商譽；(ii)其所製造產品的特性及質量；(iii)產品的現有及預測市場需求；(iv)提供予本集團的價格及支付條款；及(v)技術能力。

本集團已建立風險評估程序，以識別供應商的環境及社會風險，並制訂涵蓋環境保護和關懷社區事宜的供應商行為守則。本集團將持續審視並改善相關程序。

產品責任

本集團主要從事電子元件的銷售，並致力於以下各方面：

- 確保產品質素以保障客戶的健康和安全；
- 在收集、保存、使用和發送客戶的個人資料時保護客戶的私隱；
- 制訂糾正措施及應急計劃以及時有效地應對客戶信息洩漏的情況；
- 採取適當措施維護和保障本集團的知識產權；及
- 確保與員工和客戶就產品責任進行持續溝通。

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The Group has developed internal quality monitoring standards to ensure our product safety. For instance, the goods supplied shall be subject to Restriction of the Use of Certain Hazardous Substances ("RoHS") compliant. Besides, the Group has implemented measures related to product return and customer privacy protection. The details are illustrated in the following sections. Issue related to advertising or labelling does not have a significant impact on the Group's operations.

The Group abided by the relevant laws and regulations that apply to its sites of operations, including but not limited to the Trade Descriptions Ordinance (Cap. 362), Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong. During the Reporting Period, there were no cases of non-compliance in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided.

Quality control and management

Upon the arrival of the products to the Group, items are ascertained to be delivered in accordance with our purchase orders, namely the type and quantity of the products. Once the delivery is confirmed, the staff will conduct visual checks against the products to ensure that the quality is up to standard, followed by the conduct of performance testing on some storage system products.

Most products are packaged in vacuum sealed bags, in such circumstances, only visual inspections would be conducted on these products. Generally, opened or damaged packaging is not accepted by our customers, it is thus not feasible for our Group to conduct performance testing on these products prior to delivery. The product packaging must be intact to guarantee the authenticity of the products and that the products have never been tampered with.

The Group also has measures in place to protect the products from being damaged during the testing process. The Group's quality assurance technicians are required to wear anti-electrostatic clothing and shoes to prevent the hardware components from being damaged or destroyed by electrostatic discharge during the testing.

After the visual inspection, products would be repacked pending delivery in accordance with the purchase orders issued by our customers.

本集團已制訂內部品質監控標準，以確保產品安全。例如，供應貨品須遵守限制使用某些有害物質指令（「限制使用某些有害物質指令」）的規定。此外，本集團已實施與退貨及客戶私隱保障有關的措施。有關詳情於下文章節說明。與廣告或標籤有關的事宜不會對本集團的營運造成重大影響。

本集團恪守適用於其營運地點的相關法律及規例，包括但不限於香港的《商品說明條例》（第362章）及《個人資料（私隱）條例》（第486章）。於報告期間，並無與所提供產品和服務相關的健康和安全、廣告、標籤和私隱事宜的不合規個案。

質量控制及管理

於產品送達至本集團後，將首先根據採購訂單（即產品的類型及數量）確認貨品是否交付。交付一經確認，員工對產品進行外觀檢查以確保質量符合標準，隨後對若干存儲系統產品進行性能測試。

大部分產品為真空密封袋包裝，於此情況下僅能為有關產品進行外觀檢查。一般而言，客戶不接受包裝開封或包裝受損，故本集團於交付前對該等產品進行性能測試並不可行。產品包裝必須完好無損，以確保產品貨真價實且產品未曾受損。

本集團亦已採取措施保護產品於測試過程中免受損毀。本集團的質量鑒證技術員須穿戴防靜電服裝及鞋履，以防止測試過程中硬件元件遭靜電放電損毀或破壞。

於外觀檢查後，產品將根據客戶所下的採購訂單重新包裝以待交付予客戶。

2019 Environmental, Social and Governance Report

二零一九年環境、社會及管治報告

Product return policy

The availability of warranties is subject to the decision of the upstream manufacturers. Where the upstream manufacturers provide warranties to the Group, we would in turn, provide warranties to our customers. The Group would subsequently return defective products under warranty to the relevant upstream manufacturers for an exchange according to the Return Merchandise Authorization⁷ procedures as agreed with the upstream manufacturers. The related costs of return are borne by the relevant upstream manufacturers as per the relevant distribution agreements. It is believed that the quality of the Group's products would be maintained and that no substantial costs shall be incurred by the Group even if we encounter product return circumstances.

Customer data protection and privacy

The Group attaches great importance to the confidential information of the customers. To ensure the safety and privacy of client information, the Group will only collect client data for purposes permissible under the applicable law. Employees are required to sign Confidentiality, Non-disclosure and Non-competing Agreement, stipulating that the trade secrets and other confidential information shall not be revealed to any person, company or media.

In the future, the Group will continue to pay attention to amendments of relevant laws and regulations in relation to product responsibility. This will enable the Group to take follow-up action in due course.

Anti-corruption

To maintain a fair, ethical and efficient business and working environment and prevent any form of corruption, the Group is committed to the following:

- Nurture an anti-corruption atmosphere within the Group to improve employees' anti-corruption awareness;
- Ensure continuous communication with employees and clients with regard to anti-corruption policy and execution; and
- Adopt measures to prevent behaviours such as bribery, extortion, fraud and money laundering.

⁷ Return Merchandise Authorization, one of the after-sales services that provides replacement or repair of defective components, given that the components are within the product's warranty period.

產品退貨政策

上游製造商決定是否提供保修。當上游製造商向本集團提供保修，我們亦可向客戶提供保修。本集團隨後將根據與上游製造商協議的退貨授權⁷程序向上游製造商退換保修期內的產品。相關退貨成本根據相關分銷協議將由相關上游製造商承擔。我們相信，本集團可維持優質產品，即使本集團遭遇退貨，亦不會產生大額成本。

客戶資料保障及私隱

本集團非常重視客戶資料的保密。為確保客戶資料的安全及私隱，本集團將僅會根據適用法律允許的目的收集客戶數據。員工須簽署保密、不披露及不競爭協議，當中規定不得向任何人士、公司或媒體披露商業機密及其他保密資料。

未來，本集團將繼續關注產品責任相關法律及規例的修訂。此將讓本集團能夠在適當時候採取跟進行動。

反貪污

為維持公平、合乎道德及有效率的業務及工作環境並且防止任何形式的貪污，本集團致力於以下各方面：

- 培養本集團內部的反貪污風氣，提高員工的反貪污意識；
- 確保在反貪污政策和執行方面與員工及客戶持續溝通；及
- 採取措施防止賄賂、勒索、欺詐和洗黑錢等行徑。

⁷ 退貨授權，一種售後服務，為在產品保修期內的瑕疵元件提供退換或維修服務。

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Employees are prohibited from accepting or granting gifts for business partners, such as customers and suppliers. As detailed in the Staff Handbook, the Group has specified the circumstances that allow our employees in accepting and granting gifts. Employees must declare and obtain approval from management for cases that are deemed inevitable.

The Group abided by the relevant laws and regulations that apply to its sites of operations, including but not limited to the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong and the Criminal Law of the People's Republic of China. During the Reporting Period, there were no cases of non-compliance in relation to bribery, extortion, fraud and money laundering.

The Group has formulated a corruption risk assessment mechanism and will introduce terms related to anti-corruption in the employment contract. The Group will regularly review and update its anti-corruption policy and measures.

Community

Community Investment

The Group has formulated the Community Investment Policy Statement to fulfil its corporate responsibility and contribute to the community where it operates. The Group is committed to the following:

- Promote a responsible corporate culture within the Group;
- Encourage and arrange employees to participate in voluntary services and charity activities; and
- Leverage its expertise to contribute to the community where it operates.

The Group selects and approves volunteering and charity activities organized by external organizations. The Group encourages employees to participate in and organize their own volunteering and charity. During the reporting period, AVT International Limited, one of our subsidiaries, was awarded "Caring Company" Logo by The Hong Kong Council of Social Service.

In the future, the Group will continue to understand the needs of the communities in its sites of operations to determine the focus of contribution.

禁止員工與商業夥伴(如客戶和供應商)之間的禮品收受或餽贈。誠如員工手冊中所詳述,本集團已訂明允許員工接受和餽贈禮品的情況。對於被視為不可避免的情況,員工必須向管理層申報並獲得批准。

本集團恪守適用於其營運地點的相關法律及規例,包括但不限於香港的《防止賄賂條例》(第201章)及中華人民共和國刑法。於報告期間,並無有關賄賂、勒索、欺詐和洗黑錢的不合規個案。

本集團已制訂貪污風險評估機制,並將在僱傭合約中引入與反貪污相關的條款。本集團將定期審查和更新其反貪污政策和措施。

社區

社區投資

本集團已制訂社區投資政策聲明,以履行其企業責任,並為其經營所在社區作出貢獻。本集團致力於以下各方面:

- 在本集團內部推廣克盡己責的企業文化;
- 鼓勵和安排員工參加義工服務和慈善活動;及
- 發揮其專業訣竅為其經營所在的社區作出貢獻。

本集團選擇和批准外界組織籌辦的義工和慈善活動。本集團鼓勵員工自行參與和籌辦義工和慈善活動。於報告期間,我們的附屬公司之一香港艾維特國際有限公司被香港社會服務聯會授予「商界展關懷」標誌。

未來,本集團將繼續了解其營運地點的社區所需,以確定作出貢獻的重點範疇。

Independent Auditor's Report

獨立核數師報告



GRAHAM H. Y. CHAN & CO.

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

TO THE MEMBERS OF APEX ACE HOLDING LIMITED

(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Apex Ace Holding Limited (the "Company") and its subsidiaries (collectively referred to as, the "Group") set out on pages 78 to 165, 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 financial position of the Group as at 31 December 2019, and of its financial performance and 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

致光麗科技控股有限公司列位股東

(於開曼群島註冊成立的有限公司)

意見

吾等已審計第78至165頁所載的光麗科技控股有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)的綜合財務報表，包括於二零一九年十二月三十一日的綜合財務狀況表以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。

吾等認為，綜合財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實及公平地反映貴集團於二零一九年十二月三十一日的財務狀況以及截至該日止年度的財務表現及現金流量，並已遵照香港公司條例的披露規定妥為編製。

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BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

1. Revenue recognition;
2. Impairment assessment of trade receivables; and
3. Provision for inventories.

意見的基礎

吾等已根據香港會計師公會頒佈的香港審計準則（「香港審計準則」）進行吾等的審計工作。吾等就該等準則承擔的責任於本報告「核數師就審計綜合財務報表承擔的責任」一節中進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則（「守則」），吾等獨立於貴集團，及吾等已履行守則中的其他專業道德責任。吾等相信，吾等所獲得的審計憑證充足及適當地為吾等的審計意見提供基礎。

關鍵審計事項

關鍵審計事項乃根據吾等的專業判斷，認為對本期的綜合財務報表的審計最為重要的事項。此等事項乃於吾等審計整體綜合財務報表及出具意見時進行處理，而吾等不會對此等事項提供單獨意見。

吾等於審計中識別的關鍵審計事項如下：

1. 收益確認；
2. 貿易應收賬款的減值評估；及
3. 存貨撥備。

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獨立核數師報告

KEY AUDIT MATTERS (CONTINUED)

1. Revenue recognition

關鍵審計事項(續)

1. 收益確認

Nature of the key audit matter 關鍵審計事項性質

Revenue principally comprises sales of digital storage products and general electronic components. For revenue recognition, once the products are delivered to the customers and the customers acknowledge the receipt of the products, the control of the goods is considered to have been transferred to the customers and revenue is recognised at that point.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore it gives rise to an inherent risk that revenue could be recorded in the incorrect period or could be subject to manipulation.

收益主要包括銷售數碼儲存產品及通用電子元件。對於收益確認，一旦產品交付予客戶而客戶確認收到產品，則貨品控制權被視為已轉移予客戶，並於該時候確認收益。

吾等識別收益確認為關鍵審計事項，原因是收益乃貴集團的關鍵績效指標之一，因此產生收益可能於錯誤期間入賬或可能受到操控的既有風險。

How our audit addressed the key audit matter 吾等的審計如何處理關鍵審計事項

Our audit procedures to assess the recognition of revenue included the following:

- Assessing the design, implementation and operating effectiveness of key internal controls over revenue recognition;
- Obtaining confirmations from major customers to ascertain the amounts of sales to them from the Group for the year;
- Assessing, on a sample basis, whether revenue transactions recorded during the year had been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including customers' purchase orders, goods delivery notes and sales invoices;
- Scrutinising the delivery notes before and after the year end on a sample basis to assess whether revenue is recognised in the correct period;
- Scrutinizing the sales ledger after the year end to identify significant credit notes issued and sales returns and inspecting relevant underlying documentation to assess if the related revenue had been accounted for in the appropriate period in accordance with the requirements of the prevailing accounting standards; and
- Inspecting significant manual adjustments to revenue raised during the year, enquiring of management about the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

吾等的審計程序乃評估收益確認，包括下列各項：

- 評估有關收益確認的關鍵內部監控的設計、實施及操作成效；
- 向主要客戶取得確認以核實貴集團於年內向彼等銷售的金額；
- 以抽樣方式評估於年內入賬的收益交易是否於適當期間確認，方法為將所選交易與相關所屬文件（包括客戶購貨訂單、貨品交付單據及銷售發票）比較；
- 於年結前後以抽樣方式檢視交付單據以評估收益是否於正確期間確認；
- 於年結後檢視銷售分類賬以識別已發出的重大貸記單據及銷售退回，以及查閱相關所屬文件以評估有關收益是否根據現行會計準則的規定於適當期間入賬；及
- 查閱於年內提出對收益作出的重大人手調整，向管理層查詢作出該等調整的理由及將調整詳情與相關所屬文件進行比較。

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KEY AUDIT MATTERS (CONTINUED)

2. Impairment assessment of trade receivables

Nature of the key audit matter

關鍵審計事項性質

We identified the impairment assessment of trade receivables as a key audit matter due to the use of management judgement and estimates in assessing the impairment of trade receivables under the expected credit losses model.

As disclosed in note 5 to the consolidated financial statements, in determining the provision for impairment of trade receivables, the management considers the ageing analysis of trade debts, the current creditworthiness of the customers, the past collection history of each debtor and existing market conditions. Management also considers forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

At 31 December 2019, the carrying amount of trade receivables was HK\$485,861,000. Allowance for impairment of HK\$12,175,000 was recognised for the year.

吾等已識別貿易應收賬款的減值評估作為關鍵審計事項，原因是於評估預期信貸虧損模式下貿易應收賬款減值時運用管理層判斷及估計。

如綜合財務報表附註5所披露，於釐定貿易應收賬款減值撥備時，管理層審視貿易債務的賬齡分析、客戶的現有信貸狀況、每名債務人的過往還款記錄，以及當前市場狀況。管理層亦考慮可能影響客戶償還未償還結餘的能力的前瞻性資料，以估計減值評估的預期信貸虧損。

於二零一九年十二月三十一日，貿易應收賬款的賬面值為485,861,000港元。年內確認減值撥備12,175,000港元。

關鍵審計事項(續)

2. 貿易應收賬款的減值評估

How our audit addressed the key audit matter

吾等的審計如何處理關鍵審計事項

Our audit procedures to assess the impairment of trade receivables included the following:

- Understanding the Group's key internal control in managing and monitoring its credit risk, debt collection and estimate of expected credit losses;
 - Re-computing the accuracy of ageing analysis of trade receivables and testing the accuracy of the ageing analysis by, on a sample basis, checking to source documents;
 - Obtaining confirmations from debtors, on a sample basis, to verify the accuracy of the debtor balances;
 - Reviewing the subsequent settlement of trade receivables and checking the subsequent settlement, on a sample basis, to the related sales invoices and bank records;
 - Assessing the reasonableness of the impairment assessment made by the management by examining the information used by management to make such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and
 - Assessing the adequacy of the credit risk disclosures in relation to trade receivables.
- 吾等的審計程序乃評估貿易應收賬款減值，包括下列各項：
- 了解貴集團於管理及監控其信貸風險、收取債務及估計預期信貸虧損時的關鍵內部監控；
 - 以抽樣方式透過查核資料來源文件以重新計算貿易應收賬款賬齡分析是否準確及測試賬齡分析是否準確；
 - 以抽樣方式向債務人取得確認，以核實債務人結餘是否準確；
 - 以抽樣方式對照有關銷售發票及銀行記錄以審閱貿易應收賬款的其後清償及查核其後清償；
 - 評估管理層進行減值評估的合理性，方式為審查管理層用於作出有關判斷的資料，包括測試過往拖欠數據的準確性、評估過往虧損率是否根據目前經濟狀況及前瞻性資料進行適當調整；及
 - 評估有關貿易應收賬款的信貸風險披露是否足夠。

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KEY AUDIT MATTERS (CONTINUED)

3. Provision for inventories

關鍵審計事項(續)

3. 存貨撥備

Nature of the key audit matter 關鍵審計事項性質

We identified the provision for inventories as a key audit matter due to use of judgement in determining the appropriate levels of inventory provision.

As disclosed in note 5 to the consolidated financial statements, in determining the allowance for slow-moving and obsolete inventories, the management takes into accounts the ageing, net realisable value and subsequent sales of inventories.

At 31 December 2019, the carrying amount of inventories was HK\$88,018,000 and a written down of inventories amounted to HK\$1,369,000 was made for the year.

吾等已識別存貨撥備作為關鍵審計事項，原因是釐定存貨撥備適當水平時運用判斷。

如綜合財務報表附註5所披露，於釐定滯銷及老舊存貨的撥備時，管理層考慮賬齡、可變現淨值及存貨其後銷售。

於二零一九年十二月三十一日，存貨的賬面值為88,018,000港元及於年內作出存貨撇減1,369,000港元。

How our audit addressed the key audit matter 吾等的審計如何處理關鍵審計事項

Our audit procedures in relation to provision for inventories included the following:

- Understanding the inventory impairment policy of the Group and management's assessment in estimating the net realisable values of the inventories;
 - Assessing the reasonableness of management's estimates of the net realisable value of inventories with reference to ageing of the inventories, subsequent sales of inventories, latest selling prices, and estimates for costs to make sales;
 - Testing the accuracy of the ageing analysis of the inventories by, on a sample basis, checking to the source documents; and
 - Enquiring the sales team of the Group about the expected sales of the slow-moving or long-outstanding inventories.
- 吾等對存貨撥備的審計程序包括下列各項：
- 了解 貴集團的存貨減值政策及於估計存貨的可變現淨值時的管理層評估；
 - 參考存貨賬齡、存貨其後銷售、最新售價及作出銷售的成本估計，評估管理層的存貨可變現淨值估計是否合理；
 - 以抽樣方式對照資料來源文件，測試存貨的賬齡分析是否準確；及
 - 向 貴集團銷售團隊查詢有關滯銷或長期待售存貨的預期銷售額。

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INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

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

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

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

除綜合財務報表及就此發出的核數師報告外的資料

貴公司董事對其他資料負責。其他資料包括年度報告所載的資料，惟不包括綜合財務報表及吾等就此發出的核數師報告。

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

於吾等審計綜合財務報表時，吾等的責任乃閱讀其他資料，及在此過程中，考慮其他資料是否與綜合財務報表或吾等在審計過程中所了解的情況有重大抵觸，或者似乎存在重大錯誤陳述。倘基於吾等已執行的工作，吾等認為其他資料存在重大錯誤陳述，吾等須報告該事實。於此方面，吾等並無任何報告。

董事及治理層就綜合財務報表須承擔的責任

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

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

審核委員會協助董事負責監督貴集團的財務報告過程。

Independent Auditor's Report

獨立核數師報告

AUDITOR'S RESPONSIBILITY 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 the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

核數師就審計綜合財務報表承擔的責任

吾等的目標乃就綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。根據吾等的委聘條款，本報告僅向閣下（作為整體）作出，除此之外別無其他目的。吾等不就本報告的內容向任何其他人士負責或承擔責任。

合理保證屬高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響該等綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

於根據香港審計準則進行審計的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 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，設計及執行審計程序以應對此等風險，以及取得充足及適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審計相關的內部監控，以設計適當的審計程序，但目的並非對貴集團內部監控的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計及相關披露的合理性。

Independent Auditor's Report

獨立核數師報告

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

核數師就審計綜合財務報表承擔的責任 (續)

- 就董事採用持續經營會計基礎的恰當性作出結論。根據所得的審計憑證，確定是否存在與事件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。倘吾等認為存在重大不確定性，則有必要於核數師報告中提請使用者注意綜合財務報表中的相關披露。假如有關披露不足，則吾等應當發表非無保留意見。吾等的結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事件或情況可能導致貴集團無法持續經營。
- 評價綜合財務報表的整體列報方式、結構及內容，包括披露資料，以及綜合財務報表是否以達致公允陳述之方式反映相關交易及事項。
- 就貴集團內實體或業務活動的財務資料獲取充分、適當的審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督及執行。吾等為審計意見承擔全部責任。

除其他事項外，吾等與審核委員會溝通了計劃的審計範圍、時間安排及重大審計發現等，包括吾等在審計過程中識別出的內部監控的任何重大缺陷。

吾等亦向審核委員會作出聲明，確認吾等已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理地被認為會影響吾等獨立性的所有關係及其他事項，以及在適用的情況下，相關的防範措施。

Independent Auditor's Report

獨立核數師報告

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

The engagement partner on the audit resulting in this independent auditor's report is CHAN Suk King.

Graham H.Y. Chan & Co.

Certified Public Accountants (Practising)
Hong Kong

27 March 2020

核數師就審計綜合財務報表承擔的責任 (續)

從與審核委員會溝通的事項中，吾等確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。吾等於核數師報告中描述該等事項，除非法律法規不允許披露這些事項，或於極端罕見的情況下，倘合理預期於吾等報告中披露某事項而造成的負面後果將會超過其產生的公眾利益，則吾等決定不應於報告中傳達該事項。

出具本獨立核數師報告的審計項目合夥人為陳淑琼。

陳浩賢會計師事務所

執業會計師
香港

二零二零年三月二十七日

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 截至二零一九年十二月三十一日止年度

| | | Note 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|----------------------|------------|----------------------------------|----------------------------------|
| Revenue | 收益 | 6 | 1,936,844 | 3,717,611 |
| Cost of sales | 銷售成本 | | (1,783,026) | (3,539,551) |
| Gross profit | 毛利 | | 153,818 | 178,060 |
| Other income | 其他收入 | 7 | 3,840 | 3,944 |
| (Decease)/increase in fair value of investment property | 投資物業公平值(減少)/增加 | | (2,300) | 2,400 |
| Impairment loss on trade receivables | 貿易應收賬款減值虧損 | | (12,175) | — |
| Impairment loss on purchase deposit | 購買按金減值虧損 | | (4,325) | — |
| Distribution and selling expenses | 分銷及銷售開支 | | (78,138) | (46,955) |
| Administrative expenses | 行政開支 | | (61,848) | (76,776) |
| Finance costs | 融資成本 | 8 | (7,121) | (18,293) |
| (Loss)/profit before tax | 除稅前(虧損)/溢利 | 9 | (8,249) | 42,380 |
| Income tax expense | 所得稅開支 | 11 | (863) | (9,098) |
| (Loss)/profit for the year | 年內(虧損)/溢利 | | (9,112) | 33,282 |
| Other comprehensive (expense)/income | 其他全面(開支)/收益 | | | |
| Items that may be reclassified subsequently to profit or loss: | 其後可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 | | (341) | 331 |
| Total comprehensive (expense)/income for the year | 年內全面(開支)/收益總額 | | (9,453) | 33,613 |

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 截至二零一九年十二月三十一日止年度

| | Note 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--------------------------|----------------------------------|----------------------------------|
| (Loss)/profit for the year attributable to: | 以下人士應佔年內 (虧損)/溢利： | | |
| — Owners of the Company | — 本公司擁有人 | (16,985) | 22,614 |
| — Non-controlling interests | — 非控股權益 | 7,873 | 10,668 |
| | | (9,112) | 33,282 |
| Total comprehensive (expense)/income for the year attributable to: | 以下人士應佔年內全面 (開支)/收益總額： | | |
| — Owners of the Company | — 本公司擁有人 | (17,324) | 22,945 |
| — Non-controlling interests | — 非控股權益 | 7,871 | 10,668 |
| | | (9,453) | 33,613 |
| (Loss)/earnings per share attributable to owners of the Company | 本公司擁有人應佔每股 (虧損)/盈利 | | |
| — Basic | — 基本 | (1.70) HK cents 港仙 | 2.38 HK cents 港仙 |
| — Diluted | — 攤銷 | N/A 不適用 | N/A 不適用 |

The notes on pages 85 to 165 form part of these consolidated financial statements.

