



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

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

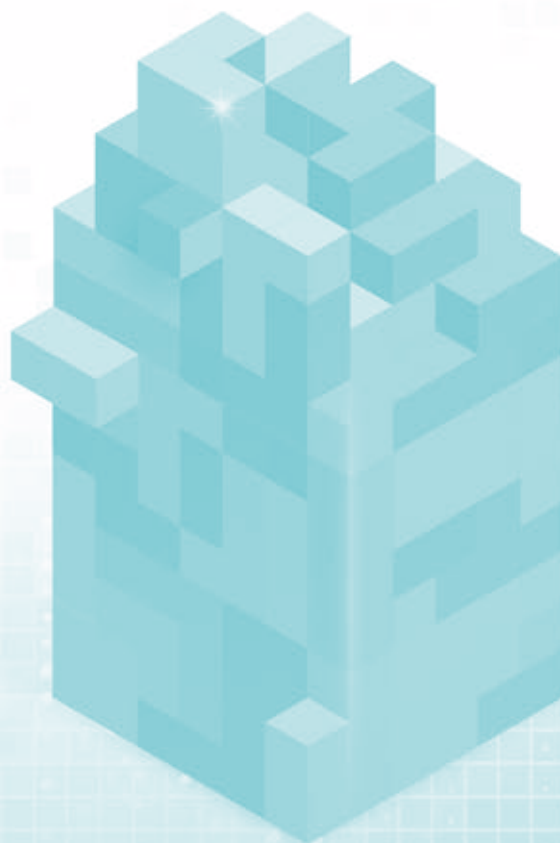
股份代號 stock code : 00556.HK

2019
ANNUAL REPORT
年報



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Corporate Information 公司資料

DIRECTORS

Executive Director

Mr. Jiang Xin (*Chairman & Chief Executive Officer*)

Non-executive Director

Mr. Fan Yajun

Independent Non-executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

COMPANY SECRETARY

Mr. Wan San Fai, Vincent

AUTHORISED REPRESENTATIVES

Mr. Jiang Xin
Mr. Wan San Fai, Vincent

PRINCIPAL BANKERS

China Construction Bank Corporation
China CITIC Bank International Limited
Hang Seng Bank Limited

INDEPENDENT AUDITOR

Ascenda Cachet CPA Limited
13F Neich Tower
128 Gloucester Road
Wanchai
Hong Kong

LEGAL ADVISERS

Chiu & Partners
40th Floor
Jardine House
1 Connaught Place
Hong Kong

PUBLIC RELATIONS

Strategic Financial Relations Limited
24/F., Admiralty Centre I
18 Harcourt Road
Hong Kong

董事

執行董事

蔣鑫先生 (*主席兼行政總裁*)

非執行董事

范亞軍先生

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

公司秘書

溫新輝先生

授權代表

蔣鑫先生
溫新輝先生

主要往來銀行

中國建設銀行股份有限公司
中信銀行(國際)有限公司
恒生銀行有限公司

獨立核數師

天健德揚會計師事務所有限公司
香港
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法律顧問

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香港
康樂廣場1號
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公共關係

縱橫財經公關顧問有限公司
香港
夏慤道18號
海富中心第1期24樓

Corporate Information 公司資料

REGISTERED OFFICE

Cricket Square
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Grand Cayman KY1-1111
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
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183 Queen's Road East
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PRINCIPAL PLACE OF BUSINESS IN THE PRC

Baihe Industrial Park
Xinjie Street
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Jiangsu Province
The PRC

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WEBSITE

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STOCK CODE

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股份代號

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Chairman's Statement 主席報告書

To Our Shareholders:

On behalf of the Board (the "Board") of Directors (the "Directors"), I am pleased to present the annual report of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019 (the "Reporting Period").

In 2019, the global economy was full of challenges and uncertainties, events such as the rise of global trade protectionism, unclear consequences of Brexit, and the worldwide flattening of inflation rates, have further exacerbated the situation. As a consequence, most industries have faced problems including slowing growth momentum, sluggish demand, and a continued downturn in international trade and investment. The uncertainties also sparked fierce competition in the environmental protection ("EP") industry with participants adopting more aggressive marketing strategies and bidding for business at lower prices. Therefore, the Group is continuing to pursue the strategy of business diversification, while consolidating our position in the EP industry.

In the presentation of its "Report on the Work of the Government" (政府工作報告) in 2019, Li Keqiang, Premier of the State Council (國務院總理李克強) affirmed the remarkable accomplishments on pollution prevention and control were achieved over the past year; especially in the areas of air quality which saw a notable continued decrease of PM2.5 levels. Encouraging results also followed the implementation of the "Three-Year Action Plan to Win the Blue Sky Defence War" (打贏藍天保衛戰三年行動計劃) and the successive launch of the "Action Plan for the Tackling and Fighting against Pollution by Diesel Trucks" (柴油貨車污染治理攻堅戰行動計劃). Highlights includes the percentage of excellent days (優良天數比例) in at least 338 cities increasing by 1.3 percentage points to 79.3%. It is worth mentioning that the overall PM2.5 concentration decreased by 9.3% year-on-year, with particularly exceptional performances found in various key areas such as the Yangtze River Delta (長三角), Fenwei Plain (汾渭平原) and Beijing (北京). Meanwhile, Premier Li put forward clear requirements for this year's efforts, which specified the need to focus on key tasks such as maintaining blue skies, continuing to promote pollution prevention, strengthening the protection and restoration of ecosystems, expanding the green environmental protection industry and vigorously promoting green development, etc.

致各位股東：

本人謹代表董事(「董事」)會(「董事會」)向各位股東提呈泛亞環保集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零一九年十二月三十一日止年度(「報告期」)之年度報告。

於二零一九年，全球經濟充斥著挑戰與不明朗因素，如全球貿易保護主義興起、英國脫歐產生不明確的後果以及全球通貨膨脹放緩等事件令情況加劇，故各行各業均面對增長放緩、需求疲弱以及國際貿易及投資持續下跌等問題。不明朗因素亦令環境保護(「環保」)行業競爭更為激烈，業界紛紛採取更積極的市場推廣策略，以及以更低的價格競標業務。因此，本集團繼續推行業務多元化策略，同時致力鞏固在環保行業的地位。

國務院總理李克強在發表二零一九年「政府工作報告」時肯定國家於過去一年在污染防控方面的卓越成就，尤其是對於空氣質量方面，PM2.5水平持續顯著下降。「打贏藍天保衛戰三年行動計劃」及隨後推行的「柴油貨車污染治理攻堅戰行動計劃」同樣取得令人鼓舞的成果，最少338個內地城市的優良天數比例上升1.3個百分點至79.3%。值得一提的是，整體PM2.5濃度同比下降9.3%，多個主要地區包括長三角、汾渭平原及北京的表現尤其理想。與此同時，李總理對今年環保工作提出明確具體要求，強調要聚焦藍天保衛戰、持續推進污染防治、加強生態系統保護修復、壯大綠色環保行業及大力推動綠色發展等。

Chairman's Statement 主席報告書

As a leading company in the EP industry, the Group will continue to seek out potential growth and development opportunities of the industry in China. However, as the Group is facing fiercer competition nowadays, stronger cost control and efficiency management measures will be carried out to facilitate optimal allocation of resources. Meanwhile, the Group will evaluate other investment opportunities, and potential mergers and acquisitions with the aim of diversifying our business and the expansion of our revenue streams.

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group achieved a total revenue from continuing operations of RMB79.8 million, declining by 51% as compared with RMB162.2 million in 2018. Gross profit decreased to about RMB3.5 million (2018: RMB20.4 million) and gross profit margin was 4.4% (2018: 12.5%). The Group recorded a net loss of RMB58.6 million (2018: RMB19.4 million), mainly due to an intense competition in the EP industry in the PRC. The basic loss per share was RMB6.98 cents (2018: RMB2.30 cents).

PROSPECTS

EP Business

The year 2020 marks the final year of the "The 13th Five-Year Plan" (十三五規劃). It was clearly stated at the Central Economic Work Conference (中央經濟工作會議) that the battle for prevention of ecological pollution remains a major task intended to convey the new trend of China's economic development, as well as accelerating the formation of national green development for the well-being of citizens and society as a whole. The Conference proposed that a consistent direction for the battle against pollution has to be established as guided by a detailed action plan, with attention on precise and scientific pollution control mechanisms in accordance with the law. The Conference required that main focus should be on causes and characteristics of air, water and soil pollution, while paying close attention to the current issues and study and assessment of any appropriate remedies.

作為環保行業的領先企業，本集團將繼續把握國內相關行業的潛在增長及發展機會。然而，鑒於目前激烈競爭，本集團將加強成本控制及高效管理措施，以優化資源分配。同時，本集團將評估其他投資及潛在併購機遇，藉此使業務多元化及擴大收入來源。

財務回顧

截至二零一九年十二月三十一日止年度，本集團來自持續經營業務的總收入達到人民幣7,980萬元，較二零一八年人民幣1.622億元減少51%。毛利減少至約人民幣350萬元（二零一八年：人民幣2,040萬元），毛利率為4.4%（二零一八年：12.5%）。本集團錄得虧損淨額人民幣5,860萬元（二零一八年：人民幣1,940萬元），主要由於中國環保行業競爭激烈所致。每股基本虧損人民幣6.98分（二零一八年：人民幣2.30分）。

展望

環保業務

二零二零年是「十三五規劃」的最終年，中央經濟工作會議明確指出，污染防治攻堅戰仍然是國家主要工作，以顯示中國的新經濟發展趨勢及加快構建國家綠色發展模式，從而造福人民及社會。會議亦提出須遵照詳細行動計劃指引以制定污染防衛戰的一致方向，在遵守法律的原則下專注推行精準及科學化污染控制體制。會議亦要求聚焦空氣、水及土壤污染的成因及特點，同時密切監察目前各項污染問題及研究以及評估任何合適的應對措施。

Chairman's Statement

主席報告書

The Government will continue to emphasize the protection of the clear sky, clean water and land in 2020 by working on the prevention and control of pollution at its sources. As this year marks an important checkpoint for the "The 13th Five-Year Plan", a remarkable improvement on the environment and ecological quality is expected, while impressive progress is also foreseen for the treatment of air, water and soil pollution. The construction of an ecological civilization is an indispensable task to make our environment more sustainable.

The Group will continue to bear the responsibility and accept the mission for environmental protection, under the guidance of China's government.

Business Diversification Strategy

As the global economic and market environment remains very challenging, the Group will continue to explore more strategic partnerships, mergers and acquisitions in a prudent way. While ongoing uncertainties continue to exist in the macroeconomic environment, the Group believes that business diversification is the way to mitigate risks and to take advantage of potential growth opportunities. As a result, exploring opportunities within the industry with substantial market potential will be our priority here, especially those which can bring synergies to our existing business and optimize our business scope.

APPRECIATION

On behalf of the Board and the management, I would like to express my heartfelt gratitude to our staff for their committed dedications during the Year. I also extend my appreciation to the shareholders as they have supported the Group to steadily develop its ongoing EP business and seek strategic investment opportunities. My thanks further go to our shareholders, investors, clients, suppliers and business partners for their constant supports, which has provided the Group with strong momentum to generate better results in the future.