第85至165頁之附註構成此等綜合財務報表之一部分。

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2019 於二零一九年十二月三十一日

| | Note 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|------------|----------------------------------|----------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 14 | 48,197 | 50,648 |
| Right-of-use assets | 14 | 2,915 | – |
| Investment property | 15 | 51,700 | 54,000 |
| Deposits paid for acquisition of PPE and intangible asset | 18 | 17,458 | 9,691 |
| Deposit paid for proposed acquisition of business | 18 | 11,123 | – |
| Deferred tax assets | 23 | 4,868 | – |
| Total non-current assets | | 136,261 | 114,339 |
| Current assets | | | |
| Inventories | 16 | 88,018 | 84,834 |
| Trade receivables | 17 | 485,861 | 508,953 |
| Other receivables, deposits and prepayments | 18 | 8,145 | 66,251 |
| Income tax recoverable | | 5,412 | 5,392 |
| Bank balances and cash | 19 | 211,809 | 182,639 |
| Total current assets | | 799,245 | 848,069 |
| Current liabilities | | | |
| Trade payables | 20 | 224,950 | 205,889 |
| Other payables, accruals and deposits received | 21 | 44,820 | 31,314 |
| Lease liabilities — current portion | 14 | 2,173 | – |
| Bank borrowings | 22,32 | 346,092 | 391,268 |
| Income tax payable | | 8,162 | 3,819 |
| Total current liabilities | | 626,197 | 632,290 |
| Net current assets | | 173,048 | 215,779 |
| Total assets less current liabilities | | 309,309 | 330,118 |

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2019 於二零一九年十二月三十一日

| | | Note 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-------------------|------------|----------------------------------|----------------------------------|
| Non-current liabilities | 非流動負債 | | | |
| Lease liabilities — non-current portion | 租賃負債 — 非流動部分 | 14 | 802 | — |
| Deferred tax liabilities | 遞延稅項負債 | 23 | 125 | 386 |
| Total non-current liabilities | 非流動負債總額 | | 927 | 386 |
| NET ASSETS | 資產淨值 | | 308,382 | 329,732 |
| CAPITAL AND RESERVES | 資本及儲備 | | | |
| Share capital | 股本 | 24 | 10,000 | 10,000 |
| Reserves | 儲備 | | 272,542 | 295,866 |
| Equity attributable to the owners of the Company | 本公司擁有人應佔權益 | | 282,542 | 305,866 |
| Non-controlling interests | 非控股權益 | | 25,840 | 23,866 |
| TOTAL EQUITY | 總權益 | | 308,382 | 329,732 |

The consolidated financial statements on pages 78 to 165 were approved and authorised for issue by the board of directors on 27 March 2020 and were signed on its behalf by

第78至165頁之綜合財務報表已由董事會於二零二零年三月二十七日批准及授權刊發，並由以下人士代表簽署

Lee Bing Kwong

李秉光

Director

董事

Lo Yuen Kin

盧元堅

Director

董事

The notes on pages 85 to 165 form part of these consolidated financial statements.

第85至165頁之附註構成此等綜合財務報表之一部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

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

| | | Attributable to owners of the Company 本公司擁有人應佔 | | | | | | Non-controlling interests 非控股權益 | Total equity 總權益 |
|--|-----------------------------------|---|--|--|---|--|-----------------------------------|------------------------------------|---------------------|
| | Note 附註 | Share capital 股本 HK\$'000 千港元 | Share premium 股份溢價 HK\$'000 千港元 | Other reserve 其他儲備 HK\$'000 千港元 (Note) (附註) | Exchange reserve 匯兌儲備 HK\$'000 千港元 | Retained earnings 保留盈利 HK\$'000 千港元 | Subtotal 小計 HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Balance at 1 January 2018 | 於二零一八年一月一日之結餘 | - | - | 3,086 | 116 | 181,750 | 184,952 | 15,382 | 200,334 |
| Profit for the year | 年內溢利 | - | - | - | - | 22,614 | 22,614 | 10,668 | 33,282 |
| Other comprehensive income for the year | 年內其他全面收益 | - | - | - | 331 | - | 331 | - | 331 |
| Total comprehensive income for the year | 年內全面收益總額 | - | - | - | 331 | 22,614 | 22,945 | 10,668 | 33,613 |
| Issue of new shares | 發行新股份 | 24 | 2,500 | 122,500 | - | - | 125,000 | - | 125,000 |
| Share issue expenses | 股份發行開支 | - | - | (11,056) | - | - | (11,056) | - | (11,056) |
| Capitalisation issue | 資本化發行 | 24 | 7,500 | (7,500) | - | - | - | - | - |
| Dividend paid to the then controlling shareholder | 已付當時控股股東股息 | - | - | - | - | (15,975) | (15,975) | - | (15,975) |
| Dividend paid to the non-controlling shareholder of a subsidiary | 已付一間附屬公司非控股股東股息 | - | - | - | - | - | - | (2,184) | (2,184) |
| Balance at 31 December 2018 and 1 January 2019 | 於二零一八年十二月三十一日及二零一九年一月一日之結餘 | 10,000 | 103,944 | 3,086 | 447 | 188,389 | 305,866 | 23,866 | 329,732 |
| (Loss)/profit for the year | 年內(虧損)/溢利 | - | - | - | - | (16,985) | (16,985) | 7,873 | (9,112) |
| Other comprehensive expense for the year | 年內其他全面開支 | - | - | - | (339) | - | (339) | (2) | (341) |
| Total comprehensive (expense)/income for the year | 年內全面(開支)/收益總額 | - | - | - | (339) | (16,985) | (17,324) | 7,871 | (9,453) |
| 2018 final dividend | 二零一八年末期股息 | - | - | - | - | (6,000) | (6,000) | - | (6,000) |
| Dividend paid to the non-controlling shareholder of a subsidiary | 已付一間附屬公司非控股股東股息 | - | - | - | - | - | - | (5,897) | (5,897) |
| Balance at 31 December 2019 | 於二零一九年十二月三十一日之結餘 | 10,000 | 103,944 | 3,086 | 108 | 165,404 | 282,542 | 25,840 | 308,382 |

Note: Other reserve mainly represents the difference between the historical cost of the shares of a subsidiary paid by the then controlling shareholder and the consideration paid by the Group in exchange.

附註：其他儲備主要指當時控股股東已付一間附屬公司過往股份成本與作為交換的本集團已付代價之間的差額。

The notes on pages 85 to 165 form part of these consolidated financial statements.

第85至165頁之附註構成此等綜合財務報表之一部分。

Consolidated Statement of Cash Flows

綜合現金流量表

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

| | Note 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|--------------------|----------------------------------|----------------------------------|
| Operating activities | 經營活動 | | |
| (Loss)/profit before tax | 除稅前(虧損)/溢利 | (8,249) | 42,380 |
| Adjustments for: | 經調整： | | |
| Decrease/(increase) in fair value of investment property | 投資物業公平值減少/(增加) | 2,300 | (2,400) |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備虧損 | 4 | 1 |
| Interest income | 利息收入 | (908) | (176) |
| Depreciation — property, plant and equipment | 折舊 — 物業、廠房及設備 | 3,023 | 2,738 |
| Depreciation — right-of-use assets | 折舊 — 使用權資產 | 1,426 | — |
| Write-down of inventories | 存貨撇減 | 1,369 | — |
| Impairment loss on trade receivables | 貿易應收賬款減值虧損 | 12,175 | — |
| Impairment loss on purchase deposit | 購買按金減值虧損 | 4,325 | — |
| Finance costs | 融資成本 | 7,121 | 18,293 |
| Operating cash flows before working capital changes | 營運資金變動前經營現金流量 | 22,586 | 60,836 |
| (Increase)/decrease in inventories | 存貨(增加)/減少 | (4,553) | 89,797 |
| Decrease in trade receivables | 貿易應收賬款減少 | 10,917 | 133,383 |
| Decrease in other receivables, deposits and prepayments | 其他應收款項、按金及預付款項減少 | 53,781 | 29,057 |
| Increase/(decrease) in trade payables | 貿易應付賬款增加/(減少) | 19,061 | (154,968) |
| Increase in other payables, accruals and deposit received | 其他應付款項、應計費用及已收按金增加 | 13,506 | 10,667 |
| Repayment to a director | 償還一名董事款項 | — | (8,247) |
| Cash generated from operating activities | 經營活動所得現金 | 115,298 | 160,525 |
| Interest income received | 已收利息收入 | 908 | 176 |
| Tax paid | 已付稅項 | (1,669) | (20,594) |
| Net cash generated from operating activities | 經營活動所得現金淨額 | 114,537 | 140,107 |
| Investing activities | 投資活動 | | |
| Payments for purchase of property, plant and equipment, net | 購買物業、廠房及設備款項淨額 | (650) | (4,340) |
| Payments for acquisition of intangible asset | 收購無形資產款項 | (7,800) | (7,800) |
| Payments for proposed acquisition of business | 建議收購業務款項 | (11,123) | — |
| Decrease of pledged fixed deposit | 已抵押定期存款減少 | — | 1,956 |
| Net cash used in investing activities | 投資活動所用現金淨額 | (19,573) | (10,184) |

Consolidated Statement of Cash Flows

綜合現金流量表

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

| | Note 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-------------------|----------------------------------|----------------------------------|
| Financing activities | 融資活動 | | |
| New bank instalment loans raised | 32 | 1,663 | 12,800 |
| Repayment of bank instalment loans | 32 | (9,673) | (14,381) |
| Net decrease in factoring loans | 32 | (61,415) | (19,047) |
| Net increase/(decrease) in other bank borrowings | 32 | 24,249 | (67,442) |
| Interests on bank borrowings paid | 32 | (7,019) | (18,293) |
| Repayment to a related party | | – | (1,560) |
| Proceeds from issuance of shares | | – | 125,000 |
| Share issue expenses | | – | (11,056) |
| Capital element of lease rentals paid | 32 | (1,359) | – |
| Interest element of lease rentals paid | 32 | (102) | – |
| Dividend paid | | (11,897) | (18,159) |
| Net cash used in financing activities | 融資活動所用現金淨額 | (65,553) | (12,138) |
| Net increase in cash and cash equivalents | 現金及現金等價物增加淨額 | 29,411 | 117,785 |
| Cash and cash equivalents at beginning of year | 年初現金及現金等價物 | 182,639 | 64,198 |
| Effect of foreign exchange rate change | 匯率變動影響 | (241) | 656 |
| Cash and cash equivalents at end of the year | 年末現金及現金等價物 | 211,809 | 182,639 |
| Cash and cash equivalents at end of the year | 年末現金及現金等價物 | | |
| Cash at banks and on hand | 銀行及手頭現金 19 | 211,809 | 182,639 |

The notes on pages 85 to 165 form part of these consolidated financial statements.

第85至165頁之附註構成此等綜合財務報表之一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 July 2012, as an exempted company with limited liability under the Companies Law of the Cayman Islands. The immediate and ultimate holding company of the Company is Best Sheen Limited, a limited liability company incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in the 'Corporate Information' section of the annual report.

The Company is an investment holding company, the principal activities of its subsidiaries are set out in note 27.

The Company has its primary listing on the Main Board of the Stock Exchange on 16 March, 2018.

The consolidated financial statements of the Group are presented in HK\$, which is the same as the functional currency of the Company, and all values are rounded to nearest thousand, unless otherwise stated.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the Reorganisation as detailed in the subsection headed "Reorganisation" under the section headed "History, Reorganisation and Group Structure" in the Prospectus, the Company became the holding company of all subsidiaries now comprising the Group on 15 February 2018. The companies now comprising the Group, were under the common control of the controlling shareholder, Mr. Lee, before and after the Reorganisation. Accordingly, the Group's financial statements have been prepared on a combined basis by applying the principals of merger accounting as if the Company had been the holding company of the Group since the commencement of the year ended 31 December 2018 taking into account the respective date of incorporation or the respective date the combining entities first came under the common control of the controlling shareholder of the Group where this is a shorter period.

The Group's consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Year 2018 included the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the Year 2018, or since their respective dates of incorporation or first came under the common control of the controlling shareholder, whichever is the shorter period.

All intra-group transactions and balances have been eliminated on consolidation.

1 一般資料

本公司於二零一二年七月四日根據開曼群島公司法在開曼群島註冊成立為一間獲豁免有限公司。本公司之直接及最終控股公司為佳澤有限公司，乃於英屬處女群島註冊成立之有限公司。本公司之註冊辦事處及主要營業地點於年報「公司資料」一節披露。

本公司為一間投資控股公司。其附屬公司之主要業務載於附註27。

本公司於二零一八年三月十六日在聯交所主板作為其主要上市地點。

本集團綜合財務報表以港元呈列，即等同本公司之功能貨幣，及除非另行說明外，所有價值湊整至最接近的千位。

2 綜合財務報表之編製基準

根據重組，詳述於招股章程內的「歷史、重組及集團架構」一節下的「重組」分節，於二零一八年二月十五日，本公司成為本集團現時旗下所有附屬公司之控股公司。於重組前後，本集團現時旗下公司均由控股股東李先生共同控制。因此，計及有關實體各自的成立日期或合併實體首次受控於本集團控股股東的共同控制之日起（以較短期間為準），本集團的財務報表乃採用合併會計原則按合併基準編製，猶如本公司自截至二零一八年十二月三十一日止年度開始以來一直為本集團的控股公司。

本集團於二零一八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包括本集團旗下各公司的業績、權益變動及現金流量，猶如當前集團結構於二零一八年度或自該等公司各自註冊成立之日或首次受控於控股股東的共同控制之日起（以較短期間為準）已存在。

所有集團內公司間交易及結餘均已於綜合入賬時對銷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) New and revised HKFRSs adopted as at 1 January 2019

The Group has applied the following new standards, interpretation and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

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

Except for the adoption of HKFRS 16, the adoption of the interpretation and amendments to HKFRSs has no material impact on the financial position and the financial performance of the Group for the current and prior years.

3 應用新訂及經修訂香港財務報告準則

(a) 於二零一九年一月一日採納的新訂及經修訂香港財務報告準則

本集團已於本年度首次應用以下由香港會計師公會(「香港會計師公會」)所頒佈的香港財務報告準則的新訂準則、詮釋及修訂本：

| | |
|--------------------------|----------------------------|
| 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 | 所得稅處理的不確定因素 |
| 香港財務報告準則 第9號(修訂本) | 具有負補償的提前還款特性 |
| 香港財務報告準則 第19號(修訂本) | 計劃修訂、縮減或清償 |
| 香港會計準則 第28號(修訂本) | 於聯營公司及合營企業之長期權益 |
| 香港財務報告準則(修訂本) | 香港財務報告準則二零一五年至二零一七年週期之年度改進 |

除採納香港財務報告準則第16號外，採納詮釋及香港財務報告準則之修訂本對本集團本年度及過往年度的財務狀況及財務業績並無重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) New and revised HKFRSs adopted as at 1 January 2019 (Continued)

HKFRS 16 “Leases”

HKFRS 16 supersedes previous standard HKAS 17 “Leases” and become effective for annual periods beginning on or after 1 January 2019. Upon adoption of HKFRS 16, at the commencement date of the lease, the lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group’s incremental borrowing rate at the lease commencement date.

3 應用新訂及經修訂香港財務報告準則(續)

(a) 於二零一九年一月一日採納的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號「租賃」

香港財務報告準則第16號取代過往準則香港會計準則第17號「租賃」，並於二零一九年一月一日或之後開始的年度期間生效。採納香港財務報告準則第16號後，於租賃開始日期，承租人須確認使用權資產（指其有權使用相關租賃資產）及租賃負債（指其有責任支付租賃款項）。因此，承租人應確認使用權資產折舊及租賃負債利息，並將租賃負債的現金還款分類為本金部分及利息部分，並在現金流量表中呈列。此外，使用權資產及租賃負債初步按現值基準計量。計量包括不可撤銷租賃付款，亦包括在承租人合理肯定會行使選擇權延租或不行使選擇權終止租賃的情況下於選擇權期間內作出的付款。租賃付款採用租賃所隱含的利率（倘該利率可釐定）或本集團於租賃開始日期的增量借款利率進行貼現。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) New and revised HKFRSs adopted as at 1 January 2019 (Continued)

HKFRS 16 “Leases” (Continued)

In respect of lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has adopted HKFRS 16 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognises the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the Group's financial statements are not restated. The Group elected the practical expedient for not applying the new accounting model to short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets and not to perform a full review of existing leases and apply HKFRS 16 only to new contracts. In addition, based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use assets to leases for which the lease term ends within twelve months of the date of initial application. As all the existing leases at 1 January 2019 end within twelve months of the date of initial application, no right-of-use asset and lease liability is recognised at 1 January 2019. Payments associated with the short term leases are recognised as an expense on a straight-line basis over the lease term. In relation to the leases commenced on or after 1 January 2019, the Group recognised right-of-use assets of HK\$2,915,000 and lease liabilities of HK\$2,975,000 at 31 December 2019, and depreciation charges of HK\$1,426,000 and interest costs of HK\$102,000 in the Year.

3 應用新訂及經修訂香港財務報告準則(續)

(a) 於二零一九年一月一日採納的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號「租賃」(續)

就出租人會計處理而言，香港財務報告準則第16號大致轉轉香港會計準則第17號的出租人會計處理規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並且對上述兩種租賃進行不同的會計處理。

本集團已使用經修訂追溯方法採納香港財務報告準則第16號。經修訂追溯方法並無要求重列過往期間的財務資料，原因是該方式將累計影響確認為期初保留盈利的調整，並前瞻性地應用準則。因此，本集團財務報表中的比較資料並未重列。本集團已選擇可行權宜方法不應用新會計模式至短期租賃（租期為12個月或以下的租賃）及低價值資產之租賃，並不對現有租賃進行全面審查及僅應用香港財務報告準則第16號至新合約。此外，根據香港財務報告準則第16號下准許的可行權宜方法，本集團已選擇不就於首次應用日期起計十二個月內租期屆滿的租賃應用香港財務報告準則第16號確認租賃負債及使用權資產的規定。由於二零一九年一月一日的現有租賃於首次應用日期後十二個月內屆滿，故於二零一九年一月一日並無確認使用權資產及租賃負債。與短期租賃相關的付款於租期內按直線法確認為開支。就於二零一九年一月一日或之後開始的租賃而言，本集團於二零一九年十二月三十一日確認使用權資產2,915,000港元及租賃負債2,975,000港元，並於本年度確認折舊費用1,426,000港元及利息成本102,000港元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) New and revised HKFRSs issued but not yet effective

Up to the date of this report, HKICPA has issued the following new and amendments to HKFRSs which are not yet effective for the accounting period beginning on 1 January 2019. The Group has not early applied these new and amendments to HKFRSs in the consolidated financial statements.

| | |
|--|--|
| HKFRS 17 | Insurance Contracts ¹ |
| Amendments to HKFRS 3 | Definition of a Business ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material ⁴ |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform ⁴ |

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

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, "the Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the financial performance and positions of the Group.

3 應用新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂及經修訂香港財務報告準則

直至本報告日期，香港會計師公會已頒佈以下於二零一九年一月一日開始之會計期間尚未生效之香港財務報告準則的新訂及修訂本。本集團並無於綜合財務報表中提早應用該等香港財務報告準則的新訂及修訂本。

| | |
|---|---------------------------------------|
| 香港財務報告準則第17號 | 保險合約 ¹ |
| 香港財務報告準則第3號(修訂本) | 業務的定義 ² |
| 香港財務報告準則第10號及香港會計準則第28號(修訂本) | 投資者與其聯營公司或合營企業之間的資產出售或注資 ³ |
| 香港會計準則第1號及香港會計準則第8號(修訂本) | 重大性的定義 ⁴ |
| 香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號(修訂本) | 利率基準改革 ⁴ |

¹ 於二零二一年一月一日或其後開始的年度期間生效

² 對收購日期為於二零二零年一月一日或其後開始的首個年度期初或之後的業務合併及資產收購生效

³ 於將釐定的日期或之後開始之年度期間生效

⁴ 於二零二零年一月一日或其後開始的年度期間生效

除上述香港財務報告準則的新訂準則及修訂本外，於二零一八年已頒佈經修訂之財務報告概念框架。其相應之修訂本「香港財務報告準則標準對概念框架的引用修訂本」將於二零二零年一月一日或之後開始之年度期間生效。

董事預期，應用上述香港財務報告準則的新訂準則及修訂本將不會對本集團的財務表現及狀況造成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for investment property which is measured at fair value as explained in the accounting policies set out below, and in accordance with HKFRSs, which is a collective term that includes all individual HKFRSs, Hong Kong Accounting Standards, and interpretations issued by HKICPA, and accounting policies generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise the judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5 below.

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use the power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

4 重大會計政策

綜合財務報表按歷史成本基準(惟下文所載會計政策所述的按公平值計量的投資物業除外),及根據香港財務報告準則(該詞彙為統稱,包括所有個別香港財務報告準則、香港會計準則,以及由香港會計師公會頒佈的詮釋及香港普遍採納的會計政策)編製。此外,綜合財務報表包括聯交所主板證券上市規則及香港公司條例規定的適用披露。

編製符合香港財務報告準則的綜合財務報表須採用若干關鍵會計估計,且亦要求管理層於應用本集團會計政策過程中作出判斷。涉及較多判斷或較高複雜性的範疇或涉及對綜合財務報表有重大影響的假設及估計的範疇於下文附註5披露。

(a) 綜合入賬

綜合財務報表包括本公司及由本公司控制之實體(其附屬公司)之財務報表。當本公司符合以下各項時,即表示該實體受本公司控制:

- 可對投資對象行使權力;
- 因參與投資對象之業務而可獲得或有權獲得浮動回報;及
- 能夠運用其權力以影響其回報。

倘有事實及情況顯示上述三項控制權要素有一項或以上出現變動,本集團會重新評估其是否對投資對象擁有控制權。

當本公司獲得附屬公司之控制權時開始將該附屬公司綜合入賬,並於本公司失去該附屬公司之控制權時結束。具體而言,於本年度所收購或出售附屬公司之收入及開支自本公司取得控制權當日起至本公司失去附屬公司控制權當日止期間計入綜合損益及其他全面收益表內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combination involving entities under common control

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

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

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

4 重大會計政策(續)

(a) 綜合入賬(續)

損益及其他全面收益之各項目歸屬於本公司擁有人及非控股權益。附屬公司之全面收益總額歸屬於本公司擁有人及非控股權益，即使此舉將導致非控股權益出現虧損結餘。

附屬公司的財務報表於有需要時作出調整，以令其會計政策與本集團之會計政策一致。

所有集團內資產及負債、權益、收入、開支以及與本集團成員公司間之交易有關的現金流量均在綜合入賬時悉數對銷。

共同控制實體業務合併

綜合財務報表包括發生共同控制合併的合併實體或業務的財務報表項目，猶如該等項目自合併實體或業務首次受控制方控制當日起已綜合入賬處理。

從控制方的角度看，合併實體或業務的資產淨值按照現有賬面值綜合入賬。在控制方的權益持續的情況下，於發生共同控制合併時，概無就商譽或收購方所佔被收購方可識別資產、負債及或然負債的公平淨值的權益超出成本之差額確認任何金額。

綜合損益及其他全面收益表包括各合併實體或業務自最早呈列日期起或自合併實體或業務首次受共同控制當日起(以較短者為準)的業績。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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 interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments", when applicable, or the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(b) Revenue recognition

Sale of electronic components:

Revenue from the sales and distribution of products is recognised when control of the products has transferred, being at the point the products are delivered to the customer's premise and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of discounts and returns.

4 重大會計政策(續)

(a) 綜合入賬(續)

本集團於現有附屬公司的擁有權權益變動

本集團於附屬公司的擁有權權益變動如未導致本集團失去附屬公司的控制權，則會作為權益交易入賬。本集團權益及非控股權益的賬面值經調整，以反映彼等於附屬公司的相關權益變動。非控股權益的經調整金額與已付或已收代價的公平值之間的差額直接於權益確認並歸屬於本公司擁有人。

當本集團失去對附屬公司的控制權時，出售所產生的溢利或虧損按以下兩者之差額計算：(i) 已收代價的公平值與任何保留權益的公平值之總額及(ii) 附屬公司的資產(包括商譽)及負債與任何非控股權益過往之賬面值。在失去控制權當日於前附屬公司保留的任何投資的公平值將被視為初步確認香港財務報告準則第9號「金融工具」項下後續會計處理的公平值(如適用)，或初步確認投資於聯營公司或共同控制實體的成本。

(b) 收益確認

銷售電子元件：

銷售及分銷產品的收益於產品控制權已轉移(即產品交付至客戶地點及客戶驗收產品)，且並無會影響客戶驗收產品的未履行義務時確認。交付於產品已運至指定地點、過時及損失風險已轉移至客戶，且客戶已根據銷售合約驗收產品、驗收條件已告失效或本集團有客觀證據證明所有驗收標準已獲達成時，方會發生。

該等銷售的收益於扣除折扣及退貨後按合約訂明的價格確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (Continued)

Sale of electronic components: (Continued)

A receivable is recognised when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rental income from operating leases:

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

Interest income:

Interest income is recognised as it accrues using the effective interest method.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

4 重大會計政策(續)

(b) 收益確認(續)

銷售電子元件：(續)

應收款項於產品交付而客戶驗收產品時確認，原因是收取代價之權利於該時間點成為無條件，僅須待時間過去即可收取付款。

來自經營租賃的租金收入：

經營租賃的應收租金收入於租期涵蓋之期間內以等額分期方式於損益確認。

利息收入：

利息收入於產生時按實際利率法確認。

(c) 物業、廠房及設備

物業、廠房及設備按成本減累計折舊及累計減值虧損列賬。

物業、廠房及設備項目之成本包括其購買價及促使有關資產達致其營運狀況及地點作擬定用途之任何直接應佔成本。物業、廠房及設備項目投產後所產生之開支(如維修及保養)通常於產生期間計入損益。當可清晰表明開支使預期日後使用一項物業、廠房及設備項目所得的經濟利益增加，有關開支撥充資本，作為該資產的額外成本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (Continued)

Property, plant and equipment are depreciated at rates sufficient to write off their costs, less their estimated residual value, if any, over their estimated useful lives on a straight-line basis at the following annual rates:

| | |
|-------------------------------|----------------------------------|
| Leasehold land and buildings | Over the unexpired term of lease |
| Leasehold improvement | 20% |
| Furniture and fixtures | 20% |
| Computer and office equipment | 20% |
| Motor vehicle | 20% |

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

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

(d) Investment property

Investment property is property held to earn rentals and/or for capital appreciation. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gain and loss arising from change in the fair value of investment property is included in profit or loss in the period which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4 重大會計政策(續)

(c) 物業、廠房及設備(續)

物業、廠房及設備按足以在其估計可使用期內撇銷成本減其估計剩餘價值(如有)估計的比率按以下年率以直線法計算：

| | |
|---------|---------|
| 租賃土地及樓宇 | 於未屆滿租期內 |
| 租賃裝修 | 20% |
| 傢俱及裝置 | 20% |
| 電腦及辦公設備 | 20% |
| 汽車 | 20% |

可使用期及折舊法於各報告日期末檢討及調整(如適用)，任何估計變動之影響按預提基準入賬。

物業、廠房及設備項目於出售時或預期日後繼續使用該資產不會再產生經濟利益時終止確認。出售或廢棄該資產所產生之收益或虧損乃有關資產之出售所得款項淨值與賬面值之差額，並於損益內確認。

(d) 投資物業

投資物業為持作賺取租金及／或作資本增值的物業。投資物業初始按成本(包括交易成本)計量。於初步確認後，投資物業按公平值計量。投資物業公平值之變動所產生之收益或虧損於產生期間計入損益。

投資物業於出售後或投資物業永久不再使用且預期出售不會產生未來經濟利益時終止確認。終止確認物業產生之任何收益或虧損(按該資產之出售所得款項淨額與賬面值之差額計算)於該物業終止確認期間計入損益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses. At the end of each reporting period, inventories are assessed for impairment and the carrying amount is reduced to its net realisable value with the impairment loss recognised immediately in profit or loss.

(f) Leases

The Group as a lessee

Policies applicable from 1 January 2019

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office equipment and furniture). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

The lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted by using the rate implicit in the lease or if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, initial direct costs incurred and lease payments made at or before the commencement days. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets is depreciated over the underlying asset's useful life.

4 重大會計政策(續)

(e) 存貨

存貨以成本及可變現淨值的較低者列賬。成本乃使用加權平均成本法計算，並包括所有採購成本、加工成本及其他使存貨達至其現時地點及狀況而產生的成本。可變現淨值乃按預期出售所得款項減估計銷售開支計算。於各報告期末，存貨估計減值，且賬面值將調減至其估計可變現值，而減值虧損會即時於損益內確認。

(f) 租賃

本集團作為承租人

自二零一九年一月一日起適用之政策

本集團就其為承租人的所有租賃安排確認使用權資產及相應的租賃負債，惟短期租賃（定義為租期12個月或以下的租賃）及低價值資產租賃（如辦公室設備及傢私的小物件）除外。就該等租賃而言，本集團於租期內以直線法將租賃付款確認為經營開支。

租賃負債初始按於租期內應付的租賃付款額使用租賃中的內含利率折現的現值確認，如無法輕易確定該利率，則使用相關增量借款利率。於初始確認後，租賃負債以攤銷成本計量，而利息開支使用實際利率法計算。

使用權資產包括相應租賃負債的初步計量，產生的初步直接成本及於開始日期或之前作出的租賃付款。在適用的情況下，使用權資產的成本亦包括拆卸及移除相關資產或將相關資產或相關資產所在地復原的估計成本折現的現值減任何收到的租賃優惠。使用權資產其後以成本減累計折舊及減值虧損計量。使用權資產通常按相關資產的可使用年期及租期（以較短者為準）以直線法折舊。倘本集團合理確定行使購買選擇權，則使用權資產於相關資產可使用年期折舊。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (Continued)

The Group as a lessee (Continued)

Policies applicable from 1 January 2019 (Continued)

For the leasehold land and buildings of the Group that are held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 Investment Property ("HKAS 40") and carried at fair value. For leasehold land and buildings which are held for own use would continue to be accounted for under HKAS 16 and carried at cost less accumulated depreciation. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets.

Policies applicable prior to 1 January 2019

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.

Assets held under finance leases are initially recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense on a straight-line basis over the lease term.

4 重大會計政策(續)

(f) 租賃(續)

本集團作為承租人(續)

自二零一九年一月一日起適用之政策(續)

本集團為出租或資本增值目的而持有的租賃土地及樓宇將繼續根據香港會計準則第40號投資物業(「香港會計準則第40號」)入賬，並以公平值列賬。對於供自用的租賃土地及樓宇，將繼續根據香港會計準則第16號入賬，並按成本減累計折舊計量。因此，採納香港財務報告準則第16號對此等使用權資產並無任何重大影響。

於二零一九年一月一日前適用之政策

當租賃的條款將所有權的絕大部份風險與回報轉讓予承租人時，租賃可分類為融資租賃。所有其他租賃則分類為經營租賃。

以融資租賃持有的資產，按於租賃開始時之公平值，或倘為較低者，按最低租賃付款現值初步確認為本集團資產。對出租人之相應負債於綜合財務狀況表列為融資租賃承擔。

租賃付款在融資成本與租賃責任減少之間分配，使負債之餘下結餘之利率固定不變。融資成本於損益即時確認，除非其為直接與合資格資產有關，在這情況下，融資成本按照本集團之借貸成本政策資本化(見下文會計政策)。

經營租賃付款於有關租賃期內以直線法確認為開支。作為鼓勵訂立經營租賃之已收取及應收利益於租賃期內以直線法確認為租金支出減少。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Contract assets and liabilities

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 asset is assessed for impairment in accordance with HKFRS 9 and are reclassified to receivables when the right to the consideration has become unconditional.

Customers' deposits are recognised as a contract liability 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.

(h) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4 重大會計政策(續)

(g) 合約資產及負債

合約資產在本集團有權無條件獲取合約所載支付條款下的代價前確認收益時確認。本公司根據香港財務報告準則第9號對合約資產進行減值評估，並於收取代價之權利成為無條件時重新分類至應收款項。

本集團確認相關收益前，客戶按金在客戶支付代價時確認為合約負債。倘本集團在確認相關收益前無條件有權收取代價，則合約負債亦會確認。在該情況下，亦會確認相應應收款項。

(h) 金融工具

當集團實體成為工具的合約條款一方時，金融資產及金融負債於綜合財務狀況表確認。所有以常規方式購入或出售之金融資產均按買賣日期基準確認及終止確認。以常規方式購入或出售指須於市場規定或慣例所訂時限內交付資產之金融資產購入或出售。

金融資產及金融負債初步以公平值計量，惟產生自與客戶的合約之貿易應收賬款(自二零一八年一月一日起初步按香港財務報告準則第15號計量)除外。收購或發行金融資產及金融負債直接應佔的交易成本於初步確認時加入或從金融資產或金融負債的公平值扣除(倘適用)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income/expense is recognised on an effective interest basis.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

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

4 重大會計政策(續)

(h) 金融工具(續)

實際利率法為計算金融資產或金融負債的攤銷成本以及分配相關期間的利息收入及利息開支之方法。實際利率乃於初步確認時按金融資產或金融負債的預期可使用年期或適用的較短期間內確切貼現估計未來現金收入及款項(包括構成實際利率不可或缺部分的所有已付或已收費用及點數、交易成本及其他溢價或貼現)至賬面淨值的利率。

利息收入／開支按實際利率基準確認。

金融資產

金融資產的分類及其後計量

滿足以下條件其後按攤銷成本計量的金融資產：

- 以收取合約現金流量為目的而持有資產之經營模式下持有之金融資產；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

攤銷成本及利息收入

其後按攤銷成本計量的金融資產乃使用實際利息法予以確認。利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外(見下文)。就其後出現信貸減值的金融資產而言，自下一報告期起，利息收入乃對金融資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使金融資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對金融資產賬面總值應用實際利率予以確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit loss on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, and bank balances and cash). The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition. Lifetime expected credit loss represents the expected credit loss that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month expected credit loss represents the portion of lifetime expected credit loss that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group recognises lifetime expected credit loss for trade and other receivables that result from revenue. The expected credit loss on these assets are assessed collectively using a provision matrix with appropriate groupings based on its historical observed default rates which is adjusted for forward-looking estimates. For other financial assets, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss. The assessment of whether lifetime expected credit loss should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4 重大會計政策(續)

(h) 金融工具(續)

金融資產(續)

金融資產減值

本集團根據香港財務報告準則第9號就發生減值之金融資產(包括貿易及其他應收賬款、銀行結餘及現金)確認預期信貸虧損的虧損撥備。預期信貸虧損的金額於各報告日期更新,以反映自初始確認以來信貸風險的變化。全期預期信貸虧損指將相關工具的預期使用期內所有可能的違約事件產生之預期信貸虧損。相反,12個月預期信貸虧損將預期於報告日期後12個月內可能發生的違約事件導致之全期預期信貸虧損部分。評估乃根據本集團的歷史信貸虧損經驗進行,並根據債務人特有的因素、一般經濟狀況以及對報告日期當前狀況的評估以及對未來狀況的預測作出調整。

本集團就來自收益之貿易及其他應收賬款確認全期預期信貸虧損。該等資產的預期信貸虧損使用以其觀察所得歷史違約率為基礎的撥備矩陣評估,並就前瞻性估計進行調整。就其他金融資產而言,本集團計量的虧損撥備等於12個月預期信貸虧損,除非自初始確認後信貸風險顯著增加,本集團確認全期預期信貸虧損。是否應確認全期預期信貸虧損的評估乃基於自初始確認以來發生違約之可能性或風險的顯著增加。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- (i) Significant increase in credit risk
- In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4 重大會計政策(續)

(h) 金融工具(續)

金融資產(續)

金融資產減值(續)

- (i) 信貸風險顯著增加
- 於評估自初始確認後信貸風險是否顯著增加時，本集團將於報告日期金融工具發生之違約風險與於初始確認日期金融工具發生之違約風險進行比較。在進行該評估時，本集團會考慮合理且可支持的定量和定性資料，包括無需付出不必要的成本或努力而可得之歷史經驗及前瞻性資料。

特別是，在評估信貸風險是否顯著增加時，會考慮以下資料：

- 金融工具的外部(如有)或內部信貸評級的實際或預期顯著惡化；
- 外部市場信貸風險指標的顯著惡化，如信貸利差大幅增加，債務人的信貸違約掉期價格；
- 預計會導致債務人償還債務能力大幅下降的業務、財務或經濟狀況的現有或預測的不利變化；
- 債務人經營業績的實際或預期顯著惡化；
- 債務人監管、經濟或技術環境出現實際或預期的重大不利變化，導致債務人償還債務責任能力大幅下降。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- (i) Significant increase in credit risk (Continued)
- Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

- (ii) Definition of default
- For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4 重大會計政策(續)

(h) 金融工具(續)

金融資產(續)

金融資產減值(續)

- (i) 信貸風險顯著增加(續)
- 不論上述評估之結果如何，本集團認為，當合約付款逾期超過30天，則自初始確認以來信貸風險已顯著增加，除非本集團有合理且可支持之資料證明，則另作別論。

本集團定期監控用以識別信貸風險有否顯著增加的標準之效益，且修訂標準(如適當)來確保標準能在金額逾期前識別信貸風險顯著增加。

- (ii) 違約定義
- 就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

不論上文為何，本集團都認為，倘金融資產逾期超過90日則發生違約，惟本集團有合理及具理據資料來顯示更加滯後的違約標準更為恰當。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4 重大會計政策(續)

(h) 金融工具(續)

金融資產(續)

金融資產減值(續)

(iii) 信貸減值金融資產

金融資產在一項或以上違約事件(對該金融資產估計未來現金流量構成不利影響)發生時出現信貸減值。金融資產出現信貸減值的證據包括有關下列事件的可觀察數據：

- (a) 發行人或借貸人出現重大財政困難；
- (b) 違約(如違約或逾期事件)；
- (c) 借貸人的貸款人因有關借貸人財政困難的經濟或合約理由而向借貸人批出貸款人不會另行考慮的優惠；
- (d) 借貸人將可能陷入破產或其他財務重組；或
- (e) 由於財政困難而令該金融資產的活躍市場消失。

(iv) 撇銷政策

資料顯示對手方處於嚴重財政困難及無實際收回可能時(例如對手方被清盤或已進入破產程序時)，本集團則撇銷金融資產。經考慮法律意見後(倘合適)，遭撇銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成取消確認事項。任何其後收回在損益中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated 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 original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

4 重大會計政策(續)

(h) 金融工具(續)

金融資產(續)

預期信貸虧損之計量及確認

預期信貸虧損之計量為違約概率、違約虧損(即違約時虧損大小)及違約時風險之函數。違約概率及違約虧損之評估乃基於上述過往數據按前瞻性資料作調整。而金融資產的違約風險則由資產於報告日期的賬面總值代表；就財務擔保合約而言，風險包括於報告日期提取的金額連同任何基於歷史趨勢、本集團對債務人特定未來融資需求的理解以及其他相關前瞻性資料釐定的預計將於未來違約日期前提取的任何額外金額。

就金融資產而言，預期信貸虧損按根據合約應付本集團的所有合約現金流量與本集團預計收取的所有現金流量(按原定實際利率折現)之間的差額估算。

就財務擔保合約而言，根據擔保工具條款，本集團僅須於債務人違約時作出付款，預期虧損撥備為償還持有人所產生信貸虧損的預計款項減本集團預計自持有人、債務人或任何其他方收取的任何金額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of expected credit losses (Continued)

Where lifetime expected credit loss is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each separate group continues to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit loss in the previous reporting period, but determines at the current reporting date that the conditions for lifetime expected credit loss are no longer met, the Group measures the loss allowance at an amount equal to 12-months expected credit loss at the current reporting date.

For expected credit loss on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risk are taken into account by adjusting the cash shortfalls being discounted.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9 and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

4 重大會計政策(續)

(h) 金融工具(續)

金融資產(續)

預期信貸虧損之計量及確認(續)

若按集體基準計量全期預期信貸虧損，以處理個別工具層面的信貸風險大幅上升證據尚未可得的情況，金融工具乃按以下基準分組：

- 金融工具的性質(即本集團的貿易及其他應收賬款分別作為單獨組別評估)；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 可用的外部信貸評級。

管理層定期檢討分組方法，確保各個別組別的組成項目仍然具有相似的信貸風險特徵。

倘本集團已於前一個報告期間以相當於全期預期信貸虧損之金額計量一項金融工具之虧損撥備，但於當前報告日期確定全期預期信貸虧損的條件不再符合，則本集團按於當前報告日期相當於12個月預期信貸虧損之金額計量虧損撥備。

對於無法釐定實際利率的財務擔保合約的預期信貸虧損，本集團將應用折現率反映當前市場對貨幣時間價值的評估以及特定於現金流量的風險，但僅在某種程度上，通過調整貼現率而非調整貼現的現金短缺來考慮風險。

就財務擔保合約而言，虧損撥備按照香港財務報告準則第9號釐定的虧損撥備金額與初始確認的金額減去在擔保期內確認的累計收入金額(如適用)的較高者確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of expected credit losses (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

All the Group's financial liabilities (including trade payables, other payables and accruals, and borrowings) are subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Upon application of HKFRS 9 from 1 January 2018, the liability is subsequently measured at the higher of the amount determined in accordance with expected credit loss model under HKFRS 9 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

Equity instruments

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

4 重大會計政策(續)

(h) 金融工具(續)

金融資產(續)

預期信貸虧損之計量及確認(續)

本集團通過調整所有金融工具的賬面值於損益確認彼等之減值收益或虧損，惟貿易應收賬款除外，在此情況下透過虧損撥備賬確認相應調整。

金融負債及股本

集團實體發行的金融負債及股本工具乃按照所訂立的合約安排內容及金融負債及股本工具的定義分類。

金融負債

本集團的所有金融負債(包括貿易應付賬款、其他應付款項及應計費用以及借貸)其後採用實際利率法按攤銷成本計量，除非貼現的影響微不足道，在這情況下以成本入賬。

財務擔保合約

本集團作出之財務擔保合約即要求作出付款以償付持有人因特定債務人未能按債務工具之條款償還到期款項而招致損失之合約。財務擔保合約初步按其公平值確認為負債，並就發出該擔保直接應佔之交易成本作出調整。於二零一八年一月一日應用香港財務報告準則第9號後，負債其後按香港財務報告準則第9號下預期信貸虧損模式釐定的金額與初步確認金額減(如適用)根據香港財務報告準則第15號確認的累計收入金額的較高者計量。

股本工具

股本工具是對某實體的資產(於扣除所有負債後)有剩餘權益的任何合約。由有關集團實體發行的股本工具以已收所得款項扣除直接發行成本後列賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the Group transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4 重大會計政策(續)

(h) 金融工具(續)

終止確認

當自資產收取現金流量的權利屆滿後，或本集團已轉讓金融資產且將金融資產所有權的絕大部份風險及回報轉讓至另一實體，則終止確認金融資產。倘本集團未轉讓亦無保留所有權之絕大部份風險及回報且繼續控制已轉讓資產，本集團繼續確認其持續涉及之有關資產，並確認相關負債。倘本集團保留已轉讓金融資產所有權之絕大部份風險及回報，則本集團繼續確認有關金融資產，並就已收所得款項確認抵押借貸。

於全面終止確認金融資產時，資產的賬面值與已收取及應收代價及已直接於其他全面收益及累計權益中確認的累計損益總和之差額乃於損益中確認。

除全面終止確認金融資產外，於終止確認金融資產時，本集團將於其繼續確認之部分與不再確認之部分之間按該等部分於轉讓日期之相關公平值分配金融資產之過往賬面值。分配至不再確認部分之賬面值與就不再確認部分已收代價及已於其他全面收益確認之所獲分配任何累計收益或虧損之總和間之差額，於損益內確認。已於其他全面收益確認之累計收益或虧損，會根據繼續確認之部分與不再確認之部分之相對公平值，於兩者間作出分配。

金融負債於相關合約規定之責任已獲解除、註銷或到期時終止確認。終止確認之金融負債賬面值與其已付及應付代價之間之差額於損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, deposits held at call with banks and short-term bank deposits with an original maturity period of three months or less. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(j) Impairment of non-financial assets, other than inventories

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised to reduce the carrying amount of the asset to its recoverable amount. Such impairment losses are recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income in profit or loss.

(k) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4 重大會計政策(續)

(i) 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金、活期存款及原於三個月或以下到期之短期銀行存款。於要求時償還及構成本集團現金管理之銀行透支亦列為現金及現金等價物之成份。

(j) 非金融資產(存貨除外)減值

於各報告期末，本集團檢討其資產的賬面值以釐定是否有跡象顯示資產產生減值虧損。倘資產之估計可收回金額低於其賬面值，則確認減值虧損，以減少該資產的賬面值至其可收回金額。有關減值虧損於損益確認。

倘減值虧損其後撥回，則資產的賬面金額增至其經修訂的估計可收回金額，惟已增加的賬面值不可超過於過往年度資產並無確認減值虧損所釐定的賬面金額。減值虧損的撥回於損益確認為收入。

(k) 稅項

所得稅開支指現時應付的稅項及遞延稅項之總和。

現時應付稅項根據該年度的應課稅溢利計算。應課稅溢利與在綜合損益及其他全面收益表所呈報的溢利不同，原因為其不計入其他年度的應課稅或應扣減收入及開支項目，並且不計入非課稅或不可扣減項目。本集團的現行稅務負債乃使用於報告期末已實施或大致上已實施的稅率計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4 重大會計政策(續)

(k) 稅項(續)

遞延稅項按綜合財務報表的資產與負債賬面金額的暫時差額及用以計算應課稅溢利的相應稅基確認。遞延稅項負債一般按所有應課稅暫時差額確認。遞延稅項資產一般按所有可扣減暫時差額確認，惟應課稅溢利將可用於抵銷可扣減暫時差額。倘暫時差額產生自初步確認不影響應課稅溢利或會計溢利的某項交易的其他資產及負債(業務合併除外)，則上述遞延稅項及負債不予確認。

遞延稅項負債確認為與於附屬公司投資有關的應課稅暫時差額，惟倘本集團可控制暫時差額的撥回且暫時差額於可見將來不可撥回則除外。上述投資有關的可扣減暫時差額產生的遞延稅項資產僅會於可能有足夠的應課稅溢利用於暫時差額的利益且預期於可見將來可撥回時才會確認。

於各報告期末對遞延稅項資產的賬面值進行檢討，並於不再可能有足夠應課稅溢利可供收回全部或部份資產時予以調減。

遞延稅項資產及負債乃根據於報告期末時已實施或大致上已實施之稅率(及稅法)，按預期於負債清償或資產變現期間適用之稅率計算。遞延稅項資產及負債之計量反映本集團預期於報告期末收回或清償資產及負債賬面值之方式所產生稅務結果。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Taxation (Continued)

For the purposes of measuring deferred tax assets and liabilities for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(l) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

4 重大會計政策(續)

(k) 稅項(續)

就計量使用公平值模式計量之投資物業之遞延稅項資產及負債而言，該等物業之賬面值乃假定為可透過出售全數收回，除非有關假定被推翻則作別論。當投資物業可予折舊及於目標為隨時間而非透過銷售消耗投資物業所包含之絕大部分經濟利益之業務模式內持有時，有關假定會被推翻。

即期及遞延稅項乃於損益確認，惟其與於其他全面收益或直接於權益中確認之項目有關者除外，在此情況下，即期及遞延稅項亦分別會於其他全面收益或直接於權益中確認。

(l) 外幣

於編製各個別集團實體的財務報表時，以該實體的功能貨幣以外貨幣(外幣)進行的交易均以各自的功能貨幣(即該實體經營所在的主要經濟環境的貨幣)按交易日的當時匯率入賬。於報告期末，以外幣列賬的貨幣項目按當日的當時匯率再換算。以外幣按歷史成本計量的非貨幣項目不須再換算。

來自貨幣項目結算及於再換算貨幣項目時的匯兌差額於其產生期間於損益確認。

就呈列綜合財務報表而言，本集團境外業務的資產及負債乃按本集團的呈報貨幣(即港元)按報告期末的當時匯率換算，而其收入及支出按期內的平均匯率換算，除非匯率於期內大幅波動，在這情況下，則使用於各交易日的當時匯率。所產生的匯兌差額(如有)於其他全面收益及累計權益中的匯兌儲備項下確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Retirement benefits costs

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

(o) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

4 重大會計政策(續)

(m) 借貸成本

與收購、建造或生產合資格資產(均屬經一段頗長時間才可按計劃使用或出售的資產)直接有關的借貸成本均加入有關資產的成本中,直至資產大致上可按計劃使用或出售。

所有其他借貸成本均於其產生期間內於損益確認。

(n) 退休福利成本

強制性公積金計劃及國家管理退休福利計劃(即定額供款計劃)之供款於僱員提供服務使彼等有權取得供款時作為開支扣除。

(o) 關連方

關連方乃指與編製其財務報表實體(「報告實體」)有關之人士或實體。

- (a) 該名人士符合以下條件時,該名人士或其家族之近親與報告實體有關連:
 - (i) 對報告實體擁有控制權或聯合控制權;
 - (ii) 對報告實體擁有重大影響;或
 - (iii) 為報告實體或報告實體母公司之主要管理層成員。
- (b) 實體於適用以下任何條件時,與報告實體方有關連:
 - (i) 實體與報告實體為同一集團公司成員,即母公司、附屬公司及同系附屬公司彼此相互關連;

Notes to the Consolidated Financial Statements

綜合財務報表附註

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Related parties (Continued)

- (b) (Continued)
- (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 employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on past experience, expectations of the future and other information that are considered to be relevant. Actual results may differ from these estimates.