Jiang Xin
Chairman

Hong Kong, 31 March 2020

於二零二零年，政府將繼續抓好源頭防控，打好藍天、綠水、淨土保衛戰。由於本年度是「十三五規劃」的一個重要關口，預期國家在生態環境質量方面將實現重大改善，在空氣、水及土壤污染治理方面亦將取得良好進展。生態文明建設是讓環境可持續的不可或缺的一環。

在中國政府指導下，本集團將繼續肩負環保責任並以此為其使命。

業務多元化政策

由於全球經濟及市場環境仍然充滿挑戰，本集團將繼續審慎尋找更多建立戰略夥伴關係以及併購的機會。宏觀經濟環境同樣受不明朗因素影響，本集團相信多元化發展業務可以降低風險及把握潛在增長機遇。因此，本集團的首要任務將是在行業內發掘擁有龐大市場潛力的機會，特別是能夠與本集團現有業務締造協同效益及優化其業務範疇的機遇。

致謝

本人謹此代表董事會及管理層衷心感謝全體員工於年內所作的努力，並感謝所有股東支持本集團穩步發展環保業務及尋求策略投資機會。本人亦謹此感謝股東、投資者、客戶、供應商及業務夥伴的不懈支持，為本集團注入強勁動力於未來達致更佳業績表現。

蔣鑫
主席

香港，二零二零年三月三十一日

Management Discussion and Analysis 管理層討論與分析

BUSINESS REVIEW

Sales of EP Products and Equipment Business

Sales of EP products and equipment remained the major income contributor of the Group during the year. This segment recorded a revenue of RMB78.8 million (2018: RMB159.9 million) and the gross profit amounted to RMB3.5 million (2018: RMB19.4 million), with a gross profit margin of 4.4% (2018: 12.1%). Details of the types of the sales of EP products and equipment are laid out below.

Sales of Flue Gas Treatment Products and Equipment

The Group's comprehensive flue gas treatment supply chain provides related products and equipment. During the year, the Group completed 7 projects related to sales of flue gas treatment equipment and recorded a revenue of approximately RMB72.3 million, accounting for about 90.6% of the total revenue.

Sales of Water Treatment Products and Equipment

Water treatment systems are mainly used for the treatment of industrial and urban waste water. During the year, the Group completed 3 water treatment-related sales contracts, and the business generated a revenue of approximately RMB6.5 million, accounting for about 8.1% of the Group's total revenue.

EP Construction Engineering Projects

With the extensive industry expertise, professional research and development capabilities and technologies, the Group provides one-stop EP solutions to a diverse range of clients. During the year, the Group completed 1 EP construction engineering-related project, and this segment recorded a revenue of approximately RMB1.0 million, accounting for about 1.3% of the Group's total revenue.

Prospects

In the light of the importance of environmental protection in China and the relevant supportive policies, the Group believes that there is still a growth potential in the EP industry and the Group will continue to explore the market and grasp any opportunities. At the same time, the Group will seek other industries with development potential to ensure stable business growth and generate revenue from multiple channels. A diversified business portfolio also safeguards the Group to continue to consolidate its position in the market during periods of economic disruption.

業務回顧

銷售環保產品及設備業務

於本年度內，銷售環保產品及設備仍為本集團的主要收入來源。該分部錄得收入人民幣7,880萬元（二零一八年：人民幣1.599億元），毛利達到人民幣350萬元（二零一八年：人民幣1,940萬元），毛利率為4.4%（二零一八年：12.1%）。有關環保產品及設備銷售類別之詳情載列如下。

銷售煙氣處理產品及設備

本集團擁有完善的煙氣處理產品及設備供應鏈服務。於本年度內，本集團完成了7個與銷售煙氣處理設備相關的項目，錄得收入約人民幣7,230萬元，佔本集團總收入約90.6%。

銷售水處理產品及設備

本集團的水處理系統主要用於工業廢水及城市污水處理。於本年度內，本集團完成了3份水處理相關的銷售合約，此業務為本集團帶來收入約人民幣650萬元，佔本集團總收入約8.1%。

環保建設工程項目

憑藉豐富的行業知識以及專業的研發能力和技術，本集團為不同客戶提供一站式的環保解決方案。於本年度內，本集團完成了1份環保建設工程的相關項目，此分部錄得收入約人民幣100萬元，佔本集團總收入約1.3%。

展望

鑒於環保在中國的地位舉足輕重，加上政府推行相關支持性政策，本集團相信環保行業仍具有增長潛力，因此本集團將繼續發掘市場機遇，同時尋求更多具發展潛力的行業，以確保其業務穩健增長及擴大收入來源。多元化的業務組合亦確保本集團在經濟不穩時期仍能鞏固其市場地位。

Management Discussion and Analysis 管理層討論與分析

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, total assets of the Group amounted to RMB1,261.1 million, a decrease of RMB30.0 million as compared with RMB1,291.1 million in 2018. The Group's total liabilities as at 31 December 2019 amounted to RMB116.9 million, an increase of RMB29.8 million as compared with RMB87.1 million in 2018. The Group's total equity as at 31 December 2019 was RMB1,144.2 million (2018: RMB1,204.0 million). As at 31 December 2019, the gearing ratio of the Group, based on total borrowings (including corporate bonds) to the equity (including all capital and reserves) was 4.3% (2018: 4.0%). The Group's cash and cash equivalents amounted to RMB1,203.1 million as at 31 December 2019 (2018: RMB1,037.9 million).

Exposure to Exchange Rate Fluctuation

The Group adopts a conservative financial policy. Business transactions and liabilities of the Group are largely denominated in Renminbi and Hong Kong Dollars, so are the majority of its bank deposits. As at 31 December 2019, the Group did not have any foreign currency bank liabilities, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take relevant measures with prudence as and when appropriate. As at 31 December 2019, the Group did not hold any derivatives for hedging against interest rate and foreign exchange risks.

Capital Commitments and Contingent Liabilities

As at 31 December 2019, the Group had no capital expenditure commitment in respect of the acquisition of property, plant and equipment (2018: Nil). The Group has provided product warranties to its customers in respect of certain of its EP products and equipment sold for a warranty period ranging from six months to two years after installation. At the same time, the Group has also received the same product warranties in respect of those EP products and equipment provided by its suppliers and subcontractors. The Directors of the Company believe that the amount of crystallised warranty liabilities will not be significant at the end of the Reporting Period.

流動資金及財務資源

於二零一九年十二月三十一日，本集團之資產總值為人民幣12.611億元，較二零一八年之人民幣12.911億元減少人民幣3,000萬元。於二零一九年十二月三十一日，本集團之負債總額為人民幣1.169億元，較二零一八年之人民幣8,710萬元增加人民幣2,980萬元。於二零一九年十二月三十一日，本集團之權益總額為人民幣11.442億元（二零一八年：人民幣12.040億元）。於二零一九年十二月三十一日，以借貸總額（包括公司債券）除以權益（包括所有資本及儲備）之比率計算的權益負債比率為4.3%（二零一八年：4.0%）。於二零一九年十二月三十一日，本集團之現金及等同現金項目為人民幣12.031億元（二零一八年：人民幣10.379億元）。

承受匯率波動風險

本集團奉行穩健財務政策，本集團大多數營業交易與負債均以人民幣及港元計值，本集團大部分銀行存款亦如此。於二零一九年十二月三十一日，本集團並無任何外幣銀行負債、外匯合同、利息或貨幣掉期或其他對沖用途之金融衍生工具。然而，管理層將繼續監察本集團之外匯風險，並在適當時採取審慎措施。於二零一九年十二月三十一日，本集團並無持有對沖利率及外匯風險的任何衍生工具。

資金承擔及或然負債

於二零一九年十二月三十一日，本集團並無就採購物業、廠房及設備之資本開支承擔（二零一八年：無）。本集團就其售出之若干環保產品和設備為其客戶提供產品保修，保修期由安裝後計六個月至兩年不等。同時，本集團亦享有供應商及承包商就所提供之環保產品及設備之相同的產品保修服務。本公司董事相信，於報告期末，保修負債之實際金額並不重大。

Management Discussion and Analysis 管理層討論與分析

Pledge of Assets

There was no pledge of assets by the Group as at 31 December 2019.

Significant Investments, Acquisition and Disposal of Assets

Save as disclosed in this Report, the Group did not have any other significant investments, acquisitions and disposal of assets during the financial year under review.

Termination of Discloseable Transaction

After amicable discussion and careful consideration of all the circumstances surrounding the acquisition regarding 51% of the issued share capital of MSC (Hong Kong) Limited, the Group and other parties decided not to proceed with the acquisition.

Relationship with Employees and Key Shareholders

As at 31 December 2019, the Group had approximately 106 employees. Salaries of employees remained at competitive levels and are reviewed annually, with close reference to the relevant labour market and economic situations. Remuneration of the Directors is determined based on a variety of factors such as market conditions and the specific responsibilities of the individual Directors. Apart from the basic remuneration and benefits required by law, the Group also provides discretionary bonuses based on its results and the performance of the individual employee. The Group also has an employee share option scheme in place. Total remuneration costs, including Directors' remuneration, for the year ended 31 December 2019 were RMB12.6 million (2018: RMB13.9 million). During the year, the Group organised professional and vocational training for its employees. The Directors believe that the Group has maintained cordial and professional relations with its employees. In addition, the Group understands that in order to achieve its long-term goals, it is important to maintain a good relationship with business partners, shareholders, investors and bankers. Thus, the Group has formulated an investor relations scheme to help foster a close relationship with its shareholders and investors. Specific activities are organised from time to time to communicate with and rally for support of key stakeholders.

資產抵押

於二零一九年十二月三十一日，本集團概無資產抵押。

重大投資、收購及出售資產

除本報告所披露外，本集團於回顧財政年度內並無任何其他重大投資、收購及出售資產。

終止須予披露的交易

經友好討論並仔細考慮有關收購碼尚充(香港)有限公司51%已發行股本的所有情況後，本集團及其他各方決定不進行收購事項。

與僱員及主要持份者之關係

於二零一九年十二月三十一日，本集團僱用約106名員工。僱員之薪酬維持在一個具競爭力之水平，並參考相關人力市場及經濟情況，每年進行檢討。董事之酬金乃根據一系列包括市場狀況及個別董事之特定職責之因素而釐定。除法律規定之基本薪酬及法定福利外，本集團亦根據本身之業績及個別員工之表現，酌情發放花紅。本集團亦已採納員工購股權計劃。截至二零一九年十二月三十一日止年度，薪酬成本總額(包括董事酬金)為人民幣1,260萬元(二零一八年：人民幣1,390萬元)。於本年度內，本集團為其僱員舉辦專業及職業培訓。董事相信本集團與僱員關係良好。此外，為達成長遠目標，本集團明白與商業夥伴、股東、投資者及銀行保持良好關係非常重要。因此，本集團已制定投資者關係計劃，以與其股東及投資者建立密切的關係，並不時舉辦特別設計的活動，藉此與主要持份者溝通及保持關係融洽。

Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the “Board”) is pleased to present the Corporate Governance Report in the Group’s annual report for the year ended 31 December 2019.

The Board was committed to achieving high corporate governance standards.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders (the “Shareholders”), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

In the opinion of the Directors, throughout the year ended 31 December 2019, the Company has complied with all applicable code provisions of the CG Code, except for CG Code provisions A.1.1, A.2.1 and E.1.2, which provides that regular Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual and the Chairman of the Board should attend the annual general meeting, details of which are set out in the sections headed “Attendance Records of Directors”, “Board of Directors” and “Communication with Shareholders and Investors” of this Corporate Governance Report.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors’ dealings in the Company’s securities (the “Company’s Securities Dealing Code”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company’s Securities Dealing Code throughout the year ended 31 December 2019.