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

4 重大會計政策(續)

(o) 關連方(續)

- (b) (續)
- (ii) 某一實體為另一實體之聯營公司或合營企業，或為另一實體所屬集團公司成員之聯營公司或合營企業；
 - (iii) 實體均為同一第三方之合營企業；
 - (iv) 實體為第三實體之合營企業，而另一實體為第三實體之聯營公司；
 - (v) 實體為報告實體或與報告實體有關之實體之僱員福利設立離職後福利計劃。倘報告實體自身為該計劃，則提供資助之僱主亦與報告實體有關連；
 - (vi) 實體受(a)所界定人士控制或聯合控制；或
 - (vii) (a)(i)所界定人士對實體擁有重大影響或為實體(或該名實體母公司)之主要管理層成員。

5 關鍵會計判斷及估計不明朗因素的主要來源

於應用本集團的會計政策(載於附註4)時，管理層須從其他來源不易得知的資產與負債賬面值作出判斷、估計及假設。估計及相關假設乃基於過往經驗、未來預期及被視作相關的其他資料。實際結果可能與該等估計不同。

估計及相關假設須作持續檢討。倘有關會計估計的修訂僅影響修訂期間，則該等修訂將於修訂期間確認，或倘有關修訂影響現行及未來期間，則有關修訂將於修訂期間及未來期間確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The following are the key assumptions concerning the future, and other 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 reporting period.

Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting period. Such assets are tested for impairment annually, and/or when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amounts, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market price less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of trade receivables

The Group makes impairment of trade receivables based on assessments of the expected credit loss which uses a lifetime expected credit loss allowance for all trade receivables. The loss allowances for trade receivable are based on assumptions about risk of default and expected loss rates. The Group uses judgement and estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past collection history, ageing analysis of the receivables, current creditworthiness of customers, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectations are different from the original estimates, such difference will have impact on the carrying amount of trade receivables and the impairment loss on trade receivables in the reporting period in which such estimates have been changed. Management reassess the provision at each reporting date.

At 31 December 2019, the carrying amounts of trade receivables are approximately HK\$485,861,000 (2018: HK\$508,953,000). Allowance for impairment amounted of HK\$12,175,000 is made on trade receivables at 31 December 2019 (2018: Nil).

5 關鍵會計判斷及估計不明朗因素的主要來源(續)

以下為關係到未来的主要假設，以及於報告期末對下一個報告期內的資產與負債賬面值有引致重大調整風險的估計不明朗因素主要來源。

物業、廠房及設備減值

本集團於各報告期末評估物業、廠房及設備是否存在減值跡象。有關資產每年及／或於有跡象顯示賬面值可能無法收回時進行減值測試。當資產或現金產生單位的賬面值超出其可收回金額(為公平值減銷售成本及使用價值兩者中的較高者)時，即存在減值。公平值減銷售成本乃按類似資產按公平原則進行的交易中，來自具約束力銷售交易的所得數據，或可觀察市價扣除出售資產的遞增成本計算。於計算使用價值時，管理層必須估計來自資產或現金產生單位的預期未來現金流，並需選擇一個合適的貼現率計算該等現金流的現值。

貿易應收賬款減值

本集團根據預期信貸虧損的評估對貿易應收賬款進行減值，並就所有貿易應收賬款採用全期預期信貸虧損撥備。貿易應收賬款的虧損撥備乃基於對違約風險及預期虧損率的假設。根據本集團過往收回記錄、應收款項的賬齡分析、客戶的現有信貸狀況、現時市況以及於各報告期末的前瞻性估計，本集團於作出該等假設及選擇減值計算的輸入數據時使用判斷及估計。倘預期與原先估計不同，則差額會影響估計變更之報告期間的貿易應收賬款的賬面值及貿易應收賬款減值虧損。管理層於各報告日期重新評估有關撥備。

於二零一九年十二月三十一日，貿易應收賬款的賬面值約為485,861,000港元(二零一八年：508,953,000港元)。於二零一九年十二月三十一日，就貿易應收賬款作出12,175,000港元的減值撥備(二零一八年：無)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Allowance for slow-moving and obsolete inventories

Allowance for slow-moving and obsolete inventories is made based on the ageing, estimated net realisable value and subsequent sales of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and the allowance charge/write-back in the period in which such estimate has been changed. At 31 December 2019, the carrying amounts of inventories are approximately HK\$88,018,000 (2018: HK\$84,834,000). At 31 December 2019, allowance of HK\$1,369,000 for written down of inventories was made (2018: Nil).

Fair value of investment property

Investment property is stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves assumption of market conditions. The Directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment property and corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income. The movements of fair value of the investment property are set out in note 15.

Current tax and deferred tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

5 關鍵會計判斷及估計不明朗因素的主要來源(續)

滯銷及陳舊存貨撥備

滯銷及陳舊存貨撥備乃根據存貨的賬齡、估計變現淨值及其後銷售而作出。評估撥備金額涉及判斷及估計。倘日後的實際結果與原來估計不同，有關差異將會對估計變更之期間的存貨賬面值及扣除／撥回撥備造成影響。於二零一九年十二月三十一日，存貨的賬面值約為88,018,000港元(二零一八年：84,834,000港元)。於二零一九年十二月三十一日，就撇減存貨作出1,369,000港元的撥備(二零一八年：無)。

投資物業公平值

投資物業乃根據獨立專業估值師所作估值按公平值呈列。釐定公平值涉及市況假設。董事已作出判斷，並信納估值方法可反映當前市況。該等假設的有利或不利變動將導致本集團投資物業公平值變動，並須對綜合損益及其他全面收益表內呈報的收益或虧損金額作出相應調整。投資物業的公平值變動載於附註15。

即期稅項及遞延稅項

本集團須於多個司法權區繳納所得稅。在釐定所得稅撥備時須作出重大判斷。許多交易及計算的最終稅務釐定不確定。倘該等事項的最終稅務結果與初始錄得的金額不同，該等差額將影響作出此等釐定期間即期及遞延所得稅資產及負債。

當管理層認為未來可能有應課稅溢可用以抵銷暫時性差額或稅項虧損時，則會確認與若干暫時性差額及稅項虧損有關的遞延稅項資產。倘若預期有別於原先估計，該等差額將影響估計變更期間遞延稅項資產及稅項的確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

6 REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received and receivable for goods sold by the Group at invoiced value, net of returns and discounts. The timing of revenue recognition of all revenue is at a point in time in the Year and Year 2018. An analysis of the Group's revenue recognised during the year is as follows:

Sales of goods 銷售貨物

6 收益及分部資料

收益指本集團銷售貨物而已收及應收金額的發票價值，並扣除退貨及折扣。本年度及二零一八年度所有收益的收益確認時間均為某一時間點。年內確認的本集團收益分析如下：

Year ended 31 December
截至十二月三十一日止年度

| | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------|----------------------------------|----------------------------------|
| Sales of goods 銷售貨物 | 1,936,844 | 3,717,611 |

Segment information

The executive Directors, who are the CODM, review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports. Segment information reported internally was analysed on the basis of the type of products sold and activities carried out by the Group's operating division. The Group is currently operating in two operating segments as follows:

- (a) Digital Storage Products; and
- (b) General Components.

For Year 2018, there were three operating segments — Memory Products, Data & Cloud Products and General Components. Considering that Memory Products of the Group work hand-in-hand with its Data & Cloud Product, management has consolidated the two Segments (Memory Products and Data & Cloud Products) in Year 2018 into one called Digital Storage Products in the Year. The corresponding items of segment information for Year 2018 has been restated.

Management assesses the performance of the operating segments based on a measure of gross profits. The accounting policies of the operating segments are the same as those described in note 4 above.

As the segment assets and the liabilities are not regularly reported to the Directors, the information of reportable segment assets and liabilities is not presented.

分部資料

執行董事為主要經營決策者審閱本集團內部呈報，以評估表現並分配資源。主要營運決策者已根據該等報告釐定經營分部。內部呈報的分部資料乃根據本集團營運部所售產品及從事活動類別分析。本集團現有兩個經營分部：

- (a) 數碼存儲產品；及
- (b) 通用元件。

就二零一八年度而言，有三個經營分部——記憶體產品、數據與雲端產品及通用元件。考慮到本集團的記憶體產品分部與數據和雲端產品分部緊密關連，管理層已將二零一八年度兩個分部（記憶體產品及數據與雲端產品）合併為一個，即本年度的數碼存儲產品分部。二零一八年度的分部資料相應項目已作重列。

管理層按毛利計量評估經營分部表現。經營分部的會計政策與上文附註4所述者一致。

由於不會定期向董事報告分部資產及負債，故未呈列可呈報分部資產及負債的資料。

Notes to the Consolidated Financial Statements

綜合財務報表附註

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following tables represent segment information of the Group provided to the management for the years:

6 收益及分部資料(續)

下表呈列提供予管理層之本集團於各年度之分部資料：

| | | Year ended 31 December 截至十二月三十一日止年度 | |
|--|----------------|--|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Segment revenue | 分部收益 | | |
| Digital Storage Products | 數碼存儲產品 | 1,393,662 | 3,279,116 |
| General Components | 通用元件 | 543,182 | 438,495 |
| Total reportable segment revenue | 可呈報分部收益總額 | 1,936,844 | 3,717,611 |
| Segment results | 分部業績 | | |
| Digital Storage Products | 數碼存儲產品 | 57,482 | 124,312 |
| General Components | 通用元件 | 96,336 | 53,748 |
| Total reportable segment profit | 可呈報分部溢利總額 | 153,818 | 178,060 |
| Other income | 其他收入 | 3,840 | 3,944 |
| (Decrease)/increase in fair value of investment property | 投資物業公平值(減少)/增加 | (2,300) | 2,400 |
| Finance costs | 融資成本 | (7,121) | (18,293) |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | (3,023) | (2,738) |
| Depreciation of right-of-use assets | 使用權資產折舊 | (1,426) | – |
| Impairment loss on trade receivables | 貿易應收賬款減值虧損 | (12,175) | – |
| Impairment loss on purchase deposit | 購買按金減值虧損 | (4,325) | – |
| Unallocated corporate expenses | 未分配企業開支 | (135,537) | (120,993) |
| (Loss)/profit before tax | 除稅前(虧損)/溢利 | (8,249) | 42,380 |
| Income tax expenses | 所得稅開支 | (863) | (9,098) |
| (Loss)/profit for the year | 年內(虧損)/溢利 | (9,112) | 33,282 |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years. Segment profit represents the gross profit earned by each segment.

上文呈報之分部收益指外部客戶產生之收益。於各年度，概無分部間銷售。分部溢利指各分部所得毛利。

Notes to the Consolidated Financial Statements

綜合財務報表附註

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group is domiciled in Hong Kong. The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is based on the location of the customers. The geographical location of the non-current assets other than deposits paid for acquisition of property, plant and equipment, intangible asset and business, and deferred tax assets is based on the physical location of the assets.

6 收益及分部資料(續)

地域資料

本集團位於香港。下表載列與(i)本集團來自外部客戶收益及(ii)本集團非流動資產地理位置有關的資料。客戶的地理位置乃基於客戶所在地。非流動資產(收購物業、廠房及設備、無形資產及業務的已付按金、及遞延稅項資產除外)的地理位置乃該等資產之實際位置。

| | | Year ended 31 December 截至十二月三十一日止年度 | |
|--|-----------------|--|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Revenue from external customers | 來自外部客戶收益 | | |
| Hong Kong | 香港 | 500,551 | 942,091 |
| The PRC | 中國 | 1,426,927 | 2,743,533 |
| Others | 其他 | 9,366 | 31,987 |
| | | 1,936,844 | 3,717,611 |

| | | As at 31 December 於十二月三十一日 | |
|---------------------------|--------------|----------------------------------|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Non-current assets | 非流動資產 | | |
| Hong Kong | 香港 | 93,722 | 98,476 |
| The PRC | 中國 | 9,011 | 6,172 |
| Others | 其他 | 79 | – |
| | | 102,812 | 104,648 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

The Group's revenue from customers which accounted for 10% or more of the Group's total revenue are as follows:

6 收益及分部資料(續)

主要客戶資料

來自佔本集團總收益10%或以上的客戶的收益如下：

| | | Year ended 31 December 截至十二月三十一日止年度 | |
|-------------------|--|--|----------------------------------|
| Segment 分部 | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Customer A 客戶A | Digital Storage Products & General Components 數碼存儲產品及通用元件 | 268,491 | N/A不適用* |
| Customer B 客戶B | Digital Storage Products & General Components 數碼存儲產品及通用元件 | 211,048 | N/A不適用* |
| Customer C 客戶C | Digital Storage Products 數碼存儲產品 | 203,298 | N/A不適用* |
| Customer D 客戶D | Digital Storage Products 數碼存儲產品 | N/A不適用* | 547,499 |

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

* 有關收益並未佔本集團總收益10%以上。

Notes to the Consolidated Financial Statements

綜合財務報表附註

7 OTHER INCOME

7 其他收入

Year ended 31 December

截至十二月三十一日止年度

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------------------|--------|----------------------------------|----------------------------------|
| Bank interest income | 銀行利息收入 | 908 | 176 |
| Rental income | 租金收入 | 1,440 | 1,005 |
| Sundry income | 雜項收入 | 1,492 | 2,763 |
| | | 3,840 | 3,944 |

8 FINANCE COSTS

8 融資成本

Year ended 31 December

截至十二月三十一日止年度

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-----------|----------------------------------|----------------------------------|
| Discounting charges on factoring loans | 保理貸款之貼現支出 | 1,626 | 9,869 |
| Interests on other bank borrowings | 其他銀行借貸利息 | 5,393 | 8,424 |
| Interest expense on lease liabilities | 租賃負債利息開支 | 102 | – |
| | | 7,121 | 18,293 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

9 (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging and crediting:

9 除稅前(虧損)/溢利

除稅前(虧損)/溢利經扣除及計入以下各項：

| | | Year ended 31 December | |
|--|-------------------------------------|----------------------------------|----------------------------------|
| | | 截至十二月三十一日止年度 | |
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Cost of inventories recognised as an expenses | 確認為開支之存貨成本 | 1,781,657 | 3,539,551 |
| Write-down of inventories | 存貨撇減 | 1,369 | – |
| Auditor's remuneration | 核數師酬金 | 1,230 | 1,255 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 3,023 | 2,738 |
| Depreciation — right-of-use assets | 折舊 — 使用權資產 | 1,426 | – |
| Listing expenses | 上市開支 | – | 5,423 |
| Net foreign exchange loss | 匯兌虧損淨額 | 270 | 1,653 |
| Short term leases expenses (Year 2018: operating lease charges) in respect of land and buildings | 土地及樓宇之短期租賃開支 (二零一八年度： 經營租賃支出) | 1,696 | 2,189 |
| Commission expenses | 佣金費用 | 65,003 | 32,388 |
| Research and development expenses (Note) | 研究及開發開支(附註) | 439 | – |
| Staff costs including director's emoluments | 員工成本(包括董事酬金) | | |
| — Basic salaries and allowance | — 基本薪金及津貼 | 33,598 | 36,449 |
| — Contributions to defined contribution retirement plans | — 界定供款退休計劃供款 | 2,845 | 2,513 |
| — Messing and welfare | — 膳食及福利 | 1,768 | 1,402 |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備虧損 | 4 | 1 |

Note: Staff costs of HK\$262,000 was included in research and development expenses for the Year.

附註：員工成本262,000港元計入本年度研究及開發開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

10 REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

The emoluments paid or payable to the Directors for the year were as follows:

Year ended 31 December 2019

10 董事薪酬及五位最高薪酬人士

(a) 董事薪酬

年內，已付或應付董事的酬金如下：

截至二零一九年十二月三十一日止年度

| Name | 姓名 | Salaries, allowances and benefits in kind | | | Retirement scheme contributions | Total |
|---|-------|---|----------|----------|---------------------------------|----------|
| | | Fees | 薪金、津貼及袍金 | 實物利益 | | |
| | | 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 |
| <i>Executive directors:</i> | | <i>執行董事：</i> | | | | |
| Mr. Lee Bing Kwok | 李秉光先生 | 977 | 720 | 36 | | 1,733 |
| Mr. Lo Yuen Kin | 盧元堅先生 | 447 | – | 18 | | 465 |
| Ms. Lo Yuen Lai | 盧元麗女士 | 323 | 320 | 26 | | 669 |
| <i>Independent non-executive directors:</i> | | <i>獨立非執行董事：</i> | | | | |
| Mr. Cheung Siu Kui | 張小駒先生 | 180 | – | – | | 180 |
| Mr. Yim Kwok Man | 嚴國文先生 | 180 | – | – | | 180 |
| Dr. Chow Terence | 鄒重璣醫生 | 180 | – | – | | 180 |
| | | 2,287 | 1,040 | 80 | | 3,407 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

10 REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' remuneration (Continued)

Year ended 31 December 2018

| Name | 姓名 | Fees 袍金 HK\$'000 千港元 | Salaries, allowances and benefits in kind 薪金、津貼及 實物利益 HK\$'000 千港元 | Retirement scheme contributions 退休計劃供款 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|-------|-------------------------------|---|--|--------------------------------|
| <i>Executive directors:</i> | | <i>執行董事：</i> | | | |
| Mr. Lee Bing Kwok | 李秉光先生 | 667 | 720 | 33 | 1,420 |
| Mr. Lo Yuen Kin | 盧元堅先生 | 305 | 50 | 17 | 372 |
| <i>Independent non-executive directors:</i> | | <i>獨立非執行董事：</i> | | | |
| Mr. Cheung Siu Kui | 張小駒先生 | 143 | – | – | 143 |
| Mr. Yim Kwok Man | 嚴國文先生 | 143 | – | – | 143 |
| Dr. Chow Terence | 鄒重璠醫生 | 143 | – | – | 143 |
| | | 1,401 | 770 | 50 | 2,221 |

Fees paid to executive Directors were mainly for services as Directors. Salaries, allowances and benefits in kind paid to executive Directors shown above were mainly for their services in connection with the management of the affairs of the Group.

The independent non-executive Directors' emoluments shown above were mainly for their services as Directors.

Ms. Lo Yuen Lai was appointed as the Company's executive directors on 22 March 2019. Mr. Cheung Siu Kui, Mr. Yim Kwok Man and Dr. Chow Terence were appointed as the Company's independent non-executive directors on 15 February 2018.

10 董事薪酬及五位最高薪酬人士(續)

(a) 董事薪酬(續)

截至二零一八年十二月三十一日止年度

| 姓名 | 薪金、津貼及 實物利益 HK\$'000 千港元 | 退休計劃供款 HK\$'000 千港元 | 總計 HK\$'000 千港元 |
|-----------------|-----------------------------------|---------------------------|-----------------------|
| <i>執行董事：</i> | | | |
| 李秉光先生 | 720 | 33 | 1,420 |
| 盧元堅先生 | 50 | 17 | 372 |
| <i>獨立非執行董事：</i> | | | |
| 張小駒先生 | – | – | 143 |
| 嚴國文先生 | – | – | 143 |
| 鄒重璠醫生 | – | – | 143 |
| | 770 | 50 | 2,221 |

支付予執行董事的費用主要就作為董事之服務支付。上文所示向執行董事支付的薪金、津貼及實物福利主要是就其管理與本集團事務有關的服務而付。

上述獨立非執行董事酬金主要就其作為董事之服務而支付。

盧元麗女士於二零一九年三月二十二日獲委任為本公司執行董事。張小駒先生、嚴國文先生及鄒重璠醫生於二零一八年二月十五日獲委任為本公司獨立非執行董事。

Notes to the Consolidated Financial Statements

綜合財務報表附註

10 REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals' remuneration

The five highest paid individuals of the Group included one director of the Company for the years ended 31 December 2019 and 2018, details of whose emoluments are included in the disclosures in note 10(a) above. The emoluments of the remaining four highest paid individuals during the years are as follows:

| | | Year ended 31 December 截至十二月三十一日止年度 | |
|---------------------------------|---------|--|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Salaries and other emoluments | 薪金及其他酬金 | 4,351 | 5,173 |
| Discretionary bonus | 酌情花紅 | 3,707 | 5,214 |
| Retirement scheme contributions | 退休計劃供款 | 81 | 50 |
| | | 8,139 | 10,437 |

The emolument of the remaining four (2018: four) is within the following bands:

| | | 2019 二零一九年 Number 人數 | 2018 二零一八年 Number 人數 |
|--------------------------------|-------------------------|-------------------------------|-------------------------------|
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001港元至1,500,000港元 | 3 | 1 |
| HK\$1,500,001 to HK\$2,000,000 | 1,500,001港元至2,000,000港元 | — | 2 |
| HK\$4,500,001 to HK\$5,000,000 | 4,500,001港元至5,000,000港元 | 1 | — |
| HK\$5,500,001 to HK\$6,000,000 | 5,500,001港元至6,000,000港元 | — | 1 |

No remuneration was paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years. In addition, the directors of the Company have not waived any emoluments during the years.

10 董事薪酬及五位最高薪酬人士(續)

(b) 五名最高薪酬人士

截至二零一九年及二零一八年十二月三十一日止年度，本集團五名最高薪酬人士包括本公司一名董事，其薪金詳情於上文附註10(a)披露。年內餘下四名最高薪酬人士的酬金如下：

| | | Year ended 31 December 截至十二月三十一日止年度 | |
|---------------------------------|---------|--|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Salaries and other emoluments | 薪金及其他酬金 | 4,351 | 5,173 |
| Discretionary bonus | 酌情花紅 | 3,707 | 5,214 |
| Retirement scheme contributions | 退休計劃供款 | 81 | 50 |
| | | 8,139 | 10,437 |

餘下四位(二零一八年：四位)酬金介乎以下範圍：

| | | 2019 二零一九年 Number 人數 | 2018 二零一八年 Number 人數 |
|--------------------------------|-------------------------|-------------------------------|-------------------------------|
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001港元至1,500,000港元 | 3 | 1 |
| HK\$1,500,001 to HK\$2,000,000 | 1,500,001港元至2,000,000港元 | — | 2 |
| HK\$4,500,001 to HK\$5,000,000 | 4,500,001港元至5,000,000港元 | 1 | — |
| HK\$5,500,001 to HK\$6,000,000 | 5,500,001港元至6,000,000港元 | — | 1 |

於各年內，本集團並無向本公司任何董事或五名最高薪酬人士支付薪酬，作為鼓勵其加入或於其加入本集團時的獎勵或作為離職補償。此外，於各年內概無本公司董事放棄任何酬金。

Notes to the Consolidated Financial Statements

綜合財務報表附註

11 INCOME TAX EXPENSE

11 所得稅開支

| | | Year ended 31 December 截至十二月三十一日止年度 | |
|--|-----------------|--|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Current tax: | 即期稅項： | | |
| Hong Kong Profits Tax | 香港利得稅 | 5,993 | 9,022 |
| PRC tax | 中國稅項 | 44 | — |
| Over-provision in prior years | 過往年度超額撥備 | | |
| — Hong Kong profits tax | — 香港利得稅 | (46) | (90) |
| Under-provision in prior years — PRC tax | 過往年度撥備不足 — 中國稅項 | — | 70 |
| Deferred tax (Note 23) | 遞延稅項（附註23） | 5,991 (5,128) | 9,002 96 |
| Total income tax expense recognised in profit or loss for the year | 年內於損益確認之所得稅開支總額 | 863 | 9,098 |

For the Years 2019 and 2018, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Pursuant to the relevant regulations in respect of the Notice on the Implementation of Inclusive Tax Concessions for Small and Micro Enterprises (Cai Shui [2019] No.13) jointly issued by the Ministry of Finance and the State Administration of Taxation in the PRC, for the portion of annual taxable income which does not exceed RMB1 million, the annual taxable income shall be deducted to 25% and the income tax shall be calculated at the rate of 20%; for the portion of annual taxable income from RMB1 million to RMB3 million (inclusive), the taxable income shall be deducted by 50% and the income tax shall be calculated at the rate of 20%. PRC subsidiaries of the Group enjoy this preferential income tax treatment for the Year. No Enterprise Income Tax had been provided for Year 2018 as the PRC subsidiary had no assessable profits for that period.

於二零一九年度及二零一八年度，首2百萬港元之估計應課稅溢利按8.25%計算香港利得稅，而2百萬港元以上之估計應課稅溢利則按16.5%計算香港利得稅。

根據中國財政部和國家稅務總局聯合發佈的《關於實施小微企業普惠性稅收減免政策的通知》（財稅[2019]13號）的相關規定，對年應納稅所得額不超過人民幣100萬元的一部分，減按25%計入應納稅所得額，按20%的稅率繳納所得稅；對年應納稅所得額超過人民幣100萬元但不超過人民幣300萬元（含人民幣100萬元及人民幣300萬元）的一部分，減按50%計入應納稅所得額，按20%的稅率繳納所得稅。本集團的中國附屬公司於本年度享有此項所得稅優惠待遇。由於中國附屬公司於該期間並無應課稅溢利，故並無就二零一八年度計提企業所得稅。

Notes to the Consolidated Financial Statements

綜合財務報表附註

11 INCOME TAX EXPENSE (CONTINUED)

The income tax expense for the year can be reconciled to the (loss)/profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

11 所得稅開支(續)

年內之所得稅開支與綜合損益及其他全面收益表所載除稅前(虧損)/溢利對賬如下：

| | | Year ended 31 December 截至十二月三十一日止年度 | |
|--|----------------------------------|--|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| (Loss)/profit before tax | 除稅前(虧損)/溢利 | (8,249) | 42,380 |
| Tax at the applicable income tax rate of 16.5% (2018: 16.5%) | 按16.5%之適用所得稅稅率計算的稅項(二零一八年：16.5%) | (1,361) | 6,993 |
| Tax effect of expenses not deductible for tax purpose | 不可扣稅開支之稅務影響 | 2,359 | 2,112 |
| Tax effect of income not taxable for tax purpose | 毋須課稅收入之稅務影響 | (252) | (432) |
| Tax effect of utilisation of tax losses previously not recognised | 動用先前未確認稅項虧損之稅務影響 | (45) | – |
| Tax effect of tax losses not recognised | 未確認稅項虧損之稅務影響 | 115 | 1,024 |
| Tax effect of deductible temporary differences not recognised | 未確認可扣減暫時性差異之稅務影響 | 142 | (100) |
| Tax effect of different tax rates of subsidiaries operating in other jurisdictions | 於其他司法權區營運之附屬公司稅率不同之稅務影響 | 63 | (314) |
| Tax effect of concessionary tax rate | 優惠稅率的稅務影響 | (165) | (165) |
| Over-provision in prior years, net | 過往年度超額撥備淨額 | (46) | (20) |
| Others | 其他 | 53 | – |
| Income tax expense for the year | 年內所得稅開支 | 863 | 9,098 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

12 (LOSS)/EARNINGS PER SHARE

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-----------------------|----------------------------------|----------------------------------|
| (Loss)/earnings | (虧損)/盈利 | | |
| (Loss)/profit for the year attributable to owners of the Company | 本公司擁有人應佔年內 (虧損)/溢利 | (16,985) | 22,614 |

| | | 2019 二零一九年 | 2018 二零一八年 |
|--|--------------------------|----------------------|---------------|
| Number of ordinary shares | 普通股數目 | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 就計算每股基本盈利而言的 普通股加權平均數 | 1,000,000,000 | 950,000,000 |

The weighted average number of ordinary shares as presented above for Year 2018 had taken into account of the Reorganisation as detailed in the subsection headed "Reorganisation" under the section headed "History, Reorganisation and Group Structure" in the Prospectus and the capitalisation issue of 749,999,900 Shares, which was effective on 16 March 2018, the listing date of the Company.

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary shares for the Year and Year 2018.

上文呈列的二零一八年度普通股加權平均數已計入重組(詳情載於招股章程內「歷史、重組及集團架構」一節「重組」分節)及資本化發行749,999,900股股份，而有關發行已於本公司的上市日期二零一八年三月十六日生效。

概無呈列每股攤薄(虧損)/盈利，原因為本公司於本年度及二零一八年度概無任何潛在攤薄普通股。

Notes to the Consolidated Financial Statements

綜合財務報表附註

13 DIVIDENDS

The final dividend for the Year 2018 amounting to HK\$6,000,000 was paid to the Shareholders on Friday, 5 July 2019.

The Board of Directors did not recommend any dividend for the Year (2018: final dividend of 0.6 HK cents per ordinary share).

For the Year and Year 2018, the subsidiaries of the Company made the following distributions:

13 股息

於二零一九年七月五日(星期五)向股東派付二零一八年度的末期股息6,000,000港元。

董事會並無建議就本年度派發任何股息(二零一八年:末期股息每股普通股0.6港仙)。

於本年度及二零一八年度,本公司附屬公司作出以下分派:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|------------------------------|----------------------------------|----------------------------------|
| Dividends declared and paid to non-controlling shareholder by Data Star Inc. | Data Star Inc.向非控股股東宣派及派付的股息 | 5,897 | 2,184 |
| Dividend declared and paid to its then controlling shareholder by Apex Team | Apex Team向其當時的控股股東宣派及派付的股息 | — | 15,975 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

14 PROPERTY, PLANT AND EQUIPMENT AND LEASES

a. Property, plant and equipment

| | | Leasehold land and building 租賃土地 及樓宇 HK\$'000 千港元 | Leasehold improvement 租賃裝修 HK\$'000 千港元 | Furniture and fixtures 傢俱及裝置 HK\$'000 千港元 | Computer and office equipment 電腦及 辦公設備 HK\$'000 千港元 | Motor vehicle 汽車 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|---------------------------------|---|---|--|---|---|--------------------------------|
| Cost | 成本 | | | | | | |
| At 1 January 2018 | 於二零一八年一月一日 | 50,483 | 1,282 | 943 | 1,818 | 851 | 55,377 |
| Additions | 添置 | - | 384 | 64 | 587 | 1,414 | 2,449 |
| Disposal | 出售 | - | - | - | (7) | - | (7) |
| Exchange realignment | 匯兌調整 | (314) | - | - | (9) | (43) | (366) |
| At 31 December 2018 and 1 January 2019 | 於二零一八年 十二月三十一日及 二零一九年一月一日 | 50,169 | 1,666 | 1,007 | 2,389 | 2,222 | 57,453 |
| Additions | 添置 | - | - | - | 265 | 418 | 683 |
| Disposal | 出售 | - | - | - | (22) | - | (22) |
| Exchange realignment | 匯兌調整 | (110) | - | - | (3) | (15) | (128) |
| As at 31 December 2019 | 於二零一九年 十二月三十一日 | 50,059 | 1,666 | 1,007 | 2,629 | 2,625 | 57,986 |
| Accumulated depreciation | 累計折舊 | | | | | | |
| At 1 January 2018 | 於二零一八年一月一日 | 2,773 | 297 | 244 | 793 | 7 | 4,114 |
| Charge for the year | 年內支出 | 1,700 | 304 | 191 | 349 | 194 | 2,738 |
| Disposal | 出售 | - | - | - | (6) | - | (6) |
| Exchange realignment | 匯兌調整 | (34) | - | - | (4) | (3) | (41) |
| At 31 December 2018 and 1 January 2019 | 於二零一八年 十二月三十一日及 二零一九年一月一日 | 4,439 | 601 | 435 | 1,132 | 198 | 6,805 |
| Charge for the year | 年內支出 | 1,686 | 333 | 195 | 422 | 387 | 3,023 |
| Disposal | 出售 | - | - | - | (18) | - | (18) |
| Exchange realignment | 匯兌調整 | (17) | - | - | (1) | (3) | (21) |
| As at 31 December 2019 | 於二零一九年十二月 三十一日 | 6,108 | 934 | 630 | 1,535 | 582 | 9,789 |
| Net book value | 賬面淨值 | | | | | | |
| As at 31 December 2019 | 於二零一九年 十二月三十一日 | 43,951 | 732 | 377 | 1,094 | 2,043 | 48,197 |
| As at 31 December 2018 | 於二零一八年 十二月三十一日 | 45,730 | 1,065 | 572 | 1,257 | 2,024 | 50,648 |

The leasehold land and building of HK\$39,095,000 have been mortgaged to secure general banking facilities granted to the Group at 31 December 2019 (2018: HK\$40,517,000).

於二零一九年十二月三十一日，金額為39,095,000港元之租賃土地及樓宇已抵押，以獲取授予本集團之一般銀行融資(二零一八年：40,517,000港元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

14 PROPERTY, PLANT AND EQUIPMENT AND LEASES (CONTINUED)

a. Property, plant and equipment (Continued)

The net book value of leasehold land and building at the end of the year analysed by the term of the leases are as follows:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------------------|------------|----------------------------------|----------------------------------|
| In Hong Kong | 於香港 | | |
| — Medium term leases | — 中期租賃 | 39,095 | 40,517 |
| In the PRC | 於中國 | | |
| — Medium term leases | — 中期租賃 | 4,059 | 4,358 |
| — Long term leases | — 長期租賃 | 797 | 855 |
| | | 43,951 | 45,730 |

b. Leases

The Group has lease arrangements for properties leased for office and warehouse use. The lease terms are generally ranged from 1 to 2 years. The followings are right-of use assets recognised according to HKFRS 16:

Right-of use assets

At 1 January 2019
Additions
Depreciation
Exchange realignment

於二零一九年一月一日
添置
折舊
匯兌調整

At 31 December 2019

於二零一九年十二月三十一日

2,915

The Group has initially applied HKFRS 16 using the modified retrospective approach for the Year. The adoption of HKFRS 16 has no significant impact on the financial position as at 1 January 2019. Details refer to note 3 to consolidated financial statements.

14 物業、廠房及設備以及租賃(續)

a. 物業、廠房及設備(續)

年末之租賃土地及樓宇之賬面淨值按租期分析如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------------------|------------|----------------------------------|----------------------------------|
| In Hong Kong | 於香港 | | |
| — Medium term leases | — 中期租賃 | 39,095 | 40,517 |
| In the PRC | 於中國 | | |
| — Medium term leases | — 中期租賃 | 4,059 | 4,358 |
| — Long term leases | — 長期租賃 | 797 | 855 |
| | | 43,951 | 45,730 |

b. 租賃

本集團具有租賃物業作辦公室及倉庫用途的租賃安排。租期一般介乎一至兩年。根據香港財務報告準則第16號確認之使用權資產如下：

使用權資產

**Properties
Leased for
Own use**
持作自用的
租賃物業
HK\$'000
千港元

At 1 January 2019

於二零一九年一月一日

—

Additions

添置

4,334

Depreciation

折舊

(1,426)

Exchange realignment

匯兌調整

7

At 31 December 2019

於二零一九年十二月三十一日

2,915

於本年度，本集團使用經修訂追溯法首次應用香港財務報告準則第16號。採納香港財務報告準則第16號對於二零一九年一月一日之財務狀況表並無重大影響。詳情請參閱綜合財務報表附註3。

Notes to the Consolidated Financial Statements

綜合財務報表附註

14 PROPERTY, PLANT AND EQUIPMENT AND LEASES (CONTINUED)

b. Leases (Continued)

Right-of use assets (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

| | | 2019 二零一九年 HK\$'000 千港元 |
|--|---------------------|----------------------------------|
| Depreciation charge of right-of-use assets by class of underlying asset: | 按相關資產分類的使用權資產之折舊費用： | |
| Ownership interests in leasehold land and building for own use | 於持作自用的租賃土地及樓宇的擁有權權益 | 1,686 |
| Properties leased for own use | 持作自用的租賃物業 | 1,426 |
| Interest on lease liabilities | 租賃負債利息 | 102 |
| Expenses relating to short term leases | 有關短期租賃費用 | 1,696 |

For the Year, additions to right-of-use assets of HK\$4,334,000 related to the capitalised lease payments payable under new tenancy agreements.

The total cash outflow for leases for the Year amounted to HK\$1,461,000.

14 物業、廠房及設備以及租賃(續)

b. 租賃(續)

使用權資產(續)

於損益確認之有關租賃的費用項目分析如下：

於本年度，新租賃協議項下有關資本化應付租賃款項之使用權資產添置為4,334,000港元。

本年度租賃現金流出總額為1,461,000港元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

14 PROPERTY, PLANT AND EQUIPMENT AND LEASES (CONTINUED)

b. Leases (Continued)

Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the year:

| | | 31 December 2019 二零一九年十二月三十一日 | | 1 January 2019 二零一九年一月一日 | |
|--------------------------------|---------|---|--|---|--|
| | | Present value of the minimum lease payables 最低租賃 付款的現值 HK\$'000 千港元 | Total minimum lease payments 最低租賃 付款總額 HK\$'000 千港元 | Present value of the minimum lease payables 最低租賃 付款的現值 HK\$'000 千港元 | Total minimum lease payments 最低租賃 付款總額 HK\$'000 千港元 |
| Within 1 year | 一年內 | 2,173 | 2,257 | - | - |
| After 1 year but within 2 year | 一年後及兩年內 | 802 | 813 | - | - |
| | | 2,975 | 3,070 | - | - |

15 INVESTMENT PROPERTY

15 投資物業

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------|-------------|----------------------------------|----------------------------------|
| At fair value | 按公平值 | | |
| At 1 January | 於一月一日 | 54,000 | 51,600 |
| Fair value adjustment | 公平值調整 | (2,300) | 2,400 |
| At 31 December | 於十二月三十一日 | 51,700 | 54,000 |

The Group's investment property is a commercial property situated in Hong Kong, held on medium term leases and leased out to third parties. The investment property was revalued by RHL Appraisal Limited as at 31 December 2019 and 2018 on an open market value basis. It is an independent professional valuer, who has among its staff holding recognised and relevant professional qualification with recent experience in the location and category of property being valued.

本集團的投資物業為位於香港的商業物業，按中期租賃持有並出租予第三方。投資物業乃由永利行評估顧問有限公司於二零一九年及二零一八年十二月三十一日按公開市值基準進行重估。該公司為獨立專業估值師，且有多名員工持有認可及相關專業資格並於所估值物業地點及類別方面具有近期經驗。

Notes to the Consolidated Financial Statements

綜合財務報表附註

15 INVESTMENT PROPERTY (CONTINUED)

The valuation at 31 December 2019 and 2018 was arrived by adopting the direct comparison method where comparison based on price information of comparable properties is made. Comparable properties of similar size, 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 capital values.

The investment property has been mortgaged to secure general banking facilities granted to the Group at 31 December 2019 and 2018.

Fair value measurement:

Fair value measurements are categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

| | | |
|---------|---|--|
| Level 1 | — | unadjusted quoted prices in active markets for identical asset or liabilities |
| Level 2 | — | inputs other than quoted prices included within Level 1 that are observable for the asset or liability |
| Level 3 | — | unobservable inputs for the asset or liability |

Details of the Group's investment property and information about the fair value measurements for the year are as follows:

| | | Level 1 第一級 HK\$'000 千港元 | Level 2 第二級 HK\$'000 千港元 | Level 3 第三級 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|---------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Recurring fair value measurements | 經常性公平值計量 | | | | |
| Commercial property located in Hong Kong | 位於香港的商業物業 | | | | |
| 31 December 2019 | 二零一九年十二月三十一日 | — | — | 51,700 | 51,700 |
| 31 December 2018 | 二零一八年十二月三十一日 | — | 54,000 | — | 54,000 |

15 投資物業(續)

於二零一九年及二零一八年十二月三十一日的估值採納直接比較法，即根據可資比較物業的價格資料進行比較。大小、特徵及位置相若的可資比較物業會被分析，並仔細權衡各物業的所有利弊，從而公平比較資本值。

投資物業已抵押，以獲取於二零一九年及二零一八年十二月三十一日授予本集團的一般銀行融資。

公平值計量：

公平值計量分類為三級公平值層級(定義見香港財務報告準則第13號公平值計量)。公平值計量分類的等級乃經參考以下估值技術所用輸入數據的可觀察性及重要性後釐定：

| | | |
|-----|---|----------------------------|
| 第一級 | — | 相同資產或負債於活躍市場之未經調整報價 |
| 第二級 | — | 資產或負債之可觀察輸入數據(第一級內包含之報價除外) |
| 第三級 | — | 資產或負債之不可觀察輸入數據 |

年內本集團投資物業的詳情及有關公平值計量的資料載列如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

15 INVESTMENT PROPERTY (CONTINUED)

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the year in which they occur. For the Year 2019, the fair value measurements for the investment property are transferred from Level 2 to Level 3 of the fair value hierarchy. The transfer is due to significant adjustments required to be made to the available observable inputs to make it comparable to the investment property of the Group being measured in Year 2019 but no significant adjustment to the inputs was required for the valuation in the Year 2018. For Year 2018, the fair value measurements for the investment property were transferred from Level 3 to Level 2 of the fair value hierarchy due to change of valuation technique from income capitalization method in Year 2017 to direct comparable method in Year 2018. There were no transfers between Level 1 or Level 2 for both years.

The fair value of investment property is determined using direct comparison method by reference to sales price of comparable properties which is publicly available. Relevant comparable properties are analysed and considered with adjustments including location, time, size, building age and others as appropriate. The most significant input into this valuation approach is price per square foot.

The fair value measurement for investment property as at 31 December 2019 is categorized as Level 3 of the fair value hierarchy. Key unobservable inputs used in valuing the investment property as at 31 December 2019 are as follows:

15 投資物業(續)

本集團之政策為公平值層級間於年末發生轉撥時確認轉撥。於二零一九年，投資物業的公平值計量由公平值層級的第二級轉入第三級。該轉撥乃由於需要對可得之可觀察數據作出重大調整，以使其與二零一九年計量之本集團投資物業可資比較，但二零一八年的估值無需對輸入數據作出任何重大調整。於二零一八年，由於估值技術由二零一七年的收入資本化法變更為二零一八年的直接比較法，投資物業之公平值計量由公平值層級的第三級轉入第二級。於兩個年度，第一級與第二級之間概無轉撥。

投資物業的公平值乃透過參考可公開取得的可資比較物業售價，採用直接比較法而釐定。對相關可資比較物業就地點、時間、大小、樓齡及其他(如適用)等調整予以分析及考慮。該估值方法最重要的輸入數據為每平方呎的價格。

於二零一九年十二月三十一日，投資物業的公平值計量分類為公平值層級第三級。於二零一九年十二月三十一日，對投資物業進行估值使用的主要不可觀察輸入數據如下：

| Valuation technique | Key unobservable inputs | As at 31 December 2019 於二零一九年 十二月三十一日 | Inter-relationship between key unobservable inputs and fair value measurement 主要不可觀察輸入數據及 公平值計量之間的相互關係 |
|---------------------|----------------------------------|--|--|
| 估值技術 | 主要不可觀察輸入數據 | | |
| Direct comparison | Market unit rate per square feet | HK\$19,762 to HK\$29,720 | Increase in market unit rate, increase in fair value of the investment property |
| 直接比較法 | 每平方呎市場單位價值 | 19,762港元至29,720港元 | 市場單位價值增加，投資物業的公平值增加 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

15 INVESTMENT PROPERTY (CONTINUED)

The movements during the year ended 31 December 2018 and 2019 in the balance of the Level 3 fair value measurements are as follows:

| | | HK\$'000 千港元 |
|--|-----------------------------|-----------------|
| At 1 January 2018 | 於二零一八年一月一日 | 51,600 |
| Transfer to Level 2 | 轉入第二級 | (51,600) |
| At 31 December 2018 and 1 January 2019 | 於二零一八年十二月三十一日 及二零一九年一月一日 | – |
| Transfer from Level 2 | 轉自第二級 | 54,000 |
| Unrealised loss from fair value adjustment included in profit or loss | 計入損益之公平值調整之未變現虧損 | |
| — Decrease in fair value of investment property | — 投資物業公平值減少 | (2,300) |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 51,700 |

The loss/gains recognised in profit or loss for the years arise from the investment property held at the end of the year.

15 投資物業(續)

於截至二零一八年及二零一九年十二月三十一日止年度，第三級公平值計量結餘之變動如下：

年內於損益確認之虧損／收益產生自年末持有的投資物業。

16 INVENTORIES

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------|------|----------------------------------|----------------------------------|
| Trading inventories | 貿易存貨 | 88,018 | 84,834 |

16 存貨

17 TRADE RECEIVABLES

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--------------------------------|--------|----------------------------------|----------------------------------|
| Trade receivables | 貿易應收賬款 | 498,036 | 508,953 |
| Less: allowance for impairment | 減：減值撥備 | (12,175) | – |
| | | 485,861 | 508,953 |

17 貿易應收賬款

Notes to the Consolidated Financial Statements

綜合財務報表附註

17 TRADE RECEIVABLES (CONTINUED)

The Group's trading terms with its customers are mainly on open account terms, except for new customers, where payment in advance is normally required. The balance of the business is on open account terms which is normally covered by customers' letters of credit or is factored to external financial institutions. The credit terms vary from 1 day to 120 days after the monthly statement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by management. Trade receivables are non-interest-bearing and their carrying amounts approximate to their fair values.

The following is an ageing analysis of trade receivables based on the invoice date:

17 貿易應收賬款(續)

本集團與其客戶的貿易條款主要以掛賬形式進行，惟新客戶一般須預付款項除外。以掛賬方式進行的貿易應收賬款結餘一般附有客戶信用證或保理至外部金融機構。信貸期介乎1日至月報表後120日。本集團對其未收回應收款項維持嚴謹監控，藉以減低信貸風險。管理層會定期審閱逾期結餘。貿易應收賬款為免息，且其賬面值與其公平值相若。

貿易應收賬款按發票日期的賬齡分析如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--------------------------------|--------|----------------------------------|----------------------------------|
| 0-30 days | 0至30日 | 168,870 | 183,335 |
| 31-60 days | 31至60日 | 132,380 | 100,064 |
| 61-90 days | 61至90日 | 90,243 | 87,673 |
| More than 90 days | 90日以上 | 106,543 | 137,881 |
| Less: Allowance for impairment | 減：減值撥備 | 498,036 (12,175) | 508,953 - |
| | | 485,861 | 508,953 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

17 TRADE RECEIVABLES (CONTINUED)

Impairment losses in respect of trade receivables are recorded using an allowance account based on lifetime expected credit loss unless there is no expectation of recovery, in which case the impairment loss is written off against trade receivables directly. Details of impairment assessment of trade receivable for the year ended 31 December 2019 are set out in note 30. The movement in the allowance for doubtful debts during the year is as follows:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------------------------|----------|----------------------------------|----------------------------------|
| At 1 January | 於一月一日 | – | 2,119 |
| Impairment loss recognised | 確認減值虧損 | 12,175 | (2,119) |
| At 31 December | 於十二月三十一日 | 12,175 | – |

At 31 December 2019, trade receivables of the Group with an aggregate carrying amount of HK\$270,857,000 (2018: HK\$367,320,000) have been assigned to banks to secure the general banking facilities of the Group.