企業管治常規

本公司董事會（「董事會」）欣然提呈本集團截至二零一九年十二月三十一日止年度年報內的企業管治報告。

董事會致力於達致高水平的企業管治。

本公司的企業管治常規乃根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載的企業管治守則（「企業管治守則」）所載列的原則及守則條文編製。

董事會認為，高水平的企業管治對於為本集團提供保障股東（「股東」）權益、提升其企業價值、制定其業務策略和政策以及提高其透明度及問責性的框架而言至關重要。

董事認為，於截至二零一九年十二月三十一日止整個年度內，本公司一直遵守企業管治守則的所有適用守則條文，惟守則條文第A.1.1條、第A.2.1條及第E.1.2條除外（該等條文訂明，每年應舉行至少四次常規董事會會議，大約每季度一次，且大多數董事須積極參與（無論親身或通過電子通訊方式），主席及行政總裁角色應予區分，不應由同一人擔任，以及董事會主席應出席股東周年大會），有關詳情載於本企業管治報告「董事出席記錄」、「董事會」及「與股東及投資者的溝通」等節內。

董事的證券交易

本公司已就董事買賣本公司證券採納本身的一套嚴格程度不遜於上市規則附錄十所載列的《上市發行人董事進行證券交易之標準守則》（「標準守則」）所訂標準的守則（「本公司證券買賣守則」）。

經向全體董事作出具體查詢後，董事確認彼等於截至二零一九年十二月三十一日止整個年度一直遵守本公司證券買賣守則。

Corporate Governance Report 企業管治報告

The Company's Securities Dealing Code, no less exacting than the Model Code, for securities transactions also applies to all employees who are likely to be in possession of unpublished price sensitive information of the Company. No incident of non-compliance of the Company's Securities Dealing Code by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises five members including one Executive Director, one Non-executive Director and three Independent Non-executive Directors:

Executive Director:

Mr. Jiang Xin, *Chairman, Chief Executive Officer and member of the Nomination Committee and Remuneration Committee*

Non-executive Director:

Mr. Fan Yajun

Independent Non-executive Directors:

Mr. Lai Wing Lee, *chairman of the Nomination Committee and Remuneration Committee and member of the Audit Committee*

Mr. Leung Shu Sun, Sunny, *chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee*

Professor Wang Guozhen, *member of the Audit Committee, Nomination Committee and Remuneration Committee*

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 27 to 30 of the annual report for the year ended 31 December 2019. None of the members of the Board is related to one another.

本公司證券買賣守則之嚴格程度不遜於有關證券交易的標準守則，且同樣適用於所有可能會掌握本公司未刊發之價格敏感資料的僱員。據本公司所悉，僱員並無違反本公司證券買賣守則。

董事會

董事會監管本集團的業務、戰略決策及表現且應以本公司最佳利益作出客觀決策。

董事會應定期向本公司檢討董事履行其職責所需作出的貢獻，及董事是否花費足夠時間履行該等職責。

董事會組成

董事會成員現時合共有五名董事，包括一名執行董事、一名非執行董事及三名獨立非執行董事：

執行董事：

蔣鑫先生，*主席、行政總裁兼提名委員會及薪酬委員會成員*

非執行董事：

范亞軍先生

獨立非執行董事：

賴永利先生，*提名委員會及薪酬委員會主席兼審核委員會成員*

梁樹新先生，*審核委員會主席兼提名委員會及薪酬委員會成員*

王國珍教授，*審核委員會、提名委員會及薪酬委員會成員*

董事履歷資料載於截至二零一九年十二月三十一日止年度的年報第27至30頁的「董事及高級管理層」一節。董事會成員之間概無關連。

Corporate Governance Report

企業管治報告

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

The Chairman and Chief Executive Officer of the Company are held by Mr. Jiang Xin since 15 September 2017. The Board believes that Mr. Jiang Xin has the requisite experience and knowledge and that vesting in both roles would maintain efficient business operation which is in the best interest of the Group.

Independent Non-executive Directors

During the year ended 31 December 2019, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors 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 written annual confirmation from each of the Independent Non-executive Directors in respect of his 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 Independent Non-executive Directors are independent.

Appointment and Re-election of Directors

The Non-executive Director of the Company has entered into a service contract with the Company which is renewable from year to year until terminated by either party with 3 months' notice in writing served on the other side. Each of the Independent Non-executive Directors of the Company is appointed under a letter of appointment which is terminable by either party with 3 months' notice in writing served on the other side.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

主席及行政總裁

守則條文第A.2.1條訂明，主席及行政總裁角色應予區分，不應由同一人擔任。

自二零一七年九月十五日起，蔣鑫先生擔任本公司主席及行政總裁。董事會相信蔣鑫先生具備所需之經驗及知識，而同時兼任兩個角色將保持業務有效運作，符合本集團之最佳利益。

獨立非執行董事

截至二零一九年十二月三十一日止年度，董事會一直遵守上市規則有關委任至少三名獨立非執行董事並佔董事會人數至少三分之一，而其中一名獨立非執行董事須具備適當專業資格或會計或相關財務管理專業知識的規定。

本公司已收到各獨立非執行董事根據上市規則第3.13條所載獨立性指引就其獨立性發出的年度確認書。本公司認為，全體獨立非執行董事均屬獨立。

委任及重選董事

本公司非執行董事已與本公司訂立服務合同，每年可予續期，直至任何一方向另一方發出三個月書面通知終止。本公司各獨立非執行董事均根據委任書獲委任，惟該委任可經任何一方向另一方發出三個月的書面通知予以終止。

根據本公司組織章程細則，於每屆股東周年大會上，當時為數三分之一的董事（如董事人數並非三或三的倍數，則須為最接近但不少於三分之一的董事人數）須輪值退任，惟所有董事（包括獲指定任期的董事）須最少每三年輪值退任一次。退任董事合資格膺選連任。

Corporate Governance Report 企業管治報告

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

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

The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and 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 responsibility 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 co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

董事會及管理層的職責、問責性及貢獻

董事會承擔領導及控制本公司的職責並集體負責指導及監管本公司的事務。

董事會直接（及間接透過其各委員會）領導及指導管理層，其工作包括制定策略及監督管理層執行情況、監控本集團營運及財務表現，以及確保設有完備的內部監控及風險管理系統。

全體董事（包括非執行董事及獨立非執行董事）均為董事會帶來多種領域的寶貴業務經驗、知識及專長，使其高效及有效地運作。

獨立非執行董事須負責確保本公司監管報告具有高標準以及就企業行動及運作提供有效的獨立判斷並為董事會帶來平衡。

全體董事均可全面並及時獲得本公司所有資料，及可在適當情況下經提出要求後尋求獨立專業意見，以向本公司履行其職責，費用由本公司承擔。

董事須向本公司披露彼等所擔任其他職務的詳情，而董事會亦定期檢討各董事向本公司履行其職責所需作出的貢獻。

董事會保留其有關本公司政策事項、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、委任董事及其他重大營運事項的所有重大事項的決策。有關執行董事會決策、指導及協調本公司日常營運及管理的職責均授權予管理層處理。

本公司已安排適當的董事及主管責任保險，涵蓋董事及高級管理層就企業活動而對彼等產生的法律訴訟責任。該保險範圍將會每年檢討。

Corporate Governance Report

企業管治報告

Continuous Professional Development of Directors

The existing Directors are continually updated with the legal and regulatory developments, the market changes and the business activities and development of the Company to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

董事的持續專業發展

現任董事持續獲得有關法例及監管的發展、市場變化以及本公司業務及發展的最新資料，藉此確保彼等繼續對董事會作出知情及相關貢獻。

每位新獲委任董事均於首次接受委任時獲得正式、全面及專門的入職培訓，以確保該董事對本公司的業務及營運均有適當的理解，並充分知悉彼於上市規則及相關法定規定下的責任及義務。除該等入職培訓外，亦會讓新獲委任董事參觀本公司的主要工廠，並與本公司高級管理層會面。

董事應參與適當的持續專業發展，以發展及更新彼等的知識及技能。本公司將為董事安排內部簡報，並於適當時候向董事提供相關議題的閱讀材料。全體董事均獲鼓勵參加相關培訓課程，費用由本公司承擔。

Corporate Governance Report 企業管治報告

The record of continuous professional development relating to Director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2019 are summarized as follows:

截至二零一九年十二月三十一日止年度，董事已接獲有關董事職責以及監管及業務發展的持續專業發展記錄概述如下：

Directors	董事	Type of Training ^{Note} 培訓類別 ^{附註}
<i>Executive Director</i> Mr. Jiang Xin	執行董事 蔣鑫先生	B
<i>Non-executive Director</i> Mr. Fan Yajun	非執行董事 范亞軍先生	B
<i>Independent Non-executive Directors</i> Mr. Lai Wing Lee Mr. Leung Shu Sun, Sunny Professor Wang Guozhen	獨立非執行董事 賴永利先生 梁樹新先生 王國珍教授	A&B A&B A&B

Note:

附註：

Types of Training

培訓類別

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

- A: 參加培訓課程，包括但不限於簡報會、研討會、會議及工作坊
- B: 閱讀相關新聞快訊、報紙、期刊、雜誌及相關出版物

BOARD COMMITTEES

董事委員會

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

董事會已設立三個委員會，分別為審核委員會、薪酬委員會及提名委員會，以監察本公司各範疇的具體事務。所有本公司董事委員會的成立均有書面界定其職權範圍，清楚列載各委員會的權力及職責。有關董事委員會職權範圍的資料已刊登於本公司網站及聯交所網站並應股東要求可供查閱。

The list of the chairman and members of each Board committee is set out under "Board of Directors" on page 11 of this Corporate Governance Report.

各董事委員會的主席及成員名單載於本企業管治報告第11頁的「董事會」內。

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企業管治報告

Audit Committee

The Audit Committee consists of three members, including three Independent Non-executive Directors, namely Mr. Lai Wing Lee, Mr. Leung Shu Sun, Sunny and Professor Wang Guozhen. Mr. Leung Shu Sun, Sunny is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2019, the Audit Committee held two meetings to review the annual financial results and reports in respect of the year ended 31 December 2018 and the interim financial results and reports for the period ended 30 June 2019 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor, engagement of non-audit services and relevant scope of works, amendments of the terms of reference in light of the amendments to the Corporate Governance Code and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditor twice without the presence of the Executive Director.

Remuneration Committee

The Remuneration Committee consists of four members including one Executive Director, namely Mr. Jiang Xin, and three Independent Non-executive Directors, namely Mr. Lai Wing Lee, Mr. Leung Shu Sun, Sunny and Professor Wang Guozhen. Mr. Lai Wing Lee is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

審核委員會

審核委員會由三名成員組成，包括三名獨立非執行董事，即為賴永利先生、梁樹新先生及王國珍教授。梁樹新先生為審核委員會主席。

審核委員會的職權範圍不限於企業管治守則所載條款。

審核委員會的主要職責為協助董事會檢討本公司的財務資料及報告程序、風險管理及內部監控系統、內部審核功能的效能、審核範疇及委任外部核數師和使本公司僱員就本公司財務申報、內部控制或其他事宜的可能不當行為提出舉報的安排。

於截至二零一九年十二月三十一日止年度，審核委員會曾舉行兩次會議，以審閱截至二零一八年十二月三十一日止年度的年度財務業績及報告以及截至二零一九年六月三十日止期間的中期財務業績及報告，以及有關財務申報、營運及合規控制，以及風險管理、內部監控系統及內部審核功能的效能、外部核數師的委任、聘任非審核服務及相關工作範圍、鑒於企業管治守則修訂之職權範圍的修訂，以及安排僱員就可能的不當行為提出舉報的重大事宜。

審核委員會亦曾在執行董事不在場的情況下與外部核數師會面兩次。

薪酬委員會

薪酬委員會由四名成員組成，包括一名執行董事，即蔣鑫先生，及三名獨立非執行董事，即賴永利先生、梁樹新先生及王國珍教授。賴永利先生為薪酬委員會主席。

薪酬委員會的職權範圍不限於企業管治守則所載條款。

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The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During the year ended 31 December 2019, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

Details of the remuneration of the senior management by band are set out in note 10 in the notes to the audited financial statements for the year ended 31 December 2019.