17 貿易應收賬款(續)

貿易應收賬款減值虧損採用撥備賬基於全期預期信貸虧損入賬，惟在不期望可收回該款項之情況下，減值虧損直接於貿易應收賬款撇銷。有關截至二零一九年十二月三十一日止年度的貿易應收賬款減值評估的詳情載於附註30。於年內之呆賬撥備變動如下：

於二零一九年十二月三十一日，本集團總賬面值為270,857,000港元(二零一八年：367,320,000港元)之貿易應收賬款已讓渡予銀行，以獲取本集團一般銀行融資。

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-------------------|----------------------------------|----------------------------------|
| Other receivables | 其他應收款項 | 2,354 | 2,277 |
| Deposit for purchase (note i) | 採購按金(附註i) | 2,839 | 60,049 |
| Utilities and other deposits | 水電及其他按金 | 952 | 586 |
| Prepaid expenses | 預付開支 | 2,000 | 3,339 |
| Deposit paid for acquisition of property, plant and equipment | 收購物業、廠房及設備的已付按金 | 1,858 | 1,891 |
| Deposit paid for acquisition of intangible asset (note ii) | 收購無形資產的已付按金(附註ii) | 15,600 | 7,800 |
| Deposit for proposed acquisition of business (note iii) | 建議收購業務的按金(附註iii) | 11,123 | – |
| | | 36,726 | 75,942 |
| Less: amount classified as current assets | 減：分類為流動資產的金額 | (8,145) | (66,251) |
| Amount classified as non-current assets | 分類為非流動資產的金額 | 28,581 | 9,691 |

18 其他應收款項、按金及預付款項

Notes to the Consolidated Financial Statements

綜合財務報表附註

18 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Notes:

- i. In prior years, the Group entered into agency agreements with a supplier of chip products for selling its products and purchase deposits of HK\$9,360,000 were paid. The agency agreements have been expired during the year and the balance of the purchase deposits of HK\$4,325,000 has not been refunded to the Group up to the date of this report. Since there is uncertainty on the recoverability of the purchase deposit, full provision for impairment loss on the purchase deposit was recognised for the Year for the prudence sake.
- ii. It is earnest deposit paid to Vendor for acquisition of certain distributorship rights. On 30 September 2019, the Group entered into the Acquisition Agreement with the Vendor, which allows the Vendor to transfer the distributorship rights of electronic components, other ancillary products and plastic components to the Group at the consideration of US\$5,000,000. The acquisition of distributorship rights is not completed at 31 December 2019.
- iii. It is refundable deposit paid to a third party who is the beneficial owner as to the entire equity interest in the target company established in the PRC. The Group entered into a non-legally binding memorandum of understanding with the owner of the target company, the guarantors, the target company and the target business company in relation to the proposed acquisition on 7 November 2019.

18 其他應收款項、按金及預付款項(續)

附註：

- i. 於過往年度，本集團與芯片供應商訂立代理協議以出售其產品，採購按金9,360,000港元已支付。代理協議於年內屆滿，直至本報告日期，4,325,000港元的採購按金結餘尚未退還予本集團。由於不確定採購按金是否可回收，為審慎起見，已於本年度確認採購按金悉數減值虧損撥備。
- ii. 此乃為收購若干分銷權向賣方支付的誠意金。於二零一九年九月三十日，本集團與賣方訂立收購協議，該協議允許賣方將電子部件、其他配套產品及塑料部件之分銷權以5,000,000美元的代價轉讓予本集團。收購分銷權於二零一九年十二月三十一日尚未完成。
- iii. 此乃為就於中國成立的目標公司之全部權益向第三方支付(為實益擁有人)的可退還按金。於二零一九年十一月七日，本集團與目標公司擁有人、擔保人、目標公司及目標業務公司就建議收購事項訂立一份無法律約束力的諒解備忘錄。

19 BANK BALANCES AND CASH

19 銀行結餘及現金

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------------|---------|----------------------------------|----------------------------------|
| Cash at banks and on hand | 銀行及手頭現金 | 211,809 | 182,639 |

Bank balances and cash comprise cash and short-term deposits held with financial institutions and carry interest at prevailing market rates.

銀行結餘及現金包括現金及存置於金融機構的短期存款，且按現行市場利率計息。

As at 31 December 2019, the Group places approximately HK\$4,539,000 (2018: HK\$9,337,000) in banks in the PRC, the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

於二零一九年十二月三十一日，本集團向國內銀行分別存置約4,539,000港元(二零一八年：9,337,000港元)，匯款受中國政府頒佈的相關外匯管制規則及條例規限。

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綜合財務報表附註

20 TRADE PAYABLES

20 貿易應付賬款

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------------|--------|--|----------------------------------|
| Trade payables | 貿易應付賬款 | 224,950 | 205,889 |

An ageing analysis of the Group's trade payables presented based on the invoice date at the end of each reporting date, is as follows:

本集團於各報告日期末按發票日期呈列的貿易應付賬款的賬齡分析如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-------------------|--------|--|----------------------------------|
| 0–30 days | 0至30日 | 149,451 | 146,716 |
| 31–60 days | 31至60日 | 72,035 | 46,807 |
| 61–90 days | 61至90日 | 2,965 | 11,045 |
| More than 90 days | 90日以上 | 499 | 1,321 |
| | | 224,950 | 205,889 |

21 OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

21 其他應付款項、應計費用及已收按金

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------|-------------|--|----------------------------------|
| Other payables and accruals | 其他應付款項及應計費用 | 42,848 | 24,191 |
| Value added tax payables | 應付增值稅 | 298 | 201 |
| Customer deposits received | 已收客戶按金 | 1,434 | 6,682 |
| Rental deposit received | 已付租賃租金 | 240 | 240 |
| | | 44,820 | 31,314 |

Customer deposits received represents consideration received from customers for goods before the Group recognises the related revenue. Customer deposits of HK\$5,575,000 included in the balance as at 1 January 2019 were recognised as revenue during the Year (2018: HK\$1,256,000).

已收客戶按金指本集團確認相關收益前就貨物向客戶收取的代價。客戶按金5,575,000港元(二零一八年：1,256,000港元)已計入於二零一九年一月一日的結餘，並於本年度確認為收益。

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綜合財務報表附註

22 BANK BORROWINGS

22 銀行借貸

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|----------------------------|----------------------------------|----------------------------------|
| Current liabilities | 流動負債 | | |
| Factoring loans | 保理貸款 | 144,538 | 205,953 |
| Other bank loans | 其他銀行貸款 | 183,053 | 158,804 |
| Bank instalment loans | 銀行分期貸款 | | |
| — portion of loans due for repayment within one year | — 須於一年內償還之貸款部分 | 2,787 | 8,191 |
| — portion of loans due for repayment after one year which contain a repayment on demand clause | — 須於一年後償還之貸款部分 (附有按要求償還條款) | 15,714 | 18,320 |
| | | 346,092 | 391,268 |

- (i) The Group's bank loans are carried at amortised cost. None of the portion of the term loans due for repayment after one year which contain a repayment on demand clause and that is classified as current liability is expected to be settled within one year.

- (ii) Factoring loans are variable-rate borrowings which carry effective rate (which is also equal to contractual interest rate) of 3.12% to 3.91% per annum at 31 December 2019 (2018: 3.92% to 4.97%).

Other bank loans represent import loans, trust receipts loans and revolving loan which are variable-rate borrowings and carry effective interest rate ranging from 3.14% to 4.66% per annum at 31 December 2019 (2018: 3.65% to 5.23%).

Bank instalment loans are variable-rate borrowings and carry effective interest rate of 2.75% to 3.92% per annum at 31 December 2019 (2018: 1.98% to 2.79%).

- (i) 本集團銀行貸款按攤銷成本列賬。預期概無附有按要求償還條款且分類為流動負債之須於一年後償還之定期貸款部分將於一年內結清。

- (ii) 保理貸款屬浮息借貸，且於二零一九年十二月三十一日之實際年利率（亦相當於合約利率）為3.12%至3.91%（二零一八年：3.92%至4.97%）。

其他銀行貸款指進口貸款、信託收據貸款及循環貸款，屬浮息借貸，且於二零一九年十二月三十一日之實際年利率介乎3.14%至4.66%（二零一八年：3.65%至5.23%）。

銀行分期貸款屬浮息借貸，且於二零一九年十二月三十一日之實際年利率介乎2.75%至3.92%（二零一八年：1.98%至2.79%）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

22 BANK BORROWINGS (CONTINUED)

- (iii) During the Year, the Group has transferred the collection right of certain trade receivables to financial institutions under factoring agreements, but such transfers do not qualify for derecognition in the consolidated financial statements. A transferred asset is derecognised when the Group transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity. The factoring facilities are secured by pledge of assets and corporate guarantees executed by the Group and personal guarantee executed by Mr. Pai. Given that the financial institutions are authorised to realise and sell the pledged assets in case of default and guarantee is provided to the transferees, the Group has not transferred the significant risks and rewards relating to the transferred assets to the financial institutions. Accordingly, the transferred assets continue to be recognised in its entirety and the consideration received is recognised as a liability.

The carrying amounts of the transferred assets and their associated liabilities are as follows:

22 銀行借貸(續)

- (iii) 於本年度內，本集團已根據保理協議將若干貿易應收賬款的收回權轉讓予金融機構，但有關轉讓未合資格於綜合財務報表終止確認。當本集團轉讓資產及將資產所有權的絕大部份風險及回報轉讓至另一實體，則終止確認已轉讓資產。保理融資以資產抵押及本集團所作公司擔保及白先生所作個人擔保為抵押品。鑒於金融機構有權在違約及向承讓人提供擔保的情況下變現及出售已抵押資產，故本集團尚未將已轉讓資產的重大風險及回報轉至金融機構。因此，已轉讓資產繼續全面確認及已收代價確認為負債。

已轉讓資產及其相關負債之賬面值如下：

| | | 2019 二零一九年 Trade receivables transferred under factoring agreements 根據保理協議 轉讓之貿易 應收賬款 HK\$'000 千港元 | 2018 二零一八年 Trade receivables transferred under factoring agreements 根據保理協議 轉讓之貿易 應收賬款 HK\$'000 千港元 |
|---|-----------|--|--|
| Carrying amount of transferred assets | 已轉讓資產之賬面值 | 253,688 | 366,711 |
| Carrying amount of associated liabilities | 相關負債之賬面值 | 144,538 | 205,953 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

22 BANK BORROWINGS (CONTINUED)

- (iv) At 31 December 2019, the banking facilities of the Group were secured by trade receivables of the Group with an aggregate carrying amount of HK\$270,857,000 (2018: HK\$367,320,000), the legal charge over the investment property of the Group, leasehold land and buildings of HK\$39,095,000 of the Group (2018: HK\$40,517,000), insurance policy executed by a related company, personal guarantees executed by Mr. Pai, and corporate guarantees executed by the Group.
- (v) At 31 December 2019 and 2018, the bank instalment loans were due for repayment as follows, which are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------------------------|----------|----------------------------------|----------------------------------|
| Within one year | 一年內 | 2,787 | 8,191 |
| After one year but within two years | 一年後但於兩年內 | 2,512 | 2,682 |
| After two years but within five years | 兩年後但五年內 | 5,708 | 6,374 |
| After five years | 五年後 | 7,494 | 9,264 |
| | | 18,501 | 26,511 |

23 DEFERRED TAX ASSETS/LIABILITIES

The net movement of deferred tax assets/(liabilities) are as follows:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-------------------|----------------------------------|----------------------------------|
| Balance at 1 January | 於一月一日之結餘 | (386) | (290) |
| Credited/(charged) to profit or loss (note 11) | 計入／(扣除自) 損益(附註11) | 5,128 | (96) |
| Exchange realignment | 匯兌調整 | 1 | — |
| Balance at 31 December | 於十二月三十一日之結餘 | 4,743 | (386) |

22 銀行借貸(續)

- (iv) 於二零一九年十二月三十一日，本集團銀行融資以總賬面值為270,857,000港元(二零一八年：367,320,000港元)之貿易應收賬款、本集團投資物業之法定押記、本集團租賃土地及樓宇39,095,000港元(二零一八年：40,517,000港元)、一間關連公司所簽立的保單、白先生所作個人擔保及本集團所作公司擔保作抵押。
- (v) 於二零一九年及二零一八年十二月三十一日，銀行分期貸款須根據貸款協議所載預定還款日期償還，且並無計入任何按要求償還條款之影響：

23 遞延稅項資產／負債

遞延稅項資產／(負債)之淨額變動如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

23 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

Deferred tax assets

| | | Provision for impairment 減值撥備 HK\$'000 千港元 | Tax losses 稅項虧損 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|--|--|---------------------------------------|--------------------------------|
| Balance at 1 January 2018, 31 December 2018 and 1 January 2019 | 於二零一八年一月一日、 二零一八年十二月 三十一日及二零一九年 一月一日之結餘 | - | - | - |
| Credited to profit or loss for the year | 計入年內損益 | 744 | 4,418 | 5,162 |
| Balance at 31 December 2019 | 於二零一九年 十二月三十一日之結餘 | 744 | 4,418 | 5,162 |

Deferred tax liabilities

遞延稅項負債

| | | Accelerated tax depreciation 加速稅項折舊 HK\$'000 千港元 | Others 其他 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|--|---|---------------------------------|--------------------------------|
| The Group | 本集團 | | | |
| Balance at 1 January 2018 | 於二零一八年一月一日 之結餘 | 290 | - | 290 |
| Charged to profit or loss | 扣除自損益 | 96 | - | 96 |
| Balance at 31 December 2018 and 1 January 2019 | 於二零一八年 十二月三十一日及 二零一九年一月一日 之結餘 | 386 | - | 386 |
| Charged to profit or loss for the year | 扣除自年內損益 | 2 | 32 | 34 |
| Exchange realignment | 匯兌調整 | - | (1) | (1) |
| Balance at 31 December 2019 | 於二零一九年 十二月三十一日之結餘 | 388 | 31 | 419 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

23 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

Reconciliation to the consolidated statement of financial position

For the purpose of consolidated statement of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--------------------------|--------|----------------------------------|----------------------------------|
| Deferred tax assets | 遞延稅項資產 | 4,868 | - |
| Deferred tax liabilities | 遞延稅項負債 | (125) | (386) |
| | | 4,743 | (386) |

Deferred tax assets not recognised:

The following are the major deferred tax assets not recognised in the consolidated statement of financial position:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------|------|----------------------------------|----------------------------------|
| Tax loss | 稅項虧損 | 1,035 | 983 |

No deferred tax asset has been recognised in respect of the above items due to unpredictability of future profit streams. At 31 December 2019, the Group has unused tax losses of approximately HK\$4,818,000 (2018: HK\$3,934,000) available for offset against future profits. The tax losses will expire on various dates within five years from the reporting dates.

Deferred tax liabilities not recognised:

At 31 December 2019, temporary differences relating to the undistributed profits of a subsidiary amounted to HK\$823,000. Deferred tax liabilities of HK\$41,000 have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of the subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

23 遞延稅項資產／負債(續)

綜合財務狀況表的對賬

為呈列綜合財務狀況表，若干遞延稅項資產及負債已予以抵銷。以下為就財務申報目的所作之遞延稅項結餘分析：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--------------------------|--------|----------------------------------|----------------------------------|
| Deferred tax assets | 遞延稅項資產 | 4,868 | - |
| Deferred tax liabilities | 遞延稅項負債 | (125) | (386) |
| | | 4,743 | (386) |

未確認之遞延稅項資產：

以下為未於綜合財務狀況表確認之主要遞延稅項資產：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------|------|----------------------------------|----------------------------------|
| Tax loss | 稅項虧損 | 1,035 | 983 |

由於無法預測日後溢利來源，故概無就上述項目確認遞延稅項資產。於二零一九年十二月三十一日，本集團之未動用稅項虧損約4,818,000港元(二零一八年：3,934,000港元)可供抵銷未來溢利。稅項虧損將自報告日期起五年內的多個日期到期。

未確認之遞延稅項負債：

於二零一九年十二月三十一日，附屬公司未分派溢利之暫時差額為823,000港元。並未就分派該等保留溢利而應付之稅項確認遞延稅項負債41,000港元，乃因本集團控制該等附屬公司之股息政策，且已確定於可預見未來該等溢利很可能將不會獲分派。

Notes to the Consolidated Financial Statements

綜合財務報表附註

24 SHARE CAPITAL

Details of the share capital of the Company are as follows:

| | | Note | Number of shares 股份數目 | Amount 金額 HK\$ 港元 |
|---|--|------|-----------------------------|----------------------------|
| The Company | 本公司 | | | |
| Ordinary shares of HK\$0.01 each Authorised: | 每股面值0.01港元之普通股 法定： | | | |
| As at 1 January 2018 | 於二零一八年一月一日 | | 38,000,000 | 380,000 |
| Increase of authorised share capital | 增加法定股本 | (a) | 1,962,000,000 | 19,620,000 |
| As at 31 December 2018, 1 January 2019 and 31 December 2019 | 於二零一八年十二月三十一日、 二零一九年一月一日及 二零一九年十二月三十一日 | | 2,000,000,000 | 20,000,000 |
| Issued and allotted: | 已發行及配發： | | | |
| As at 1 January 2018 | 於二零一八年一月一日 | | 1 | – |
| Reorganisation | 重組 | (b) | 99 | 1 |
| Share capitalisation | 股份資本化 | (c) | 749,999,900 | 7,499,999 |
| Global offering of shares | 股份全球發售 | (d) | 250,000,000 | 2,500,000 |
| As at 31 December 2018, 1 January 2019 and 31 December 2019 | 於二零一八年十二月三十一日、 二零一九年一月一日及 二零一九年十二月三十一日 | | 1,000,000,000 | 10,000,000 |

Note:

- (a) On 15 February 2018, the authorised share capital of the Company was increased to HK\$20,000,000 divided into 2,000,000,000 shares of nominal value of HK\$0.01 by the creation of an additional 1,962,000,000 shares of HK\$0.01 each.
- (b) On 15 February 2018, Ace Power and the Company entered into a share swap agreement pursuant to which the Company acquired from Ace Power one share in Apex Team, representing the entire issued share capital of Apex Team, in consideration and exchange for (a) the allotment and issue of 99 Shares to Best Sheen, all credited as fully paid (under the direction of Ace Power); and (b) the crediting as fully paid at par the one nil paid Share held by Best Sheen.
- (c) On 16 March 2018, the Company issued a total of 749,999,900 shares as fully paid at par to Best Sheen by way of capitalisation of an amount of HK\$7,499,999 standing to the credit of the share premium account of the Company.

24 股本

本公司股本的詳情如下：

| | | Note | Number of shares 股份數目 | Amount 金額 HK\$ 港元 |
|---|--|------|-----------------------------|----------------------------|
| The Company | 本公司 | | | |
| Ordinary shares of HK\$0.01 each Authorised: | 每股面值0.01港元之普通股 法定： | | | |
| As at 1 January 2018 | 於二零一八年一月一日 | | 38,000,000 | 380,000 |
| Increase of authorised share capital | 增加法定股本 | (a) | 1,962,000,000 | 19,620,000 |
| As at 31 December 2018, 1 January 2019 and 31 December 2019 | 於二零一八年十二月三十一日、 二零一九年一月一日及 二零一九年十二月三十一日 | | 2,000,000,000 | 20,000,000 |
| Issued and allotted: | 已發行及配發： | | | |
| As at 1 January 2018 | 於二零一八年一月一日 | | 1 | – |
| Reorganisation | 重組 | (b) | 99 | 1 |
| Share capitalisation | 股份資本化 | (c) | 749,999,900 | 7,499,999 |
| Global offering of shares | 股份全球發售 | (d) | 250,000,000 | 2,500,000 |
| As at 31 December 2018, 1 January 2019 and 31 December 2019 | 於二零一八年十二月三十一日、 二零一九年一月一日及 二零一九年十二月三十一日 | | 1,000,000,000 | 10,000,000 |

附註：

- (a) 於二零一八年二月十五日，本公司之法定股本透過額外增設1,962,000,000股每股0.01港元之股份增加至20,000,000港元，分為2,000,000,000股每股面值0.01港元的股份。
- (b) 於二零一八年二月十五日，領威與本公司訂立股份互換協議，據此，本公司自領威收購一股Apex Team股份（相當於Apex Team全部已發行股本），以換取(a)向佳澤配發及發行99股入賬列作繳足的股份（按領威指示）；及(b)將佳澤所持有的一股未繳股款股份按面值入賬列作繳足。
- (c) 於二零一八年三月十六日，本公司已透過將本公司股份溢價賬的7,499,999港元進賬部分撥充資本的方式向佳澤發行合共749,999,900股按面值繳足股份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

24 SHARE CAPITAL (CONTINUED)

Note: (Continued)

- (d) On 16 March 2018, the Company was listed on the Main Board of the Stock Exchange with the Global Offering of ordinary shares of HK\$0.01 each of the Company, including, a public offering in Hong Kong of 125,000,000 shares and an international offering of 125,000,000 shares, in each case at a price of HK\$0.50 per share.

25 RETIREMENT BENEFIT SCHEMES

The Group participates in the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at 5% of the employees' monthly relevant income capped at HK\$30,000. Contributions to the scheme vest immediately. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

In accordance with the rules and regulations in the PRC, the company of the Group in the PRC participates in defined contribution retirement schemes organised by the relevant local government authorities for its employees. This subsidiary is required to contribute certain percentage of the employees' basic salaries and wages to the schemes. The local government authorities undertake to assume the retirement benefits obligations of all existing and future retired employees of this subsidiary. The only obligation of this subsidiary with respect to the scheme is to meet the required contributions under the scheme.

Total contributions paid or payable to the retirement benefit schemes by the Group amounted to HK\$2,845,000 for the year ended 31 December 2019 (2018: HK\$2,513,000), which had been recognised as expense and included in staff costs in the consolidated statements of profit or loss and other comprehensive income.

The Group has no other material obligation for payment of retirement benefits beyond the contributions as described above.