Nomination Committee

The Nomination Committee consists of four members, including one Executive Director, namely Mr. Jiang Xin, and three Independent Non-executive Directors, namely Mr. Lai Wing Lee, Mr. Leung Shu Sun, Sunny and Professor Wang Guozhen. Mr. Lai Wing Lee is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

薪酬委員會的主要職責包括審閱及釐定個別執行董事及高級管理層的薪酬待遇、全體董事及高級管理層的薪酬政策及架構，並就此向董事會提出建議及制定透明的程序藉以確立有關薪酬政策及架構，確保董事或其任何聯繫人不會參與決定其自身薪酬。

截至二零一九年十二月三十一日止年度，薪酬委員會舉行了一次會議，以審閱本公司薪酬政策及架構以及執行董事及高級管理人員薪酬待遇及其他相關事宜，並就此向董事會提出建議。

按組別分類的高級管理層薪酬的詳情載於截至二零一九年十二月三十一日止年度之經審核財務報表附註中的附註10。

提名委員會

提名委員會由四名成員組成，包括一名執行董事，即蔣鑫先生，及三名獨立非執行董事，即賴永利先生、梁樹新先生及王國珍教授。賴永利先生為提名委員會主席。

提名委員會的職權範圍不限於企業管治守則所載條款。

提名委員會主要負責檢討董事會組成，發展及制訂提名及委任董事的有關程序，就董事的委任及繼任計劃向董事會提供推薦意見，以及評估獨立非執行董事的獨立性。

於評估董事會組成時，提名委員會將考慮本公司董事會多元化政策所載董事會多元化的若干方面以及因素。提名委員會將討論及協定達致董事會多元化的可計量目標（倘必要）並向董事會推薦以供採納。

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In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2019, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy on 31 December 2018 which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition and the nomination of Directors, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

在物色及甄選合適的董事候選人時，提名委員會在向董事會提出推薦意見前，會考慮董事提名政策所載之候選人相關標準就補充公司策略及達致董事會成員多元化而言屬必要（倘適用）。

截至二零一九年十二月三十一日止年度，提名委員會舉行了一次會議，檢討董事會的架構、規模及組成，以及獨立非執行董事的獨立性，以考慮擬於股東周年大會上重選的退任董事的資格。提名委員會認為，董事會組成在多元化方面維持適當平衡。

董事會成員多元化政策

本公司已於二零一八年十二月三十一日採納董事會成員多元化政策，其中載列達成董事會多元化的方法。本公司意識到並接納多元化董事會的好處，並認為董事會層面日益多元化乃是維持本公司競爭優勢不可或缺的因素。

根據董事會成員多元化政策，提名委員會將每年檢討董事會的架構、規模及組成，並就任何為配合本公司的公司策略而對董事會作出的變動提出建議（倘適用），以確保董事會維持均衡的多元化形象。在檢討及評估董事會組成及董事提名方面，提名委員會致力於各層面的多元化，並會考慮多個方面，包括但不限於性別、年齡、文化及教育背景、專業資格、技能，知識以及區域及行業經驗。

本公司旨在使董事會成員多元化方面能保持適當平衡，以切合本公司業務發展並致力於確保各層面（由董事會而下）的招聘及甄選均按適當的架構程序進行，以便招徠多元背景的人選供委聘。

董事會將考慮設定可計量的目標，以實施董事會成員多元化政策，並不時檢討該等目標，確保目標合適並確定其達成進度。

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At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy on 31 December 2018 which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

目前，提名委員會認為董事會已充分多元化，而董事會並未設定任何可計量的目標。

提名委員會將酌情審閱董事會多元化政策，以確保其有效性。

董事提名政策

董事會已將其甄選及委任董事的職責及權力授予本公司提名委員會。

本公司已於二零一八年十二月三十一日採納董事提名政策，其中載列有關提名及委任本公司董事的甄選準則及程序以及董事會繼任計劃考慮因素，旨在確保董事會成員具備切合本公司業務所需的技能、經驗及多元化觀點以及董事會的穩定性及維持董事會的領導角色。

董事提名政策載列評估建議候選人是否適合董事會及對董事會的潛在貢獻之因素，包括但不限於以下各項：

- 品格及誠信；
- 資格，包括專業資格、技能、知識及與本公司業務及企業策略相關的經驗；
- 全方面的多元化，包括但不限於性別、年齡（18歲或以上）、文化及教育背景、族裔、專業經驗、技能、知識及服務年限；
- 根據上市規則，董事會需包括獨立非執行董事的規定及候選人是否被視為獨立；及
- 作為本公司董事會及／或董事轄下委員會成員履行其職責的可用時間及相關利益之承諾。

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The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 December 2019, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year ended 31 December 2019, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Company's Securities Dealing Code and the Model Code, and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2019 is set out in the table below:

董事提名政策亦載列甄選及委任新董事及於股東大會上重選董事的程序。截至二零一九年十二月三十一日止年度，董事會組成並無變動。

提名委員會將酌情審閱董事提名政策，以確保其有效性。

企業管治職能

董事會負責執行企業管治守則第D.3.1條所載的職能。

截至二零一九年十二月三十一日止年度，董事會已檢討本公司的企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司有關遵守法律及監管規定的政策及常規、遵守本公司證券買賣守則及標準守則的情況以及本公司遵守企業管治守則及本企業管治報告中的披露情況。

董事出席記錄

各董事於截至二零一九年十二月三十一日止年度舉行的董事會及董事委員會會議以及本公司股東大會的出席記錄載列如下：

Name of Director	董事姓名	Attendance/Number of Meetings				Annual General Meeting
		Board	Audit	Remuneration	Nomination	
		董事會	審核委員會	薪酬委員會	提名委員會	股東周年大會
Jiang Xin	蔣鑫	12/12	N/A 不適用	0/1	0/1	0/1
Fan Yajun	范亞軍	12/12	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Lai Wing Lee	賴永利	12/12	2/2	1/1	1/1	0/1
Leung Shu Sun, Sunny	梁樹新	12/12	2/2	1/1	1/1	1/1
Wang Guozhen	王國珍	12/12	2/2	1/1	1/1	1/1

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Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors. During the year ended 31 December 2019, the Board held two meetings with active participation of majority directors, either in person or through electronic means of communication. The Company does not announce its quarterly results and hence not consider the holding of quarterly meetings as necessary.

Apart from regular Board meetings, the Chairman also held meetings with Independent Non-executive Directors without the presence of other Directors.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division.

每年應舉行至少四次常規董事會會議，且大多數董事須積極參與（無論親身或通過電子通訊方式）。於截至二零一九年十二月三十一日止年度，董事會舉行兩次會議，且大多數董事積極參與（無論親身或通過電子通訊方式）。本公司不公佈其季度業績，故不認為舉行季度會議為必要。

除定期董事會會議外，主席亦曾於其他董事不在場的情況下與獨立非執行董事舉行會議。

風險管理及內部監控

董事會確認知悉其負責風險管理及內部監控系統並檢討其成效之責任。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

董事會全面負責評估及釐定本公司達成策略目標時所願意接納的風險性質及程度，並設立和維持合適而有效的風險管理及內部監控系統。

審核委員會協助董事會開展管理工作並監督董事會設計、實施及監管風險管理及內部監控系統。

本公司已制定及採納多項風險管理程序及指引，並通過明晰關鍵業務流程及部門職能（包括項目管理、銷售及租賃、財務匯報、人力資源及信息技術）訂明操作權責。

各部門均定期進行內部監控評測，以識別可能影響本集團業務及包括主要營運及財務流程、監管合規及信息安全在內多個方面的潛在風險。各部門亦每年進行自我評估，以確保妥當遵守控制政策。

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The management, in co-ordination with division heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2019.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2019, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

管理層與各部門領導相互配合，評估發生風險事件的可能性並提供應對計劃及監控風險管理程序，並就一切有關結果及該系統的效能向審核委員會及董事會作出報告。

管理層已就風險管理及內部監控系統於截至二零一九年十二月三十一日止年度之成效向董事會及審核委員會作出報告。

本公司已委聘外部專業公司提供內部審核功能並就風險管理及內部監控系統是否足夠及其成效進行獨立審核。內部審核功能已就有關會計常規及所有重大控制審核重大問題，及向審核委員會提供其審核結果及改進推薦意見。

董事會參考管理層報告以及內部審核結果，在審核委員會的協助下就截至二零一九年十二月三十一日止年度之風險管理及內部監控系統（包括財務、營運及合規控制）作出檢討，並認為此等系統有效及足夠。年度審核亦已涵蓋財務申報及內部審核功能以及員工資歷、經驗及相關資源。

本公司已設立方便其僱員就本公司財務申報、內部監控或其他事項可能出現的不適當行為而以保密形式表達關注的安排。

本公司已制定披露政策，為本公司董事、職員、高級管理層及相關僱員提供處理機密資料、監察資料披露及回應查詢的常規指引。

本公司已制定監控措施，嚴禁任何未經授權獲取及使用內幕資料。

董事對財務報表的責任

董事確認彼等編製本公司截至二零一九年十二月三十一日止年度財務報表的責任。

Corporate Governance Report 企業管治報告

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 44 to 51.

Where appropriate, a statement from the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, Messrs Ascenda Cachet CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2019 is set out below:

Service Category

服務類別

Audit Services	審核服務
Non-audit Services	非審核服務
– Review of accounts for the period ended 30 June 2019	– 審閱截至二零一九年六月三十日止期間賬目
– Agreed upon procedures on preliminary results announcement	– 初步業績公告之商定執行情序

Fees Paid/ Payable 已付／應付費用 HK\$ 港元

1,430,000

430,000

50,000

1,910,000

COMPANY SECRETARY

The Board appoints Mr. Wan San Fai, Vincent as its Company Secretary in accordance with the Company's Articles of Association and in compliance with the requirements of the Listing Rules. Mr. Wan has complied with the professional training requirement as set out in Rule 3.29 of the Listing Rules during the year ended 31 December 2019.

董事並不知悉有關可能會令本公司按持續基準經營的能力備受質疑的事件或狀況的任何重大不確定因素。

本公司獨立核數師有關其對財務報表的申報責任的聲明載於第44至51頁獨立核數師報告內。

於適當時，審核委員會之聲明就甄選、委任、辭退或罷免外聘核數師闡述其建議，以及董事會就此與審核委員會持不同意見之原因。

核數師薪酬

截至二零一九年十二月三十一日止年度向本公司外聘核數師天健德揚會計師事務所有限公司支付有關審核服務及非審核服務的酬金分析如下：

公司秘書

董事會根據本公司組織章程細則並在遵守上市規則規定之前提下委任溫新輝先生為公司秘書。截至二零一九年十二月三十一日止年度，溫先生已遵守上市規則第3.29條載列的專業培訓規定。

Corporate Governance Report 企業管治報告

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels and a Shareholders' communication policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company adopted the Dividend Policy on 31 December 2018. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to Shareholders' approval and any dividend unclaimed shall be forfeited and reverted to the Company in accordance with the Company's Articles of Association.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. 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 websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 64 of the Articles of Association of the Company, extraordinary general meetings may be convened on the requisition of 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 having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an Extraordinary General Meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one (21) days of such deposit the Directors do not 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) shall be reimbursed to the requisitionist(s) by the Company.

股東權利

本公司以各種溝通渠道與股東接觸，股東通訊政策亦得到落實，確保股東意見及關注事宜得到妥善解決。該政策定期檢討，以確保行之有效。

本公司於二零一八年十二月三十一日採納股息政策。董事可視乎本公司及本集團的財務狀況及股息政策所載條件及因素建議及／或宣派任一財政年度或期間之股息。任何財政年度之末期股息均須經股東批准，而任何未領取之股息將根據本公司組織章程細則予以沒收及歸還予本公司。

為保障股東權益及權利，各實質上獨立的事宜（包括推選個別董事）應以獨立決議案形式於股東大會上提呈。於股東大會上提出的所有決議案將根據上市規則以投票表決方式進行表決，而投票結果將於每次股東大會舉行後於本公司及聯交所網站刊登。

股東召開股東特別大會

根據本公司組織章程細則第64條，股東特別大會可應於遞呈請求當日持有不少於有權於股東大會上投票的本公司繳足股本十分之一的一位或以上股東要求予以召開。有關請求須以書面形式向董事或秘書提出，述明要求董事召開股東特別大會以處理請求內訂明的任何事項。如於遞呈請求書日期起二十一(21)日內董事未能召開該大會，請求人自身可以同一方式召開大會，請求人因董事未能召開大會而產生的所有合理開支須由本公司補償予請求人。

Corporate Governance Report 企業管治報告

Putting Forward Proposals at General Meetings

For proposal of a person for election as Director, pursuant to Article 113 of the Articles of Association of the Company, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company's Head Office at Room 1101, 11/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong or at the Company's Registration Office at Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong at least seven (7) clear days before the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven (7) clear days in length.

Shareholders who wish to put forward other proposals at general meetings may follow the procedures in "Convening an Extraordinary General Meeting by Shareholders" set out above to convene an extraordinary general meeting for business specified in the written requisition.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: Room 1101, 11/F, Tower One, Lippo Centre,
No. 89 Queensway, Hong Kong
(For the attention of the Board of Directors)
Fax: (852) 3747-8047
Email: info@paep.com.cn

於股東大會上提出議案

關於推選董事人選的議案，根據本公司組織章程細則第113條，除非一項有意提名選舉該位人士為董事的書面通知以及一項該位被推選人士簽發表明其願意膺選的書面通知已呈交至本公司總辦事處（地址為香港金鐘道89號力寶中心一座11樓1101室）或本公司過戶登記處卓佳證券登記有限公司（地址為香港皇后大道東183號合和中心54樓），否則概無人士（退任董事除外）有權在任何股東大會上膺選出任董事職位（除非由董事推選）。提交該等通知的期間須由不早於指定進行該推選的股東大會通告寄發翌日起計，及不遲於該股東大會舉行日期前七(7)個整日結束，而向本公司發出該等通知的最短期間須為最少七(7)個整日。

擬於股東大會上提呈其他建議的股東可跟隨上述「股東召開股東特別大會」所載的程序，為該書面要求所載的任何事務召開股東特別大會。

向董事會作出查詢

股東如欲向本公司董事會作出任何查詢，可將查詢內容以書面形式寄送至本公司。本公司一般不會處理口頭或匿名的查詢。

聯絡詳情

股東可將上述查詢或請求發送至下列地址：

地址：香港金鐘道89號力寶中心一座
11樓1101室
(註明董事會收啟)
傳真：(852) 3747-8047
電郵：info@paep.com.cn

Corporate Governance Report 企業管治報告

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from other specified office of the Company, if any, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Chairman of the Board was unable to attend the annual general meeting held on 6 June 2019 due to a business trip. He will use his best endeavours to attend all future shareholders' meetings of the Company.

During the year ended 31 December 2019, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

為免生疑，股東須向上述地址（除本公司的其他指定地址（如有）外）送交及發出正式簽署的書面請求、通知或聲明或查詢（視情況而定）的正本，並提供彼等全名、聯絡詳情及身份，以使之生效。股東資料或會根據法律規定予以披露。

與股東及投資者的溝通

本公司認為，與股東有效溝通對促進投資者關係及讓投資者了解本集團業務表現及策略而言至關重要。本公司致力於維持與股東的持續溝通，尤其是透過股東周年大會及其他股東大會。董事（或彼等的代表，如適用）將出席股東周年大會，與股東會面並解答股東疑問。

董事會主席因出差而未能出席於二零一九年六月六日舉行的股東周年大會。彼將竭力出席本公司日後所有的股東大會。

截至二零一九年十二月三十一日止年度，本公司並無對其組織章程細則作出任何修訂。本公司組織章程細則的最新版本於本公司網站及聯交所網站可供查閱。

Directors and Senior Management 董事及高級管理層

BOARD OF DIRECTORS

Executive Director

Mr. Jiang Xin, aged 35, is the Chairman of the Board, an Executive Director and Chief Executive Officer. He was appointed as an Executive Director and Chief Executive Officer of the Company in December 2016. He was also appointed as the Chairman of the Company in September 2017. He is also a member of the Nomination Committee and the Remuneration Committee. He is currently the general manager of China Rare Earth Holdings Limited ("China Rare Earth") (Stock Code: 769) (the shares of which are listed on the Main Board of the Stock Exchange). He joined China Rare Earth in August 2008 and was promoted to the present position of general manager in August 2012. Mr. Jiang Xin obtained a bachelor's degree in arts majoring in international business, finance and economics from University of Manchester in June 2006 and a bachelor's degree in arts majoring in business studies from University of Wales in July 2008.

Non-Executive Director

Mr. Fan Yajun, aged 52, is a Non-executive Director. He was appointed as an Executive Director in March 2007 and was re-designated as a Non-executive Director on 12 April 2016. Mr. Fan has more than 20 years of experience in business management. He joined the Group in July 2002 and has been responsible for the overall administration and business management. He completed a Master of Business Administration course at Southeast University in July 2004. For the period between August 1999 and August 2005, he was an executive director of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange.

董事會

執行董事

蔣鑫先生，35歲，為董事會主席、執行董事及行政總裁。彼於二零一六年十二月獲委任為本公司執行董事及行政總裁。彼亦於二零一七年九月獲委任為本公司之主席。彼同時為提名委員會及薪酬委員會之成員。彼現任中國稀土控股有限公司（「中國稀土」）（股份代號：769）（其股份於聯交所主板上市）之總經理。彼於二零零八年八月加入中國稀土，並於二零一二年八月晉升至現職（總經理）。蔣鑫先生於二零零六年六月自曼徹斯特大學取得文學士學位，主修國際商業、金融及經濟，並於二零零八年七月自威爾斯大學取得文學士學位，主修商業研究。

非執行董事

范亞軍先生，52歲，為非執行董事。彼於二零零七年三月獲委任為執行董事，並於二零一六年四月十二日調任為非執行董事。范先生擁有逾20年之企業管理經驗。彼於二零零二年七月加入本集團，負責本集團之整體行政及業務管理。彼於二零零四年七月完成東南大學工商管理碩士課程。彼於一九九九年八月至二零零五年八月期間為中國稀土（其股份於聯交所主板上市）之執行董事。

Directors and Senior Management 董事及高級管理層

Independent Non-Executive Directors

Mr. Lai Wing Lee, aged 80, has been appointed as an Independent Non-executive Director since December 2007. He is the chairman of the Nomination Committee and the Remuneration Committee and also a member of the Audit Committee. He has been the managing director of Shenzhen Beishen Environmental Packaging Development Co., Limited, which is mainly engaged in the sales and manufacture of EP packaging products, since August 2005. He graduated from the South China Institute of Technology (now known as South China University of Technology) in 1965. He has over 30 years of experience in enterprise management.

Mr. Leung Shu Sun, Sunny, aged 57, has been appointed as an Independent Non-executive Director since December 2007. He is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He has over 20 years' working experience in, among others, accounting, treasury management, budgeting and corporate finance. He graduated from Hong Kong Polytechnic University with a professional diploma in Accountancy and obtained a master's degree in business administration from the University of South Australia. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. From 2005 to 2007, he served as the financial controller, qualified accountant and company secretary of Xiwang Sugar Holdings Company Limited (now known as Xiwang Property Holdings Company Limited) (Stock Code: 2088), the shares of which are listed on the Main Board of the Stock Exchange. From 2001 to date, he has been a director of a company providing accounting, tax and corporate finance services. From 1999 to 2001, he held key financial position in a listed company in Hong Kong. From 1998 to 1999, he was a finance director of a company principally engaged in the provision of network infrastructure solutions. From 1993 to 1998, he was the financial controller of a company principally engaged in property investment, trading and securities. From 1987 to 1990, he worked in international accounting firms handling audit, tax and accounting matters. Mr. Leung has been an independent non-executive director of Xiwang Special Steel Company Limited (Stock Code: 1266), the shares of which are listed on the Main Board of the Stock Exchange since February 2012. He was appointed as an independent non-executive director of China Art Financial Holdings Limited (Stock Code: 1572), the shares of which are listed on the Main Board of the Stock Exchange on 14 October 2016.

獨立非執行董事

賴永利先生，80歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為提名委員會及薪酬委員會之主席，並同時為審核委員會之成員。彼自二零零五年八月起出任深圳市北深環保包裝發展有限公司之董事總經理，該公司主要從事環保包裝產品之銷售及生產。彼於一九六五年畢業於華南理工學院（現稱為華南理工大學）。彼於企業管理方面擁有逾30年經驗。

梁樹新先生，57歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為審核委員會之主席，並為提名委員會及薪酬委員會之成員。彼在會計、財資管理、預算及企業融資方面，還有其他方面，擁有逾20年工作經驗。彼以會計專業文憑畢業於香港理工大學，並在南澳大學獲得工商管理碩士學位。彼為英國特許公認會計師公會資深會員、香港會計師公會會員及加拿大註冊會計師協會會員。彼於二零零五年至二零零七年期間擔任西王糖業控股有限公司（現稱為西王置業控股有限公司）（股份代號：2088）（其股份於聯交所主板上市）之財務總監、合資格會計師及公司秘書。彼自二零零一年至今，於一家提供會計、稅務及企業融資服務之公司擔任董事。彼自一九九九年至二零零一年期間，於一家香港上市公司擔任主要財務職位。彼自一九九八年至一九九九年期間，於一家主要從事提供網絡基建解決方案業務之公司擔任財務董事。彼自一九九三年至一九九八年期間，為一家主要從事物業投資、貿易及證券之公司之財務總監。彼自一九八七年至一九九零年期間，曾於國際會計師行工作，負責處理審計、稅務及會計事宜。梁先生自二零一二年二月起為西王特鋼有限公司（股份代號：1266）（其股份於聯交所主板上市）之獨立非執行董事。彼於二零一六年十月十四日獲委任為中國藝術金融控股有限公司（股份代號：1572）（其股份於聯交所主板上市）之獨立非執行董事。

Directors and Senior Management 董事及高級管理層

Professor Wang Guozhen, aged 84, has been appointed as an Independent Non-executive Director since December 2007. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. Since October 1980, Professor Wang was the chairperson of the Environment Protection Specialist Commission of the Chinese Society of Rare Earths and he became a consultant afterwards. He was, from 1994 to 2005, a member of the Rare Earth Expert Group of China State Planning and Development Commission, and the team leader of the Industry Division. Professor Wang was appointed as an expert of the Expert Group of the Association of China Rare Earth Industry on 8 April 2014. He graduated from the Department of Chemical Engineering of Tianjin University with a major in physical chemistry of metals. He was an independent director of the State-owned Gansu Rare Earth Group Co., Ltd. from 2005 to December 2012. On 1 August 2012, Professor Wang was appointed as an independent non-executive director of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange. From 1 December 2012 to 10 September 2015, he was appointed as an independent director of Lianyungang Ligang Rare Earth Industrial Co., Ltd. From 26 January 2013 to 25 April 2019, Professor Wang was appointed as an independent director of Shenghe Resources Holding Co. Ltd (Stock Code: 600392), the shares of which are listed on the Shanghai Stock Exchange. He was appointed as senior expert consultant of rare earth projects of China Enfi Engineering Corporation from 13 March 2015 to 28 February 2019. Since December 2016, he was appointed as a honorary director of the 6th Council of The Chinese Society of Rare Earths.