24 股本(續)

附註：(續)

- (d) 於二零一八年三月十六日，本公司於聯交所主板上市，全球發售本公司每股面值0.01港元的普通股，包括香港公開發售125,000,000股股份及國際發售125,000,000股股份，價格各自為每股0.50港元。

25 退休福利計劃

本集團根據香港強制性公積金計劃條例為香港所有合資格僱員參加強積金計劃。強積金計劃為由獨立受託人管理的定額供款退休計劃。根據強積金計劃，本集團及其僱員均須按僱員每月有關收入的5%向計劃作出供款，上限為30,000港元。向計劃作出供款乃即時歸屬。強積金計劃的資產與本集團資產分開持有，資金由受託人控制。

根據中國規則及法規，本集團中國公司為其僱員參加由相關地方政府機關運作的定額供款退休計劃。該附屬公司須就僱員基本薪金及工資之若干百分比向計劃供款。當地政府機關承諾承擔該附屬公司所有現有及日後退休僱員的退休福利責任。該附屬公司就該計劃的唯一責任為根據計劃作出所需供款。

截至二零一九年十二月三十一日止年度，本集團向退休福利計劃已付或應付總供款為2,845,000港元（二零一八年：2,513,000港元），且已確認為開支及計入綜合損益及其他全面收益表的員工成本。

除上述供款外，本集團概無其他重大退休福利支付責任。

Notes to the Consolidated Financial Statements

綜合財務報表附註

26 COMMITMENT

Capital commitments

- (i) The Acquisition Agreement has been entered into between the Group, Vendor and guarantors on 30 September 2019, for the transfer of the distributorship rights from the Vendor at a consideration of US\$5 million. Earnest deposit of US\$2 million (equivalent to HK\$15,600,000) (2018: US\$1million, equivalent to HK\$7,800,000) has been paid to the Vendor. At 31 December 2019, the Group has capital commitment (contracted for) for this acquisition of US\$3 million (equivalent to HK\$23,400,000) (2018: capital commitment authorized but not contracted for this acquisition of not more than US\$4million (equivalent to HK\$31,200,000)).
- (ii) On 7 November 2019, the Company entered into another non-legally binding memorandum of understanding with the owner of a PRC company and the guarantors in relation to the proposed acquisition (the "MOU"). Subject to the parties entering into a formal agreement, it is proposed that the Company will acquire 51% of the equity interest in the target company from the owner. The exact amount of the consideration for the proposed acquisition will be further negotiated and is estimated to be less than RMB110 million. At 31 December 2019, a refundable deposit of RMB10,000,000 (equivalent to HK\$11,123,000) has been paid to the owner of the target company. Please refer to an announcement of the Company dated 7 November 2019 for further details.
- (iii) Commitments for the acquisition of property, plant and equipment is as follows:

26 承擔

資本承擔

- (i) 本集團、賣方及擔保人於二零一九年九月三十日訂立收購協議，內容有關賣方按代價5百萬美元轉讓分銷權。本集團已向賣方支付誠意金2百萬美元(相當於15,600,000港元)(二零一八年：1百萬美元，相當於7,800,000港元)。於二零一九年十二月三十一日，本集團就該收購事項具有已訂約資本承擔3百萬美元(相當於23,400,000港元)(二零一八年：就該收購事項具有法定但未訂約資本承擔不超過4百萬美元(相當於31,200,000港元))。
- (ii) 於二零一九年十一月七日，本公司就建議收購事項與中國公司擁有人及擔保人訂立另一份不具法律約束力諒解備忘錄(「諒解備忘錄」)。當中乃建議本公司將向擁有人收購目標公司51%之股權，惟須待訂立正式協議。建議收購事項之確切代價金額有待進一步磋商，估計為少於人民幣110百萬元。於二零一九年十二月三十一日，已向目標公司擁有人支付可退還按金人民幣10,000,000元(相當於11,123,000港元)。進一步詳情請參閱本公司日期為二零一九年十一月七日之公佈。
- (iii) 收購物業、廠房及設備的承擔如下：

| | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|
| Contracted for but not provided in these consolidated financial statements 已訂約但未於該等綜合財務報表撥備 | - | 820 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

26 COMMITMENT (CONTINUED)

Operating lease commitments

The Group as lessor

The Group leases its investment property under operating lease arrangements. The lease of the investment property is negotiated for a term of 2 years. The lease agreements do not include an extension option. As at 31 December 2019 and 2018, the operating lease receivables are as follows:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-----------------|----------------------------------|----------------------------------|
| Within one year | 一年內 | 600 | 1,440 |
| In the second to fifth years, inclusive | 第二年至第五年(包括首尾兩年) | – | 600 |
| | | 600 | 2,040 |

27 SUBSIDIARIES

Particulars of the subsidiaries are as follows:

27 附屬公司

附屬公司詳情如下：

| Name | Place and date of incorporation | Registered/ issued and fully paid share capital 註冊／已發行 及繳足股本 | Percentage of equity attributable to the Company | Principal activities | Place of Operation |
|--|--|---|---|----------------------|--|
| 名稱 | 註冊成立地點及日期 | | 本公司應佔權益百分比 | 主要業務 | 經營地點 |
| | | | 2019 二零一九年 | 2018 二零一八年 | |
| Apex Team Limited | British Virgin Islands 15 June 2009 英屬處女群島 二零零九年六月十五日 | US\$1 1 美元 | 100 | 100 | Investment holding 投資控股 Hong Kong 香港 |
| Ascent Way International Limited ("Ascent Way") 振啟國際有限公司(「振啟」) | Hong Kong 18 January 2016 香港 二零一六年一月十八日 | HK\$1,000,000 1,000,000 港元 | 72 | 72 | Sales of electronic components 銷售電子元件 Hong Kong 香港 |
| AVT Electronics Corporation 智浩科技股份有限公司 | Taiwan 16 January 2019 台灣 二零一九年一月十六日 | TWD2,063,600 新台幣 2,063,600 元 | 100 | – | Sales of electronic components 銷售電子元件 The ROC 中國台灣 |
| AVT International Limited 香港艾維特國際有限公司 | Hong Kong 7 May 1992 香港 一九九二年五月七日 | HK\$4,999,986 4,999,986 港元 | 100 | 100 | Sales of electronic components, and sales and integration of storage system 銷售電子元件及銷售及集成存儲系統 Hong Kong 香港 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

27 SUBSIDIARIES (CONTINUED)

27 附屬公司(續)

| Name | Place and date of incorporation | Registered/ issued and fully paid share capital | Percentage of equity attributable to the Company | Principal activities | Place of Operation |
|---|---|--|---|---|--------------------|
| 名稱 | 註冊成立地點及日期 | 註冊/已發行 及繳足股本 | 本公司應佔權益百分比 | 主要業務 | 經營地點 |
| | | | 2019 二零一九年 | 2018 二零一八年 | |
| Data Star Inc. | British Virgin Islands 5 January 2016 英屬處女群島 二零一六年一月五日 | US\$2,200,000 2,200,000美元 | 72 | Investment holding 投資控股 | Hong Kong 香港 |
| I-Sky Electronic Limited 天科電子有限公司 | Hong Kong 12 June 2000 香港 二零零零年六月十二日 | HK\$2 2港元 | 100 | Properties holding 持有物業 | Hong Kong 香港 |
| Jumbo Fame Investments Limited 巨名投資有限公司 | British Virgin Islands 9 April 2018 英屬處女群島 二零一八年四月九日 | US\$1 1美元 | 100 | Investment holding 投資控股 | Hong Kong 香港 |
| Shenzhen Lisigao Electronics Company Limited * (Note 1) 深圳麗斯高電子有限公司 (附註1) | The PRC 18 July 2008 中國 二零零八年七月十八日 | HK\$10,000,000 10,000,000港元 | 100 | Sales of electronic components, and sales of storage system and provision of related supporting service 銷售電子元件，及銷售存儲系 統及提供相關輔助服務 | The PRC 中國 |
| Stingray Technology (HK) Company Limited 香港智宇騰科技有限公司 | Hong Kong 3 August 2018 香港 二零一八年八月三日 | HK\$1 1港元 | 100 | Sales of electronic components 銷售電子元件 | Hong Kong 香港 |
| Triumphal Raise Limited 凱擎有限公司 | British Virgin Islands 22 August 2018 英屬處女群島 二零一八年八月二十二日 | US\$100 100美元 | 100 | Investment holding 投資控股 | Hong Kong 香港 |
| Wise King Electronics Limited 智成電子有限公司 | Hong Kong 23 November 2017 香港 二零一七年十一月二十三日 | HK\$1 1港元 | 100 | Sale of electronic components 銷售電子元件 | Hong Kong 香港 |
| 深圳智宇騰科技有限公司 (Note 1) (附註1) | The PRC 15 November 2018 中國 二零一八年十一月十五日 | HKD3,000,000 3,000,000港元 | 100 | Technical development, sales of electronic products, computer hardware and software and accessories 電子產品、計算機軟硬件及 配件的技術開發及銷售 | The PRC 中國 |
| 深圳振啟電子有限公司 (Note 1) (附註1) | The PRC 9 July 2019 中國 二零一九年七月九日 | HK\$999,850 999,850港元 | 72 | Inactive 無業務 | The PRC 中國 |

Note:

1 The subsidiaries are registered as wholly-foreign-owned enterprises under the PRC law.

* The English name is translated for identification purpose only.

附註：

1 該等附屬公司根據中國法律註冊成為外商獨資企業。

* 英文名稱僅供識別。

Notes to the Consolidated Financial Statements

綜合財務報表附註

27 SUBSIDIARIES (CONTINUED)

All the subsidiaries of the Company are limited liability companies.

Details of non-wholly owned subsidiary that have material non-controlling interests:

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests:

27 附屬公司(續)

本公司所有附屬公司均為有限責任公司。

擁有重大非控股權益之非全資附屬公司詳情：

下表列出擁有重大非控股權益之本集團非全資附屬公司之詳情：

| Name of subsidiary 附屬公司名稱 | Place of incorporation/ operation 註冊成立／經營地點 | Proportion of ownership interests and voting rights held by non-controlling interests 非控股權益持有之 擁有權權益及投票權比例 | |
|---|---|--|----------------------------------|
| | | 2019 二零一九年 | 2018 二零一八年 |
| Ascent Way International Limited 振啟國際有限公司 | Hong Kong 香港 | 28% | 28% |
| | | Year ended 31 December 截至十二月三十一日止年度 | |
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Profit allocated to non-controlling interests | 分配至非控股權益之溢利 | 8,113 | 10,673 |
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Accumulated non-controlling interests | 累計非控股權益 | 21,221 | 19,005 |

Summarised financial information in respect of Ascent Way is set out below. The summarised financial information below represents amounts before intragroup eliminations.

有關振啟之財務資料概要載列如下。下文之財務資料概要乃指集團內對銷前之金額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

27 SUBSIDIARIES (CONTINUED)

Summarised statement of financial position of Ascent Way

27 附屬公司(續)

振啟之財務狀況表概要

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------------------------|----------|--|----------------------------------|
| Non-current assets | 非流動資產 | 1,432 | 15 |
| Current assets | 流動資產 | 339,173 | 337,596 |
| Current liabilities | 流動負債 | (264,764) | (269,735) |
| Net current assets | 流動資產淨值 | 74,409 | 67,861 |
| Total assets less current liabilities | 總資產減流動負債 | 75,841 | 67,876 |
| Non-current liabilities | 非流動負債 | (51) | (2) |
| Total equity | 總權益 | 75,790 | 67,874 |
| Attributable to | 以下應佔 | | |
| — the Group | — 本集團 | 54,569 | 48,869 |
| — non-controlling interests | — 非控股權益 | 21,221 | 19,005 |
| | | 75,790 | 67,874 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

27 SUBSIDIARIES (CONTINUED)

Summarised statement of profit or loss and other comprehensive income of Ascent Way

27 附屬公司(續)

振啟之損益及其他全面收益表概要

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|----------------|----------------------------------|----------------------------------|
| Revenue | 收益 | 1,147,091 | 1,892,350 |
| Gross profit | 毛利 | 54,347 | 65,080 |
| Other incomes | 其他收入 | 1,567 | 1,470 |
| Expenses | 開支 | (21,187) | (20,887) |
| Profit before tax | 除稅前溢利 | 34,727 | 45,663 |
| Income tax expenses | 所得稅開支 | (5,753) | (7,547) |
| Profit for the year | 年內溢利 | 28,974 | 38,116 |
| Profit and total comprehensive income attributable to: | 以下應佔溢利及全面收益總額： | | |
| — the Group | — 本集團 | 20,861 | 27,443 |
| — non-controlling interests | — 非控股權益 | 8,113 | 10,673 |
| | | 28,974 | 38,116 |
| Dividends paid to non-controlling interests | 支付予非控股權益之股息 | 5,897 | 2,184 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

27 SUBSIDIARIES (CONTINUED)

Summarised statement of cash flows of Ascent Way

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-----------------|--|----------------------------------|
| Net cash inflow from operating activities | 經營活動流入現金淨額 | 66,062 | 3,360 |
| Net cash outflow from investing activities | 投資活動流出現金淨額 | (9,411) | – |
| Net cash (outflow)/inflow from financing activities | 融資活動(流出)/流入現金淨額 | (25,120) | 22,656 |
| Net increase in cash and cash equivalents | 現金及現金等價物增加淨額 | 31,531 | 26,016 |
| Cash and cash equivalents at beginning of the year | 年初現金及現金等價物 | 59,673 | 33,657 |
| Cash and cash equivalents at end of the year | 年末現金及現金等價物 | 91,204 | 59,673 |

Financial support

As at 31 December 2019 and 2018, AVT has issued financial guarantee to banks in respect of banking facilities granted to Ascent Way.

27 附屬公司(續)

振啟之現金流量表概要

財務支援

於二零一九年及二零一八年十二月三十一日，艾維特已就振啟獲授之銀行融資向銀行提供財務擔保。

Notes to the Consolidated Financial Statements

綜合財務報表附註

28 RELATED PARTY TRANSACTIONS

In addition to the balances with related parties set out in the consolidated statements of financial position and respective notes, the Group had the following material transactions with related parties during the year:

(a) Transactions with related parties

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-----------------------------------|----------------------------------|----------------------------------|
| Mr. Lee Bing Kwong (note i) — Rental paid | 李秉光先生(附註i) — 已付租金 | 789 | 825 |
| Nicegoal Limited (note ii) — Rental paid | Nicegoal Limited (附註ii) — 已付租金 | 964 | 546 |

Notes:

- (i) The rental expenses were based on the tenancy agreement entered by the Group and Mr. Lee.
- (ii) Nicegoal Limited is controlled by Mr. Lee. The rental expenses were based on the tenancy agreement entered by the Group and Nicegoal Limited.

Rental paid to Mr. Lee and Nicegoal Limited were de minimis continuing connected transactions exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

At 31 December 2019 and 2018, the banking facilities of the Group were secured by insurance policy executed by a related company and personal guarantee executed by Mr. Pai. Details of which were set out in note 22.

(b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including the amounts paid to the Company's director as disclosed in note 10(a) is as follows:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--------------|----------------------------------|----------------------------------|
| Short-term employee benefits | 短期僱員福利 | 11,729 | 12,451 |
| Contributions to defined contribution retirement benefits scheme | 定額供款退休福利計劃供款 | 200 | 153 |
| | | 11,929 | 12,604 |

28 關連方交易

除綜合財務狀況表及有關附註所載之關連方結餘外，本集團於年內與關連方進行以下重大交易：

(a) 關連方交易

| | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| Mr. Lee Bing Kwong (note i) — Rental paid | 789 | 825 |
| Nicegoal Limited (note ii) — Rental paid | 964 | 546 |

附註：

- (i) 租金開支乃根據本集團與李先生訂立的租約而定。
- (ii) Nicegoal Limited 由李先生控制。租金開支乃根據本集團與Nicegoal Limited訂立的租約而定。

支付予李先生及Nicegoal Limited的租金構成最低豁免水平的持續關連交易，並獲豁免遵守上市規則第14A章項下的股東批准、年度審閱及所有披露規定。

於二零一九年及二零一八年十二月三十一日，本集團銀行融資以一間關連公司所簽立的保單以及白先生所作個人擔保作抵押。有關詳情載於附註22。

(b) 主要管理人員報酬

本集團主要管理人員薪酬(包括附註10(a)披露之支付予本公司董事款項)如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--------------|----------------------------------|----------------------------------|
| Short-term employee benefits | 短期僱員福利 | 11,729 | 12,451 |
| Contributions to defined contribution retirement benefits scheme | 定額供款退休福利計劃供款 | 200 | 153 |
| | | 11,929 | 12,604 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

29 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balances. The overall strategy remains unchanged during the Year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure periodically. The Group considers the cost of capital and risk associated with each class of capital, and will balance its overall capital structure through payment of dividends and raising of new capital.

29 資本風險管理

本集團管理其資本，以確保本集團旗下實體可持續經營業務，同時透過優化債務及股本結餘，為股東帶來最大回報。年內，本集團的整體策略維持不變。

本集團的資本架構包括本公司擁有人應佔權益，包括已發行股本及儲備。

本集團管理層定期檢討資本架構。本集團考慮資金成本及各類資本有關的風險，並將透過支付股息及籌集新資本平衡其整體資本架構。

30 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amounts of the financial assets and liabilities as at the end of reporting period are as follows:

30 金融工具

(a) 金融工具的分類

於各報告期末的金融資產及負債的賬面值載列如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-------------------------|----------------------------------|----------------------------------|
| Financial assets | 金融資產 | | |
| Amortised cost: | 攤銷成本： | | |
| Trade receivables | 貿易應收賬款 | 485,861 | 508,953 |
| Financial assets included in other receivables, deposits and prepayments | 計入其他應收款項、按金及預付款項之金融資產 | 2,354 | 2,277 |
| Bank balances and cash | 銀行結餘及現金 | 211,809 | 182,639 |
| | | 700,024 | 693,869 |
| Financial liabilities | 金融負債 | | |
| Amortised cost: | 攤銷成本： | | |
| Trade payables | 貿易應付賬款 | 224,950 | 205,889 |
| Financial liabilities included in other payables, accruals and deposit received | 計入其他應付款項、應計費用及已收按金之金融負債 | 41,525 | 22,922 |
| Lease liabilities | 租賃負債 | 2,975 | – |
| Bank borrowings | 銀行借貸 | 346,092 | 391,268 |
| | | 615,542 | 620,079 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are described below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is USD. The Group currently does not have a foreign currency hedging policy with respect to its foreign exchange exposure. However, management monitors foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arises.

The following table details the Group's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in USD. For presentation purpose, the amounts of the exposure are shown in HKD, translated using the spot rate at the end of reporting period.

30 金融工具(續)

(b) 金融風險管理目標及政策

本集團活動面對多種財務風險：市場風險(包括貨幣風險及利率風險)、信貸風險及流動資金風險。如何減輕該等風險的政策載於下文。管理層管理及監察該等風險，以確保按及時及有效的方式實施適當的措施。

(i) 貨幣風險

本集團主要因以相關業務的功能貨幣以外的貨幣計值的銷售及採購而面臨外幣風險。導致此風險的貨幣為美元。本集團現時並無制定外匯風險有關的外幣對沖政策。然而，管理層會監控外匯風險，並將於需要時考慮對沖重大外匯風險。

下表詳列本集團於各報告期末所面臨因以美元計值的已確認資產或負債而產生的貨幣風險。為呈列目的，風險金額乃以港元列示，使用報告期末的匯率換算。

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-------------------------|----------------------------------|----------------------------------|
| Trade receivables | 貿易應收賬款 | 441,250 | 488,703 |
| Financial assets included in other receivables, deposits and prepayments | 計入其他應收款項、按金及預付款項之金融資產 | 1,683 | — |
| Bank balances and cash | 銀行結餘及現金 | 189,018 | 169,048 |
| Trade payables | 貿易應付賬款 | (200,004) | (188,019) |
| Financial liabilities included in other payables, accruals and deposit received | 計入其他應付款項、應計費用及已收按金之金融負債 | (35,492) | (14,971) |
| Bank borrowings | 銀行借貸 | (309,686) | (364,757) |
| Net exposure arising from recognised assets and liabilities | 已確認資產及負債產生之風險淨額 | 86,769 | 90,004 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Currency risk (Continued)

Foreign currency sensitivity analysis

The Group mainly exposes to foreign exchange fluctuation of the currency of USD against the currency of HKD. The Directors consider that the Group's exposure to USD does not give rise to significant foreign currency risk on the ground that HKD is pegged to USD. Therefore, no sensitivity analysis of USD against the functional currency of the respective group entity is disclosed.

(ii) Interest rate risk

The Group's exposure to cash flow interest rate risk arises primarily from its variable-rate bank deposits and bank borrowings.

The Group currently does not have any interest rate hedging policy. However, the management monitors the Group's exposure to interest rate risk on an ongoing basis and will consider hedging interest rate risk should the need arises.

Interest rate sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates for the Group's variable-rate bank deposits and bank borrowings at the end of reporting period. The analysis is prepared assuming the amount of these assets and liabilities outstanding at the end of reporting period were outstanding for the whole period. A 100 basis points increase or decrease in interest rates 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. The analysis has been performed on the same basis for 2018.

30 金融工具(續)

(b) 金融風險管理目標及政策(續)

(i) 貨幣風險(續)

外幣敏感度分析

本集團主要面臨美元兌港元的外匯波動風險。董事認為，鑒於港元與美元掛鈎，本集團面臨之美元風險不會造成重大外匯風險。因此，概無披露美元兌各集團實體功能貨幣之敏感度分析。

(ii) 利率風險

本集團承受之現金流量利率風險主要來自其浮息銀行存款及銀行借貸。

本集團現時概無任何利率對沖政策。然而，管理層會持續監控本集團利率風險，並將於需要時考慮對沖利率風險。

利率敏感度分析

以下敏感度分析乃根據報告期末本集團之浮息銀行存款及銀行借貸所帶來的利率風險編製。於編製分析時假設於報告期末結欠的該等資產及負債金額於整段期間內結欠。利率上調或下調100個基點於向主要管理層成員內部報告利率風險時使用，亦為管理層對利率合理可能變動的評估。於二零一八年的分析亦以相同基準編製。

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(ii) Interest rate risk (Continued)

Interest rate sensitivity analysis (Continued)

At the end of the reporting period, if interest rates had been 100 basis points (2018: 100 basis points) higher/lower in respect of the Group's variable rate bank deposits and bank borrowings, with all other variables held constant, there would decrease/increase the Group's post-tax profit and equity in 2019 by approximately HK\$1,792,000 (2018: HK\$3,099,000).

(iii) Credit risk

The Group's credit risk is primarily attributable to trade receivables, other receivables and bank deposits. As at 31 December 2019 and 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position without taking account of any factoring that do not qualify for derecognition in the consolidated financial statements. As at 31 December 2019, trade receivables amounting to HK\$253,688,000 (2018: HK\$366,711,000) has been transferred to financial institutions under factoring agreements.

In respect of trade receivables, the Group has a credit policy in place and will perform credit evaluations on all customers requiring credit over a certain amount. Certain trade receivable balances on open account terms are covered by customers' letters of credit or are factored to external financial institutions.

30 金融工具(續)

(b) 金融風險管理目標及政策(續)

(ii) 利率風險(續)

利率敏感度分析(續)

於報告期末，倘本集團利率可變的銀行存款及銀行借貸的利率上調／下調100個基點(二零一八年：100個基點)，而其他變量維持不變，本集團於二零一九年的稅後溢利及權益將分別減少／增加約1,792,000港元(二零一八年：3,099,000港元)。

(iii) 信貸風險

本集團信貸風險主要來自貿易應收賬款、其他應收款項及銀行存款。於二零一九年及二零一八年十二月三十一日，因對手方未能履行責任而將對本集團造成財務損失之最高信貸風險為綜合財務狀況表內呈列的有關已確認金融資產的賬面值，未計及任何不合資格於綜合財務報表終止確認之任何保理。於二零一九年十二月三十一日，金額為253,688,000港元(二零一八年：366,711,000港元)的貿易應收賬款乃根據保理協議轉讓予金融機構。

就貿易應收賬款而言，本集團已制定適當的信貸政策並將對所有要求獲得超過某一數額信貸的客戶進行信貸評估。以掛賬方式進行的若干貿易應收賬款結餘均附有客戶信用證或保理至外部金融機構。

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt regularly to ensure that adequate allowance for impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under expected credit loss model upon application of HKFRS 9 on trade receivables. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group measures loss allowances for trade receivables based on lifetime expected credit losses, 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.

As at 31 December 2019, allowance for impairment of HK\$12,175,000 (2018: nil) was recognised in respect of trade receivables. The following table provides information about the Group's exposure to credit risk and expected credit losses for trade receivables:

| | | 2019 二零一九年 | | | 2018 二零一八年 |
|---------------------------|----------|--------------------------------|--|---|--|
| | | Expected loss rate 預期虧損率 | Gross carrying amount 賬面總值 HK\$'000 千港元 | Allowance for impairment 減值撥備 HK\$'000 千港元 | Gross carrying amount 賬面總值 HK\$'000 千港元 |
| 0 to 3 months past due | 逾期0至3個月 | 0.30% | 154,950 | 464 | 181,942 |
| 4 to 12 months past due | 逾期4至12個月 | 2.99% | 11,420 | 342 | 40,445 |
| More than 1 year past due | 逾期1年以上 | 25.47% | 44,634 | 11,369 | – |
| | | | 211,004 | 12,175 | 222,387 |

30 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

(iii) 信貸風險 (續)

為盡量減低信貸風險，本集團定期審閱各個別貿易債務的可收回金額，以確保為不可收回金額作出充足減值虧損撥備。此外，本集團於應用香港財務報告準則第9號後按預期信貸虧損模式就貿易應收賬款進行減值評估。就此而言，本集團管理層認為本集團信貸風險已大幅降低。

本集團根據全期預期信貸虧損計量貿易應收賬款的虧損撥備，並以撥備矩陣計算。由於本集團的過往信貸虧損經驗並未表明不同客戶分部的虧損模式存在顯著差異，故按過期狀況計算的虧損撥備不會將本集團的不同客戶群作進一步區分。

於二零一九年十二月三十一日，就貿易應收賬款確認減值撥備12,175,000港元（二零一八年：零）。下表載列有關本集團所面臨信貸風險及貿易應收賬款預期信貸虧損的資料：

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

For the year ended 31 December 2018, the expected credit losses rate for trade receivables was minimal, given there was no history of significant defaults from customers and insignificant impact from forward-looking estimates. The Group assessed that there was no significant loss allowance recognised at 31 December 2018.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Increase in trade debt past due more than 1 year resulted in an increase in allowance for impairment.

The Group has concentration of credit risk as the Group's largest trade debtor accounted for 21% of its total trade receivables as at 31 December 2019 (2018: 11%). In addition, the Group's top five major customers accounted for 44% of its total trade receivables as at 31 December 2019 (2018: 34%).

The credit risks of financial assets included in other receivables are low as the Group has not had any significant loss arising from non-performance by the counterparties in the past and management does not expect so in the future. The management assessed that the expected credit losses for other receivable is not significant.

30 金融工具(續)

(b) 金融風險管理目標及政策(續)

(iii) 信貸風險(續)

截至二零一八年十二月三十一日止年度，鑒於客戶並無重大拖欠記錄，且前瞻性估計的影響並不重大，故貿易應收賬款的預期信貸虧損率屬低。本集團評估，於二零一八年十二月三十一日並無確認重大虧損撥備。

預期虧損率乃基於過去3年的實際虧損經驗。本集團已對該等利率進行調整，以反映收集歷史數據期間經濟狀況、目前狀況與本集團對應收款項預計年期的經濟狀況的意見之間的差異。

逾期1年以上的貿易債務增加導致減值撥備增加。

於二零一九年十二月三十一日，本集團最大貿易債務人佔其貿易應收賬款總額21%（二零一八年：11%），故本集團信貸風險集中。此外，於二零一九年十二月三十一日，本集團五大主要客戶佔其貿易應收賬款總額44%（二零一八年：34%）。

計入其他應收款項的金融資產的信貸風險為低，原因為本集團過往並無由於交易對手不履約而產生任何重大損失，而管理層預期未來亦不會發生此情況。管理層將其他應收款項的預期信貸虧損評為不重大。

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The credit risk for liquid funds is limited because such amounts are placed with various banks with good credit ratings.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 17.