王國珍教授，84歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為審核委員會、提名委員會及薪酬委員會之成員。自一九八零年十月起，王教授為中國稀土學會環保專業委員會之主任委員，其後出任為顧問。彼於一九九四年至二零零五年期間為中國國家計劃和發展委員會稀土專家組之成員，並擔任產業組組長。王教授於二零一四年四月八日獲委任為中國稀土行業協會專家組專家。彼畢業於天津大學化學工程系，主修金屬物理化學。彼自二零零五年起至二零一二年十二月出任國有企業甘肅稀土新材料股份有限公司之獨立董事。於二零一二年八月一日，王教授獲委任為中國稀土（其股份於聯交所主板上市）之獨立非執行董事。自二零一二年十二月一日至二零一五年九月十日，彼獲委任為連雲港麗港稀土實業有限公司之獨立董事。自二零一三年一月二十六日至二零一九年四月二十五日，王教授獲委任為盛和資源控股股份有限公司（股份代號：600392）（其股份於上海證券交易所上市）之獨立董事。自二零一五年三月十三日至二零一九年二月二十八日，彼獲委任為中國恩菲工程技術有限公司稀土項目之高級專家顧問。自二零一六年十二月起，彼獲委任為中國稀土學會第六屆理事會名譽理事。

Directors and Senior Management 董事及高級管理層

SENIOR MANAGEMENT

Mr. Wan San Fai, Vincent, aged 46, is the chief financial officer and company secretary of the Company. He joined the Group in March 2007 and is responsible for the corporate finance function of the Group. He oversees matters relating to financial administration, and compliance and reporting obligations of the Group. Mr. Wan has more than 20 years' experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Wan has worked for a company listed on the Singapore Stock Exchange as its financial controller from 2005 to 2007. Mr. Wan is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wan holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University.

Mr. Shen Li, aged 36, is the chief investment officer of the Company. He joined the Group in February 2019 and is responsible for the investment activity of the Group. He worked as a senior manager in an international accounting firm and an international consulting company from 2006 to July 2017. Mr. Shen obtained a Master of Business Administration from Shanghai Jiao Tong University, and a bachelor's degree in Administration from Shanghai International Studies University. He is a Certified Practising Accountant (Australia). From 29 September 2017 to 31 January 2018, he was appointed as an independent non-executive director of China Fordoo Holdings Limited (Stock Code: 2399), the shares of which are listed on the Main Board of the Stock Exchange. He is currently an executive director of Shanghai Songshan Business Consulting and Service Co., Ltd.

Mr. Cai Xijun, aged 51, is the general manager of Jiangsu Pan Asia. He has more than 10 years of experience in sales and project management. He joined the Group in 2000 and is responsible for project management of EP projects. Before joining the Group, he was office manager of Yixing Xinwei Group Company Limited. He graduated from Hufu Middle School of Yixing City.

Mr. Wu Dongping, aged 37, is the financial controller of Jiangsu Pan Asia. He has about 10 years of experience in financial management. He joined the Group in May 2014. Before joining the Group, he was a finance manager of Yixing AGC Ceramics Company Limited. He graduated from the Huaiyin Institute of Technology, majoring in accountancy.

高級管理層

溫新輝先生，46歲，本公司之財務總監兼公司秘書。彼於二零零七年三月加入本集團，負責本集團之企業融資部門。彼監督財務管理相關事宜及負責本集團之合規事宜及履行呈報責任。溫先生在審核、會計及財務管理方面擁有逾20年經驗。於加入本集團前，溫先生於二零零五年至二零零七年在一家於新加坡證券交易所上市之公司擔任財務總監。溫先生現為香港會計師公會之會員。溫先生持有香港理工大學會計學文學士學位。

沈力先生，36歲，本公司之投資總監。彼於二零一九年二月加入本集團，負責本集團之投資業務。於二零零六年至二零一七年七月期間，彼於一間國際會計師事務所及一間國際顧問公司出任高級經理職務。沈先生於上海交通大學取得工商管理碩士學位，及於上海外國語大學取得管理學學士學位。沈先生為澳洲執業會計師。自二零一七年九月二十九日至二零一八年一月三十一日，彼獲委任為中國虎都控股有限公司（股份代號：2399）（其股份於聯交所主板上市）之獨立非執行董事。沈先生目前為上海松山商務諮詢服務有限公司之執行董事。

蔡錫軍先生，51歲，江蘇泛亞總經理。彼在銷售及項目管理領域擁有逾10年經驗。彼於二零零零年加入本集團，負責環保項目之項目管理。於加入本集團前，彼為宜興新威集團有限公司辦公室主任。彼畢業於宜興市湖汊中學。

吳冬萍先生，37歲，江蘇泛亞財務總監。彼在財務管理方面擁有約10年經驗。彼於二零一四年五月加入本集團。於加入本集團前，彼為宜興旭硝子工業陶瓷有限公司財務經理。彼畢業於淮陰工學院會計專業。

Report of the Directors 董事會報告

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands and has its principal place of business in the PRC at Baihe Industrial Park, Xinjie Street, Yixing City, Jiangsu Province, the PRC and has its principal place of business in Hong Kong at Room 1101, 11/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of EP products and equipment, as well as undertaking of EP construction engineering services in the PRC.

BUSINESS REVIEW

A business review of the Group is set out in the section headed "Management Discussion and Analysis" on pages 7 to 9 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the major customers and suppliers of the Group during the financial year is as follows:

The largest customer	最大客戶
Five largest customers in aggregate	五大客戶總計
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商總計

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholders of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

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

主要營業地點

本公司乃一家於開曼群島註冊成立之公司，其位於中國之主要營業地點為中國江蘇省宜興市新街街道百合工業園，其於香港之主要營業地點為香港金鐘道89號力寶中心一座11樓1101室。

主要業務

本集團主要於中國從事銷售環保產品及設備，以及承接環保建設工程服務。

業務回顧

本集團之業務回顧載於本年報第7至9頁「管理層討論與分析」一節。

主要客戶及供應商

於財政年度內有關本集團主要客戶及供應商之資料如下：

	Percentage of the Group's total 佔本集團總額之百分比	
Revenue 收入	Purchases 採購額	
The largest customer	23.1%	—
Five largest customers in aggregate	88.9%	—
The largest supplier	—	51.6%
Five largest suppliers in aggregate	—	100%

概無董事、彼等之緊密聯繫人士（定義見上市規則）或本公司任何股東（據董事所知擁有本公司股本5%以上）於本集團五大客戶及供應商擁有實益權益。

Report of the Directors

董事會報告

FINANCIAL STATEMENTS

The results of the Group for the financial year ended 31 December 2019 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 52 to 171.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil) as the capital will be reserved for the development of the Group's business operations.

DISTRIBUTABLE RESERVES

Loss attributable to equity holders of the Company of RMB58,624,000 (2018: RMB19,357,000) have been transferred to reserves. Other movements in reserves are set out in note 25 to the financial statements.

As at 31 December 2019, the distributable reserve of the Company amounted to approximately RMB564,732,000 (2018: RMB581,242,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the financial year are set out in note 13 to the financial statements.

CORPORATE BONDS

Details of movements in corporate bonds issued by the Company during the year are set out in note 21 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the financial year are set out in note 24 to the financial statements.

GEARING RATIO

As at 31 December 2019, the gearing ratio of the Group, based on total borrowings (including corporate bonds) to the equity (including all capital and reserves) was 4.3% (2018: 4.0%).

財務報表

本集團於截至二零一九年十二月三十一日止財政年度之業績及本公司及本集團於該日之狀況載於財務報表第52至第171頁。

末期股息

董事會不建議派付截至二零一九年十二月三十一日止年度之末期股息(二零一八年：無)，以保留資金發展本集團各項業務。

可分發儲備

本公司權益持有人應佔虧損為人民幣58,624,000元(二零一八年：人民幣19,357,000元)已轉撥至儲備。儲備之其他變動載於財務報表附註25。

於二零一九年十二月三十一日，本公司可分發儲備約為人民幣564,732,000元(二零一八年：人民幣581,242,000元)。

物業、廠房及設備

本集團於財政年度內之物業、廠房及設備之變動詳情載於財務報表附註13。

公司債券

本公司於本年度發行之公司債券之變動詳情載於財務報表附註21。

股本

本公司股本於財政年度內之變動詳情載於財務報表附註24。

權益負債比率

於二零一九年十二月三十一日，本集團之權益負債比率根據借貸總額(包括公司債券)除以權益(包括所有股本及儲備)為4.3%(二零一八年：4.0%)。

Report of the Directors 董事會報告

DIRECTORS

The Directors during the financial year were:

Executive Director

Mr. Jiang Xin (*Chairman and Chief Executive Officer*)

Non-executive Director

Mr. Fan Yajun

Independent Non-executive Directors

Mr. Lai Wing Lee

Mr. Leung Shu Sun, Sunny

Professor Wang Guozhen

Mr. Jiang Xin and Mr. Lai Wing Lee shall retire from the offices as Executive Director and Independent Non-executive Director respectively at the forthcoming Annual General Meeting in accordance with article 108(A) of the Articles of Association.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Under the Company's Articles of Association, every Director or officer of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs and damages which he may incur or sustain in the execution of the duties of his office or otherwise in relation thereto. Such provision is in force during the year under review and as of the date of this annual report.

董事

於財政年度內之董事為：

執行董事

蔣鑫先生 (*主席及行政總裁*)

非執行董事

范亞軍先生

獨立非執行董事

賴永利先生

梁樹新先生

王國珍教授

蔣鑫先生及賴永利先生將根據組織章程細則第108(A)條於應屆股東周年大會上分別退任執行董事及獨立非執行董事之職務。

確認獨立性

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出之年度獨立性確認書，並認為全體獨立非執行董事均為獨立人士。

董事之服務合同

概無擬於應屆股東周年大會重選之董事訂有本公司或其任何附屬公司在一年內不支付賠償（一般法定賠償除外）不可終止之未到期服務合同。

董事獲允許的彌償保證條文

根據本公司的組織章程細則，就本公司任何事務行事的本公司各董事或主管人員，可就其執行職務而產生或承受或因其職務而以其他方式產生或承受的所有行動、費用及損害，從本公司的資產及溢利中獲得彌償並免受損害。有關條文於回顧年度內及截至本年報日期一直有效。

Report of the Directors

董事會報告

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the information disclosed in “Material Related Party Transactions” in note 28 to the financial statements, no transaction, arrangement or contract of significance in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of 2019, and there was no contract of significance between the Company or a subsidiary of the Company with the controlling shareholder or any of its subsidiaries during the year under review.