(iv) Liquidity risk

The Group's liquidity position is monitored closely by the management of the Group. 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 to meet its liquidity requirements in the short and longer term.

During the Year, the Group financed its working capital requirements principally by funds generated from operations and bank borrowings.

The following table details the Group's contractual maturities at the end of reporting period for its financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

30 金融工具(續)

(b) 金融風險管理目標及政策(續)

(iii) 信貸風險(續)

流動資金的信貸風險有限，原因為該等款項存置於多個信譽評級較高的銀行。

有關本集團因貿易應收賬款而面臨信貸風險的進一步量化披露載於附註17。

(iv) 流動資金風險

本集團之管理層會密切監察本集團之流動資金狀況。在管理流動資金風險方面，本集團監控及維持管理層視為充足之現金及現金等價物水平，以為本集團之營運撥資及滿足其短期及較長期的流動資金需求。

於本年度，本集團主要透過營運產生的資金及銀行借貸滿足其營運資金需求。

下表詳述本集團於報告期末金融負債之合約到期分析。下表乃根據金融負債之未貼現現金流量，並以本集團須付款的最早日期為基準編製。表內包括利息及主要現金流量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iv) Liquidity risk (Continued)

30 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

(iv) 流動資金風險 (續)

| | | Repayable on demand or within 1 year 須按要求或 於一年內償還 HK\$'000 千港元 | More than 1 year 超過一年 HK\$'000 千港元 | Total undiscounted cash flows 未貼現現金 流量總額 HK\$'000 千港元 | Carrying amount 賬面值 HK\$'000 千港元 |
|---|---------------------------------|---|--|---|--|
| As at 31 December 2019 | 於二零一九年 十二月三十一日 | | | | |
| Trade payables | 貿易應付賬款 | 224,950 | – | 224,950 | 224,950 |
| Financial liabilities included in other payables, accruals and deposit received | 計入其他應付款項、 應計費用及已收 按金之金融負債 | 41,525 | – | 41,525 | 41,525 |
| Lease liabilities | 租賃負債 | 2,257 | 813 | 3,070 | 2,975 |
| Bank borrowings (note 1) | 銀行借貸 (附註1) | 346,092 | – | 346,092 | 346,092 |
| | | 614,824 | 813 | 615,637 | 615,542 |

| | | Repayable on demand or within 1 year 須按要求或 於一年內償還 HK\$'000 千港元 | More than 1 year 超過一年 HK\$'000 千港元 | Total undiscounted cash flows 未貼現現金 流量總額 HK\$'000 千港元 | Carrying amount 賬面值 HK\$'000 千港元 |
|---|---------------------------------|---|--|---|--|
| As at 31 December 2018 | 於二零一八年 十二月三十一日 | | | | |
| Trade payables | 貿易應付賬款 | 205,889 | – | 205,889 | 205,889 |
| Financial liabilities included in other payables, accruals and deposit received | 計入其他應付款項、 應計費用及已收 按金之金融負債 | 22,922 | – | 22,922 | 22,922 |
| Bank borrowings (note 1) | 銀行借貸 (附註1) | 391,268 | – | 391,268 | 391,268 |
| | | 620,079 | – | 620,079 | 620,079 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

30 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iv) Liquidity risk (Continued)

Note 1:

Borrowings with a repayment on demand clause are included in the "Repayable on demand or within 1 year" time band in the above maturity analysis. As at 31 December 2019, the aggregate undiscounted principal amount of these borrowings amounted to HK\$201,554,000 (2018: HK\$185,315,000). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

In accordance with the terms of the loans which contain a repayment on demand clause, the maturity profile of these loans as at the end of reporting period, based on the contractual undiscounted payment according to the scheduled repayment dates, is as follows:

| | | Within 1 year 一年內 HK\$'000 千港元 | 1 to 5 years 一至五年 HK\$'000 千港元 | Over 5 years 超過五年 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|------------------------|-------------------|--|---|---|--------------------------------|
| As at 31 December 2019 | 於二零一九年 十二月三十一日 | 186,985 | 9,522 | 8,188 | 204,695 |
| As at 31 December 2018 | 於二零一八年 十二月三十一日 | 168,103 | 10,403 | 10,098 | 188,604 |

(c) Fair value of financial instruments

The management of the Group considers that the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

31 CONTINGENT LIABILITIES

As at 31 December 2019 and 2018, the Group did not have any material contingent liabilities.

30 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

(iv) 流動資金風險 (續)

附註1：

於上述到期日分析內附有按要求償還條款的借貸計入「須按要求或於一年內償還」時段。於二零一九年十二月三十一日，該等借貸的未貼現金總額為201,554,000港元(二零一八年：185,315,000港元)。經計及本集團的財務狀況，董事認為，銀行不大可能行使其酌情權要求即時還款。董事認為，該等銀行貸款將根據貸款協議所載預定還款日期償還。

根據附有按要求償還條款的貸款條款，該等貸款於報告期末的到期情況(按合約未貼現付款及根據預定還款日期)如下：

(c) 金融工具公平值

本集團管理層認為，於綜合財務狀況表內列賬的本集團金融資產及金融負債的賬面值與各自公平值相若。

31 或然負債

於二零一九年及二零一八年十二月三十一日，本集團並無任何重大或然負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

32 綜合現金流量表附註

融資活動所產生負債的對賬

| | | Amounts due to related parties 應付關連方款項 HK\$'000 千港元 | Bank borrowings 銀行借貸 HK\$'000 千港元 | Lease liabilities 租賃負債 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|------------------|--|---|---|--------------------------------|
| Balance at 1 January 2018 | 於二零一八年一月一日的結餘 | 1,560 | 479,486 | – | 481,046 |
| <i>Changes from financing activities:</i> | <i>融資活動的變動：</i> | | | | |
| New bank instalment loans raised | 新籌集的銀行分期貸款 | – | 12,800 | – | 12,800 |
| Repayment of bank instalment loans | 償還銀行分期貸款 | – | (14,381) | – | (14,381) |
| Net decrease in factoring loans | 保理貸款減少淨額 | – | (19,047) | – | (19,047) |
| Net decrease in other bank borrowings | 其他銀行借貸減少淨額 | – | (67,442) | – | (67,442) |
| Interests on bank borrowings paid | 已付銀行借貸利息 | – | (18,293) | – | (18,293) |
| Repayment to related parties | 償還關連方款項 | (1,560) | – | – | (1,560) |
| Total changes from financing activities | 融資活動的變動總額 | (1,560) | (106,363) | – | (107,923) |
| <i>Other changes:</i> | <i>其他變動：</i> | | | | |
| Finance costs charged to Profit or loss (note 8) | 於損益扣除的融資成本 (附註8) | – | 18,293 | – | 18,293 |
| Total other changes | 其他變動總額 | – | 18,293 | – | 18,293 |
| Bank overdrafts excluded | 已除外的銀行透支 | – | (148) | – | (148) |
| Balance at 31 December 2018 | 於二零一八年十二月三十一日的結餘 | – | 391,268 | – | 391,268 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

32 綜合現金流量表附註(續)

| | | Amounts due to related parties 應付關連方款項 HK\$'000 千港元 | Bank borrowings 銀行借貸 HK\$'000 千港元 | Lease liabilities 租賃負債 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|------------------|--|---|---|--------------------------------|
| Balance at 1 January 2019 | 於二零一九年一月一日的結餘 | - | 391,268 | - | 391,268 |
| Changes from financing activities: | 融資活動的變動： | | | | |
| New bank instalment loans raised | 新籌集的銀行分期貸款 | - | 1,663 | - | 1,663 |
| Repayment of bank instalment loans | 償還銀行分期貸款 | - | (9,673) | - | (9,673) |
| Net decrease in factoring loans | 保理貸款減少淨額 | - | (61,415) | - | (61,415) |
| Net increase in other bank borrowings | 其他銀行借貸增加淨額 | - | 24,249 | - | 24,249 |
| Interests on bank borrowings paid | 已付銀行借貸利息 | - | (7,019) | - | (7,019) |
| Capital element of lease rentals paid | 已付租賃租金資本部分 | - | - | (1,359) | (1,359) |
| Interest element of lease rentals paid | 已付租賃租金利息部分 | - | - | (102) | (102) |
| Total changes from financing activities | 融資活動的變動總額 | - | (52,195) | (1,461) | (53,656) |
| Other changes: | 其他變動： | | | | |
| Increase in lease liabilities from entering into new leases during the year | 年內訂立新租賃產生的租賃負債增加 | - | - | 4,334* | 4,334 |
| Finance costs charged to Profit or loss (note 8) | 於損益扣除的融資成本(附註8) | - | 7,019 | 102 | 7,121 |
| Total other changes | 其他變動總額 | - | 7,019 | 4,436 | 11,455 |
| Balance at 31 December 2019 | 於二零一九年十二月三十一日的結餘 | - | 346,092 | 2,975 | 349,067 |

* Non-cash transactions

* 非現金交易

Notes to the Consolidated Financial Statements

綜合財務報表附註

33 STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

33 本公司的財務狀況表及儲備

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-------------------------------|---------------|----------------------------------|----------------------------------|
| Non-current assets | 非流動資產 | | |
| Investment in subsidiaries | 於附屬公司的投資 | 6,679 | 4,012 |
| Total non-current assets | 非流動資產總值 | 6,679 | 4,012 |
| Current assets | 流動資產 | | |
| Amounts due from subsidiaries | 應收附屬公司款項 | 126,208 | 130,307 |
| Prepayments | 預付款項 | 260 | 255 |
| Bank balances | 銀行結餘 | 71 | 300 |
| Total current assets | 流動資產總值 | 126,539 | 130,862 |
| Current liabilities | 流動負債 | | |
| Other payables, accruals | 其他應付款項、應計費用 | 7,462 | 4,539 |
| Amount due to subsidiaries | 應付附屬公司款項 | 11,224 | 2,953 |
| Total current liabilities | 流動負債總額 | 18,686 | 7,492 |
| Net current assets | 流動資產淨額 | 107,853 | 123,370 |
| NET ASSETS | 資產淨額 | 114,532 | 127,382 |
| CAPITAL AND RESERVES | 資本及儲備 | | |
| Share capital | 股本 | 10,000 | 10,000 |
| Reserves | 儲備 | 104,532 | 117,382 |
| TOTAL EQUITY | 總權益 | 114,532 | 127,382 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

33 STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's issued capital and reserve

33 本公司的財務狀況表及儲備(續)

本公司的已發行股本及儲備變動

| | | Share capital 股本 HK\$'000 千港元 | Share Premium 股份溢價 HK\$'000 千港元 | Accumulated losses 累計虧損 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|----------------------|-------------------|---|---|--|--------------------------------|
| At 1 January 2018 | 於二零一八年一月一日 | – | – | (694) | (694) |
| Profit for the year | 年內溢利 | – | – | 14,132 | 14,132 |
| Issue of new shares | 發行新股份 | 2,500 | 122,500 | – | 125,000 |
| Share issue expenses | 股份發行開支 | – | (11,056) | – | (11,056) |
| Capitalisation issue | 資本化發行 | 7,500 | (7,500) | – | – |
| At 31 December 2018 | 於二零一八年 十二月三十一日 | 10,000 | 103,944 | 13,438 | 127,382 |
| At 1 January 2019 | 於二零一九年一月一日 | 10,000 | 103,944 | 13,438 | 127,382 |
| Loss for the year | 年內虧損 | – | – | (6,850) | (6,850) |
| Dividend paid | 已付股息 | – | – | (6,000) | (6,000) |
| At 31 December 2019 | 於二零一九年 十二月三十一日 | 10,000 | 103,944 | 588 | 114,532 |

Five-Year Financial Summary

五年財務概要

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

於過去五個財政年度的本集團業績以及資產、負債及非控股權益的概要載列如下。

RESULTS

業績

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 | 2015 二零一五年 HK\$'000 千港元 |
|-----------------------------|------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Revenue | 收益 | 1,936,844 | 3,717,611 | 2,840,308 | 1,702,322 | 1,121,206 |
| (Loss)/profit before tax | 除稅前(虧損)/溢利 | (8,249) | 42,380 | 58,009 | 53,817 | 29,314 |
| Tax | 稅項 | (863) | (9,098) | (12,642) | (8,982) | (4,861) |
| (Loss)/profit for the year | 年內(虧損)/溢利 | (9,112) | 33,282 | 45,367 | 44,835 | 24,453 |
| Attributable to: | 以下人士應佔： | | | | | |
| — Owners of the Company | — 本公司擁有人 | (16,985) | 22,614 | 34,986 | 39,741 | 24,453 |
| — Non-controlling interests | — 非控股權益 | 7,873 | 10,668 | 10,381 | 5,094 | — |
| | | (9,112) | 33,282 | 45,367 | 44,835 | 24,453 |

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

資產、負債及非控股權益

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 | 2015 二零一五年 HK\$'000 千港元 |
|--|------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Total assets | 資產總值 | 935,506 | 962,408 | 1,081,440 | 600,026 | 311,256 |
| Total liabilities | 負債總額 | (627,124) | (632,676) | (881,106) | (447,859) | (203,945) |
| Non-controlling interests | 非控股權益 | (25,840) | (23,866) | (15,382) | (5,094) | — |
| Equity attributable to the owners of the Company | 本公司擁有人應佔權益 | 282,542 | 305,866 | 184,952 | 147,073 | 107,311 |

Glossary of Terms

詞彙表

Financial statements for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度之財務報表

GLOSSARY

詞彙

In this annual report, unless the context otherwise requires, the following expressions or terms shall have the following respective meanings:

於本年報內，除非文義另有所指，下列詞彙具有以下各自的涵義：

Ace Power
領威

Ace Power Holdings Limited
領威控股有限公司

Acquisition Agreement

acquisition agreement with the Vendor and the guarantors, for the transfer of the distributorship rights from the Vendor at a consideration of US\$5.0 million; detail of which are contained in the announcement of the Company dated 30 September 2019

收購協議

賣方與擔保人就以代價5.0百萬美元自賣方轉讓分銷權訂立之收購協議；其詳情載於本公司日期為二零一九年九月三十日之公告

AGM
股東週年大會

annual general meeting of the Company
本公司股東週年大會

Annual Report
年報

annual report for the Year
本年度之年報

Apex Ace Group/Group
光麗科技集團／本集團

Company and its subsidiaries
本公司及其附屬公司

Apex Team
Apex Team

Apex Team Limited
Apex Team Limited

Articles of Association
組織章程細則

articles of association of the Company
本公司組織章程細則

Ascent Way
振啟

Ascent Way International Limited
振啟國際有限公司

Audit Committee
審核委員會

audit committee of the Board
董事會審核委員會

AVT
艾維特

AVT International Limited, a subsidiary of the Company
香港艾維特國際有限公司，為本公司附屬公司

Best Sheen
佳澤

Best Sheen Limited
佳澤有限公司

Board
董事會

the board of Directors
董事會

Board Diversity Policy
董事會成員多元化政策

board diversity policy of the Company
本公司董事會成員多元化政策

Boardroom
寶德隆

Boardroom Corporate Services (HK) Limited
寶德隆企業服務（香港）有限公司

Glossary of Terms

詞彙表

Financial statements for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度之財務報表

| | |
|------------------------------------|--|
| CEO 行政總裁 | chief executive officer of the Company 本公司行政總裁 |
| CG Code 企業管治守則 | Corporate Governance Code as contained in Appendix 14 to the Listing Rules 上市規則附錄十四所載企業管治守則 |
| Chairman 主席 | chairman of the Board 董事會主席 |
| Close Associate(s) 緊密聯繫人 | close associate(s) (having the meaning ascribed thereto in the Listing Rules) 緊密聯繫人（具有上市規則賦予該詞的涵義） |
| Code 守則 | HKICPA's Code of Ethics for Professional Accountants 香港會計師公會頒佈的專業會計師道德守則 |
| CODM 主要經營決策者 | chief operating decision-makers 主要經營決策者 |
| COVID-19 COVID-19 | Novel Coronavirus 新型冠狀病毒 |
| Company 本公司 | Apex Ace Holding Limited 光麗科技控股有限公司 |
| Company Secretary 公司秘書 | company secretary of the Company 本公司公司秘書 |
| Controlling Shareholder(s) 控股股東 | controlling shareholder(s) (having the meaning ascribed thereto in the Listing Rules) of the Company 本公司控股股東（具有上市規則賦予該詞的涵義） |
| Data & Cloud Products 數據與雲端產品 | data & cloud products segment 數據與雲端產品分部 |
| Data Star Data Star | Data Star Inc. Data Star Inc. |
| Digital Storage Products 數碼存儲產品 | digital storage products segment 數碼存儲產品分部 |
| Director(s) 董事 | directors of the Company 本公司董事 |
| Dividend Policy 股息政策 | dividend policy of the Company 本公司股息政策 |
| Dr. Chow 鄒醫生 | Dr. Chow Terence, an INED 鄒重堪醫生，為獨立非執行董事 |

Glossary of Terms

詞彙表

Financial statements for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度之財務報表

| | |
|-------------------------------------|--|
| EIT Law 企業所得稅法 | Law of the PRC on Enterprise Income Tax 中國企業所得稅法 |
| ESG 環境、社會及管治 | Environmental, Social and Governance 環境、社會及管治 |
| ESG Report 環境、社會及管治報告 | ESG report 環境、社會及管治報告 |
| ESG Reporting Guide 環境、社會及管治報告指引 | ESG report guide 環境、社會及管治報告指引 |
| ESG Working Group 環境、社會及管治報告工作小組 | ESG working group 環境、社會及管治報告工作小組 |
| General Components 通用元件 | general components segment 通用元件分部 |
| GHG 溫室氣體 | Greenhouse Gas 溫室氣體 |
| Global Offering 全球發售 | global offering of ordinary Shares 全球發售普通股 |
| HK 香港 | Hong Kong Special Administrative Region of the PRC 中國香港特別行政區 |
| HKD/HK\$ 港元 | Hong Kong dollars 港元 |
| HKFRSs 香港財務報告準則 | Hong Kong Financial Reporting Standards 香港財務報告準則 |
| HKICPA 香港會計師公會 | Hong Kong Institute of Certified Public Accountants 香港會計師公會 |
| HKSAs 香港審計準則 | Hong Kong Standards on Auditing 香港審計準則 |
| Independent Auditor 獨立核數師 | independent auditor of the Company 本公司獨立核數師 |
| INED(s) 獨立非執行董事 | independent non-executive Directors 獨立非執行董事 |
| Law 法律 | Companies Law, Cap. 22 (Law of 1961, as consolidated and revised) of the Cayman Islands 開曼群島第22章公司法（一九六一年法律，經綜合及修訂） |
| Listing 上市 | initial listing of the issued Shares on the Main Board of the Stock Exchange 已發行股份於聯交所主板首次上市 |

Glossary of Terms

詞彙表

Financial statements for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度之財務報表

Listing Date
上市日期

16 March 2018
二零一八年三月十六日

Listing Rules
上市規則

Rules Governing the Listing of Securities on the Stock Exchange
聯交所證券上市規則

Memorandum and Articles
大綱及細則

memorandum and articles of association of the Company
本公司組織章程大綱及細則

Memory Products
記憶體產品

memory products segment
記憶體產品分部

Model Code

Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

標準守則

上市規則附錄十所載上市發行人董事進行證券交易的標準守則

MOU

non-legally binding memorandum of understanding that the Group entered into with the owner of a PRC company and the guarantors in relation to the proposed acquisition; the particulars of which are contained in the announcement of the Company dated 7 November 2019

諒解備忘錄

本集團與中國公司擁有人及擔保人就建議收購事項訂立不具法律約束力的諒解備忘錄；其詳情載於本公司日期為二零一九年十一月七日之公告

MPF Scheme

Mandatory Provident Fund Scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

強積金計劃

香港法例第485章強制性公積金計劃條例項下之強制性公積金計劃

Mr. CH Lee
李澤浩先生

Mr. Lee Chak Hol, the deputy CEO
李澤浩先生，為行政副總裁

Mr. Cheung
張先生

Mr. Cheung Siu Kui, an INED
張小駒先生，為獨立非執行董事

Mr. Ho
何先生

Mr. Ho Yuen Tung
何遠東先生

Mr. Lee
李先生

Mr. Lee Bing Kwong, the Chairman, the CEO and an executive Director
李秉光先生，為主席、行政總裁兼執行董事

Mr. Lo
盧先生

Mr. Lo Yuen Kin, an executive Director
盧元堅先生，為執行董事

Mr. Pai
白先生

Mr. Pai Yin Lin
白逸霖先生

Mr. Yim
嚴先生

Mr. Yim Kwok Man, an INED
嚴國文先生，為獨立非執行董事

Glossary of Terms

詞彙表

Financial statements for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度之財務報表

| | |
|--|--|
| Ms. Leung 梁女士 | Ms. Leung Yuen Ting 梁婉婷女士 |
| Ms. Lo 盧女士 | Ms. Lo Yuen Lai, an executive Director 盧元麗女士，為執行董事 |
| Nicegoal Investments 奮勝投資 | Nicegoal Investments Limited 奮勝投資有限公司 |
| NCTOR 提名委員會職權範圍 | terms of reference of the Nomination Committee 提名委員會職權範圍 |
| Nomination Committee 提名委員會 | nomination committee of the Board 董事會提名委員會 |
| Nomination Policy 提名政策 | nomination policy of the Company 本公司提名政策 |
| Period 期間 | period from the Listing Date to 31 December 2019 於上市日期至二零一九年十二月三十一日止期間 |
| PRC/China 中國 | People's Republic of China 中華人民共和國 |
| Prospectus 招股章程 | prospectus of the Company dated 28 February 2018 本公司日期為二零一八年二月二十八日之招股章程 |
| R&D 研發 | research and development 研究及開發 |
| Remuneration Committee 薪酬委員會 | remuneration committee of the Board 董事會薪酬委員會 |
| Reorganisation 重組 | reorganisation of the Group in preparation for the Listing as mentioned in the Prospectus 誠如招股章程所述，本集團為籌備上市所進行的重組 |
| Reporting Entity 報告實體 | entity that is preparing its financial statements 編製其財務報表實體 |
| Restricted Share Award Scheme 限制性股份獎勵計劃 | restricted share award scheme adopted by the Board on 30 August 2019 董事會於二零一九年八月三十日採納之限制性股份獎勵計劃 |
| RMB 人民幣 | Renminbi 人民幣 |
| RoHS 限制使用某些有害物質指令 | Restriction of the Use of Certain Hazardous Substances 《限制使用某些有害物質指令》 |
| SFO 證券及期貨條例 | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 香港法例第571章證券及期貨條例 |

Glossary of Terms

詞彙表

Financial statements for the year ended 31 December 2019 截至二零一九年十二月三十一日止年度之財務報表

Share(s)
股份

Company's issued ordinary shares of HKD0.01 each
本公司每股面值0.01港元之已發行普通股

Share Option Scheme
購股權計劃

share option scheme adopted by the Company on 15 February 2018
本公司於二零一八年二月十五日採納之購股權計劃

Shareholder(s)
股東

shareholder(s) of the Company
本公司股東

Sir Seaman Kwok
郭兆文勳賢

Sir Kwok Siu Man KR, the Company Secretary
郭兆文黎刹騎士，為公司秘書

Stock Exchange
聯交所

The Stock Exchange of Hong Kong Limited
香港聯合交易所有限公司

Subsidiaries
附屬公司

all or certain subsidiaries of the Company (as the case may be)
本公司所有或若干附屬公司（視情況而定）

Substantial Shareholder(s)

substantial shareholder(s) (having the meaning ascribed thereto in the Listing Rules) of the Company

主要股東

本公司主要股東（具有上市規則賦予該詞的涵義）

TMT
TMT

Technology, Media and Telecom
科技、媒體及通訊

UK
英國

the United Kingdom
英國

US
美國

United States of America
美利堅合眾國

USD/US\$
美元

United States dollars
美元

Vendor

holder of certain distributorship rights as mentioned in the announcement of the Company dated 30 September 2019
誠如本公司日期為二零一九年九月三十日之公佈所述，若干分銷權之持有人

賣方

Year/Reporting Period
本年度／報告期間

financial year ended 31 December 2019
截至二零一九年十二月三十一日止財政年度

Year 2018
二零一八年度

financial year ended 31 December 2018
截至二零一八年十二月三十一日止財政年度

%
%

per cent
百分比