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

Neither the Company nor any of its subsidiary purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

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 annual report, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register of interests required to be maintained by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

董事／控股股東於重大合同中之權益

除於財務報表附註28「重大有關連人士交易」所披露之資料外，於二零一九年年內或年底概無存在董事或與董事有關連的實體直接或間接擁有重大權益的交易、安排或重大合同，且於回顧年度內，本公司或本公司附屬公司與控股股東或其任何附屬公司概無任何重大合同。

購入、出售或贖回本公司之上市證券

於截至二零一九年十二月三十一日止年度，本公司或其附屬公司概無購入、出售或贖回本公司之任何上市證券。

足夠之公眾持股量

根據截至本年報日期，本公司可公開取得之資料及據董事所知，本公司一直維持上市規則項下規定之公眾持股量。

董事及最高行政人員於本公司或其相聯法團的股份、相關股份及債券中之權益及淡倉

於二零一九年十二月三十一日，本公司董事及最高行政人員於本公司或其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所（包括彼等根據證券及期貨條例之該等條文被視為或被當作擁有的權益及淡倉）；或(b)記錄於本公司根據證券及期貨條例第352條保存之權益登記冊內；或(c)根據標準守則須知會本公司及聯交所之權益及淡倉如下：

Report of the Directors 董事會報告

Interests in shares and underlying shares of the Company

於本公司股份及相關股份之權益

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares held 持有股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (購股權) (Notes 1 and 3) (附註1及3)	Approximate percentage of issued share capital 佔已發行股本之概約百分比
Mr. Jiang Xin 蔣鑫先生	Interest of controlled corporation 受控制法團權益	356,568,000 (L) (Note 2) (附註2)		42.45%
	Beneficial interest 實益權益	266,568,000 (S)		31.73%
	Beneficial interest 實益權益	2,000,000 (L)		0.24%
Mr. Fan Yajun 范亞軍先生	Beneficial interest 實益權益		2,500,000 (L)	0.3%
Mr. Lai Wing Lee 賴永利先生	Beneficial interest 實益權益		500,000 (L)	0.06%
Mr. Leung Shu Sun, Sunny 梁樹新先生	Beneficial interest 實益權益		500,000 (L)	0.06%
Professor Wang Guozhen 王國珍教授	Beneficial interest 實益權益		500,000 (L)	0.06%

Notes:

- The letter "L" denotes the Director's long position in the shares/underlying shares. The letter "S" denotes the person's short position in the shares/underlying shares.
- These 356,568,000 shares were registered in the name of and beneficially owned by Praise Fortune Limited ("Praise Fortune"). The total number of issued shares in Praise Fortune as at 31 December 2019 was 601 shares of US\$1 each. Mr. Jiang Xin held 361 shares being approximately 60.07% in Praise Fortune and was deemed to be interested in the Shares held by Praise Fortune under the SFO.
- These interests represent the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners, the details of which are set out in the Share Option Scheme section stated below.

Save as disclosed above, as at 31 December 2019, so far as was known to any Director or chief executive of the Company, neither the Directors nor the chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

附註：

- 字母「L」指董事於股份／相關股份之好倉。字母「S」指有關人士於股份／相關股份之淡倉。
- 該等356,568,000股股份以Praise Fortune Limited(「Praise Fortune」)之名義登記並由其實益擁有。Praise Fortune於二零一九年十二月三十一日之已發行股份總數為601股，每股面值1美元。蔣鑫先生擁有361股股份(即約佔Praise Fortune全部已發行股份之60.07%)，根據證券及期貨條例，被視為擁有Praise Fortune所持有之股份權益。
- 該等權益指本公司向有關董事(作為實益擁有人)授出購股權所涉及的相關股份權益，有關詳情載於下文購股權計劃一節。

除上述披露外，於二零一九年十二月三十一日，就本公司任何董事或最高行政人員所知，概無董事或最高行政人員於本公司或任何其相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何權益或淡倉。

Report of the Directors 董事會報告

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”), details of which are set out in note 26 to the financial statements. Details of the share options granted under the Share Option Scheme and their movements during the year ended 31 December 2019 were as follows:

購股權計劃

本公司採納一項購股權計劃（「購股權計劃」），詳情載於財務報表附註26。根據購股權計劃授出之購股權之詳情及其截至二零一九年十二月三十一日止年度之變動如下：

Directors 董事	Date of Grant 授出日期	Exercise Price per share 每股 行使價 HK\$ 港元	Vesting Period 歸屬期	Exercise Period 行使期間	Number of Share Options 購股權數目			
					Balance as at 1/1/2019 於 二零一九年 一月一日 之結餘	Granted during the year 於年內 已授出	Exercised/ Cancelled/ Lapsed during the year 於年內 已行使/ 已註銷/ 已失效	Balance as at 31/12/2019 於 二零一九年 十二月 三十一日 之結餘
范亞軍先生 Mr. Fan Yajun	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	2,500,000	-	-	2,500,000
賴永利先生 Mr. Lai Wing Lee	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	500,000	-	-	500,000
梁樹新先生 Mr. Leung Shu Sun, Sunny	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	500,000	-	-	500,000
王國珍教授 Professor Wang Guozhen	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	500,000	-	-	500,000
					4,000,000	-	-	4,000,000
長期合同僱員 Continuous contract employees	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	28,500,000	-	-	28,500,000
總計 Total					32,500,000	-	-	32,500,000

Report of the Directors 董事會報告

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Other than the Share Option Scheme disclosed above, 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 to acquire benefits by means of acquisition of shares in or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme disclosed above, no equity-linked agreements were entered into by the Company, or existed during the year under review.

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

So far as was known to the Directors and chief executive of the Company, as at 31 December 2019, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fail to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Interests in the shares and underlying shares of the Company

Name 名稱	Nature of interest 權益性質	Number of shares held 所持股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (購股權) (Note 1) (附註1)	Approximate percentage of issued share capital 佔已發行股本之概約百分比
Praise Fortune Limited (Note 2) (附註2)	Beneficial interest 實益權益	356,568,000 (L)		42.45%
		266,568,000 (S)		31.73%
Caitong International Asset Management Co., Limited (Note 3) 財通國際資產管理有限公司(附註3)	Investment manager 投資經理	250,000,000 (L)		29.76%
Caitong Securities Co., Limited (Note 4) 財通證券股份有限公司(附註4)	Security interest 保證權益	266,568,000 (L)		31.73%
	Interest of controlled corporation 受控制法團權益	250,000,000 (L)		29.76%
Ministry of Finance of Zhejiang Province, the PRC (Note 4) 中華人民共和國浙江省財政廳(附註4)	Security interest 保證權益	266,568,000 (L)		31.73%
		Interest of controlled corporation 受控制法團權益	250,000,000 (L)	29.76%

董事收購股份及債券之權利

除上述購股權計劃所披露者外，於本年度內任何時間，本公司或其控股公司、附屬公司或同系附屬公司並無訂立任何安排，使董事可透過收購本公司或任何其他法人團體之股份或債券而獲益。

股票掛鈎協議

除上文披露之購股權計劃外，於回顧年度內本公司概無訂立任何股票掛鈎協議，亦無存在有關協議。

主要股東於本公司股份及相關股份之權益及淡倉

據本公司董事及最高行政人員所知，於二零一九年十二月三十一日，下列人士(本公司董事或最高行政人員除外)於本公司之股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部之條文須向本公司披露或記錄於本公司根據證券及期貨條例第336條規定須存置之權益登記冊內之權益或淡倉如下：

於本公司股份及相關股份之權益

Report of the Directors

董事會報告

Notes:

1. The Letter "L" denotes the person's long position in the shares/ underlying shares. The Letter "S" denotes the person's short position in the shares/underlying shares.
2. The long position in 356,568,000 shares and short position in 266,568,000 shares were beneficially owned by Mr. Jiang Xin, the Chairman, the Chief Executive Officer and an Executive Director of the Company and Ms. Qian Yuanying. Mr. Jiang Xin holds 361 shares in Praise Fortune, representing approximately 60.07% in its issued share capital and Ms. Qian Yuanying holds 240 shares in Praise Fortune, representing approximately 39.93% in its issued share capital. Ms. Qian Yuanying is the mother of Mr. Jiang Xin. Mr. Jiang Quanlong, the spouse of Ms. Qian Yuanying, was deemed to have interest in the Company.
3. These 250,000,000 shares were beneficially owned by Caitong Strategic SPC (formerly known as "Avenue Multi-Strategy Fund SPC") on behalf of CTI Environmental Protection Industrial Fund SP (formerly known as "Avenue Multi-Strategy Fund Segregated Portfolio 1"). Caitong International Asset Management Co., Limited was interested in these 250,000,000 shares in the capacity of investment manager.
4. The 266,568,000 shares were beneficially owned by Caitong Securities (Hong Kong) Co., Limited. Caitong Securities (Hong Kong) Co., Limited is wholly owned by Caitong Securities Co., Limited which is owned as to 36.60% by Zhejiang Province Financial Holdings Co., Ltd. Zhejiang Province Financial Holdings Co., Ltd is wholly owned by Zhejiang Province Financial Development Limited which is in turn wholly owned by Ministry of Finance of Zhejiang Province, the PRC. Accordingly, Caitong Securities Co., Limited, Zhejiang Province Financial Holdings Co., Ltd, Zhejiang Province Financial Development Limited and Ministry of Finance of Zhejiang Province, the PRC are deemed to be interested in the same number of shares in which Caitong Securities (Hong Kong) Co., Limited is interested under the SFO.

Save as disclosed above, as at 31 December 2019, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company.

附註：

1. 字母「L」指有關人士於股份／相關股份之好倉。字母「S」指有關人士於股份／相關股份之淡倉。
2. 於356,568,000股股份之好倉及於266,568,000股股份之淡倉乃由本公司主席、行政總裁兼執行董事蔣鑫先生及錢元英女士實益擁有。蔣鑫先生於Praise Fortune持有361股股份，佔其已發行股本約60.07%，而錢元英女士於Praise Fortune持有240股股份，佔其已發行股本約39.93%。錢元英女士為蔣鑫先生之母親。錢元英女士之配偶蔣泉龍先生被視為於本公司擁有權益。
3. 該等250,000,000股股份乃由Caitong Strategic SPC(前稱「Avenue Multi-Strategy Fund SPC」)代表CTI Environmental Protection Industrial Fund SP(前稱「Avenue Multi-Strategy Fund Segregated Portfolio 1」)實益擁有。財通國際資產管理有限公司以投資經理身份於該等250,000,000股股份中擁有權益。
4. 該等266,568,000股股份乃由財通證券(香港)有限公司實益擁有。財通證券(香港)有限公司乃由財通證券股份有限公司全資擁有，而財通證券股份有限公司則由浙江省金融控股有限公司擁有36.60%股權；浙江省金融控股有限公司乃由浙江省財務開發公司全資擁有，而浙江省財務開發公司則由中華人民共和國浙江省財政廳全資擁有。因此，根據證券及期貨條例，財通證券股份有限公司、浙江省金融控股有限公司、浙江省財務開發公司及中華人民共和國浙江省財政廳被視為擁有財通證券(香港)有限公司所持有之相同數量之股份權益。

除上述所披露者外，於二零一九年十二月三十一日，本公司概不知悉有任何人士(本公司董事或最高行政人員除外)於本公司股份或相關股份中擁有權益或淡倉。

Report of the Directors 董事會報告

MANAGEMENT CONTRACTS

No contracts, other than the service contracts of the Directors or any person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMPETING BUSINESS INTERESTS OF DIRECTORS

Non-Competition Undertaking

Under the restrictive covenants of a share purchase agreement dated 1 December 2007 executed among (i) YY Holdings as vendor, (ii) Praise Fortune, Mr. Jiang Xin (current Director), Mr. Jiang Quanlong (former Director), Ms. Qian Yuanying and Mr. Jiang Lei (former Director) as covenantors, and (iii) the Company as the purchaser, each of Praise Fortune, Mr. Jiang Xin, Mr. Jiang Quanlong, Ms. Qian Yuanying, and Mr. Jiang Lei (collectively the "Covenantors") has undertaken that he/she/it will not and shall procure his/her/its close associates will not:

- (a) at any time disclose to any person, or himself/herself/itself use for any purpose, and shall use his/her/its best endeavours to prevent the publication or disclosure of, any information concerning the business, accounts or finances of any Group company, or any of its clients', suppliers' or customers' transactions or affairs, which may, or may have, come to his/her/its knowledge;
- (b) at any time during which the Company is listed on the Stock Exchange and for so long as each of the Covenantors and their respective close associates collectively hold, whether individually or taken together, 30% or more of the issued shares or is regarded as the controlling shareholder(s) of the Company under the Listing Rules or for a period of two years from the date of the Listing, whichever is the longest period of time:
 - (i) directly or indirectly solicit, interfere with, employ or endeavour to entice away from any Group company with a view to competing with the Group any person who, to his/her/its knowledge, is now, or has during the 12 months preceding the date of the share purchase agreement been, a client, customer, supplier or employee of, or has been in the habit of dealing with, any Group company;

管理合同

除本公司董事或任何全職人士之服務合同外，年內概無訂立或存在有關本公司整體業務或其中任何重要部分之管理及行政之合同。

董事於競爭業務之權益

不競爭承諾

根據由(i) YY Holdings(賣方)、(ii) Praise Fortune、蔣鑫先生(現任董事)、蔣泉龍先生(前董事)、錢元英女士及蔣磊先生(前董事)(作為承諾人)與(iii)本公司(作為買方)於二零零七年十二月一日訂立之購股協議之限制性條款，Praise Fortune、蔣鑫先生、蔣泉龍先生、錢元英女士及蔣磊先生(統稱為「承諾人」)分別承諾，其將不會且將促使其緊密聯繫人士亦不會：

- (a) 於任何時間向任何人士透露或其本人因任何目的利用就其所知可能涉及本集團任何公司之業務、賬目或財務之資料，或其客戶、供應商或客戶之交易或事務，並將竭盡所能防止該等資料交易或事務被公開或透露；
- (b) 於本公司在聯交所上市期間內，及根據上市規則或自上市之日起計兩年期間內(以最長者為準)任何時間，共同持有(無論單獨或視作共同持有)30%或以上已發行股份或被視為本公司控股股東之各承諾人及彼等各自緊密聯繫人士：
 - (i) 直接或間接誘使、干預、聘用或試圖誘使就其所知現時或於購股協議訂立日期前12個月期間為本集團任何公司之客戶、顧客、供應商或僱員或慣常與本集團任何公司進行交易之任何人士離開本集團任何公司以與本集團競爭；

Report of the Directors

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- (ii) at any time use the name or trading style of any Group company, or any trademarks or logos or device similar in appearance to any trademarks, in the PRC, Hong Kong or any other part of the world, or represent himself as carrying on or continuing or being connected with any Group company or its business for any purposes whatsoever; and/or
 - (iii) directly or indirectly carry on or be engaged or concerned or interested in the businesses of (i) the production of water treatment and flue gas treatment and solid waste treatment equipment and components and pipes; (ii) the sale and installation of water treatment and flue gas treatment and solid waste treatment equipment and pipes; and (iii) the contracting of water treatment and flue gas treatment and solid waste treatment projects, being the current principal businesses of the Group.
- (ii) 於任何時間，在中國、香港或任何其他國家或地區使用本集團任何公司之名稱或經營模式或與彼等任何商標之外觀相似之任何商標、圖標或圖案，或不論任何目的代表其本身開展或繼續從事與本集團任何公司或其業務有關之業務；及／或
 - (iii) 直接或間接開展、從事或涉及本集團目前主要業務或於其中擁有權益，即：(i)生產水處理及煙氣處理及固體廢棄物處理設備及元件及管材；(ii)水處理及煙氣處理及固體廢棄物處理設備及管材銷售及安裝；及(iii)承包水處理及煙氣處理及固體廢棄物處理工程。

Each of the Covenantors has undertaken in favour of the Company under the share purchase agreement to procure the provision to the Company of all information necessary for the enforcement of the above undertaking. Each of the Covenantors further undertakes in favour of the Company to make a statement in the annual report of the Company confirming compliance by it and its affiliates with the terms of the non-competition undertaking in the share purchase agreement. The Company has received the confirmation in relation to compliance by them and their affiliates with the terms of the non-competition undertaking in the share purchase agreement for the year ended 31 December 2019.

Each of the Covenantors has confirmed that he/she/it is not currently engaged in any business, which directly or indirectly competes or may compete with the Group's business.

各承諾人均已根據購股協議作出以本公司為受益人之承諾，以促使向本公司提供執行上述承諾所需之全部資料。各承諾人進一步作出以本公司為受益人之承諾，將於本公司年報中作出聲明，確認其及其聯屬公司將遵守購股協議內不競爭承諾之條款。本公司已收到確認，彼等及彼等之聯屬公司已於截至二零一九年十二月三十一日止年度遵守購股協議內之不競爭承諾條款。

各承諾人均已確認，彼等現時並無從事與本集團業務直接或間接構成競爭或可能構成競爭之任何業務。

Report of the Directors 董事會報告

Benxi Fanya Environmental Heat & Power Co., Ltd. (“Benxi Fanya”) is owned as to 49% by Asia Global Tech Group Limited (“AGT (HK)”), and as to 51% by Benxi (Asia) Thermal Technology Company Limited (“Benxi Asia”) (beneficially owned as to 90% and 10% by Ms. Qian Yuanying (the spouse of Mr. Jiang Quanlong) and Mr. Fan Xinyang (son of Mr. Fan Yajun)). AGT (HK) is beneficially owned as to 54%, 18%, 18% and 10% by Ms. Qian Yuanying, Mr. Jiang Lei, Mr. Jiang Xin (both of whom are sons of Mr. Jiang Quanlong) and Mr. Fan Xinyang respectively. The permitted business scope on the business licence of Benxi Fanya includes, among others, heat supply, electricity generation, operation and construction of pipeline. As at the date of this annual report, Benxi Fanya was principally engaged in generating electricity and heat, and was not engaged or interested in any businesses which compete with the current principal businesses of the Group. Jiangsu Tianyuan Technologies Limited (“Jiangsu Tianyuan”) is owned by the associates of Mr. Fang Guohong, a former Executive Director of the Company who resigned on 25 March 2009. The permitted business scope on the business licence of Jiangsu Tianyuan includes, among others, research and development of denitrification EP equipment and technology, manufacture of FGD EP equipment, desulphurization absorption tower and flue glass flake anticorrosive material and denitrification EP equipment. As at the date of this annual report, Jiangsu Tianyuan was principally engaged in the business of producing thermal insulation components, and was not engaged or interested in any businesses which compete with the current principal businesses of the Group. The permitted scope of business of each of Benxi Fanya and Jiangsu Tianyuan is relatively wide, but it is not unusual for a corporate entity to provide for a broader scope of business in its corporate documents to allow for flexibility. At present, neither Benxi Fanya nor Jiangsu Tianyuan has any plan to vary their respective business licences to exclude or alter the permitted activities as set out therein.

Under the restrictive covenants of several service agreements dated 1 December 2007 between the Company and each of the Executive Directors, the Executive Directors gave undertakings similar to the wordings stated in paragraph (b) above of the said share purchase agreement.

本溪泛亞環保熱電有限公司(「本溪泛亞」)由Asia Global Tech Group Limited(「AGT (HK)」)擁有49%及本溪亞洲熱能科技有限公司(「本溪亞洲」)(分別由錢元英女士(蔣泉龍先生之配偶)持有90%及范欣暘先生(范亞軍先生之子)持有10%)擁有51%。AGT (HK)分別由錢元英女士、蔣磊先生、蔣鑫先生(均為蔣泉龍先生之子)及范欣暘先生擁有54%、18%、18%及10%。本溪泛亞之營業執照所列許可經營範圍涵蓋(其中包括)供熱、發電、熱力管網的配套建設與經營。於本年報日期,本溪泛亞主要從事電力及熱能生產,而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。江蘇天元科技有限公司(「江蘇天元」)由本公司前任執行董事方國洪先生(彼於二零零九年三月二十五日辭任)之聯繫人士擁有。江蘇天元營業執照所列許可經營範圍涵蓋(其中包括)脫硝環保設備及技術的研發;煙氣脫硫環保設備、脫硫吸收塔、煙道玻璃鱗片防腐材料及脫硝環保設備之製造。於本年報日期,江蘇天元主要從事生產熱絕緣元件之業務,而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。本溪泛亞與江蘇天元之獲許可經營範圍相對較廣。但為保持靈活性,一間公司實體往往會於其公司文件中設定較廣之業務範圍。目前,本溪泛亞與江蘇天元並無計劃更換其各自之營業執照,以去除或修改其中載明之獲許可業務。

根據本公司與各執行董事於二零零七年十二月一日訂立之若干服務協議之限制性承諾,執行董事均作出與上文所述購股協議(b)段措詞類似之承諾。

Report of the Directors 董事會報告

The Independent Non-executive Directors shall review, at least on an annual basis, the compliance with the non-competition undertaking by each of such persons on their existing or future competing business and the Company shall disclose the result of such review either through the annual report of the Company, or by way of announcement to the public. The Independent Non-executive Directors have reviewed and confirmed the compliance by each of such persons with the non-competition undertaking for the year ended 31 December 2019.

As the controlling shareholders namely, Praise Fortune, Mr. Jiang Xin (current Director), Mr. Jiang Quanlong (former Director), Ms. Qian Yuanying and Mr. Jiang Lei (former Director) have given non-competition undertakings in favour of the Company and none of them has interests in other businesses that compete or are likely to compete with the business of the Group, the management and operation of the operating entities are independent from each other. The Directors are of the view that the Group is capable of carrying on its business independently of the controlling shareholders.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

FINANCIAL SUMMARY

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 172 of the annual report.

RETIREMENT BENEFIT COSTS

The retirement schemes of the Company and its subsidiaries are primarily in form of contributions to the Hong Kong mandatory provident fund and China statutory public welfare fund. Particulars of these retirement schemes are set out in note 8 to the financial statements.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares, they are advised to consult an expert.

獨立非執行董事須至少每年檢討各有關人士於彼等之現有或日後競爭業務遵守不競爭承諾方面之合規情況，而本公司將透過本公司年報或公告向公眾人士披露有關檢討結果。獨立非執行董事已審閱並已確認各有關人士已於截至二零一九年十二月三十一日止年度遵守不競爭承諾。

由於控股股東即Praise Fortune、蔣鑫先生（現任董事）、蔣泉龍先生（前董事）、錢元英女士及蔣磊先生（前董事）已作出以本公司為受益人之不競爭承諾，且彼等概無於與本集團業務競爭或可能與本集團業務競爭之其他業務中擁有權益，各經營實體之管理及營運相互獨立，因此董事認為本集團有能力獨立於控股股東經營本集團業務。

優先購買權

本公司組織章程細則或開曼群島法律均無有關強制本公司按比例向其現有股東發售新股份之優先購買權之規定。

財務摘要

本集團在過去五個財政年度之業績及資產與負債摘要載於年報第172頁。

退休福利成本

本公司及其附屬公司之退休計劃主要以香港強制性公積金及中國法定公積金供款之形式。此等退休計劃之詳情載於財務報表附註8。

建議之專業稅務意見

如本公司股東未能確定購買、持有、出售、處理或行使有關股份之任何權利之稅務影響，謹請彼等諮詢專業人士。

Report of the Directors 董事會報告

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is preparing the environmental, social and governance report (the “ESG report”) for the year ended 31 December 2019 in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange. The Company will publish the ESG report on the Stock Exchange’s website and the Company’s website as close as possible to, and in any event no later than three months after, the publication of the Company’s annual report of 2019.

CHANGES IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information on Directors are as follows:

Professor Wang Guozhen resigned as an independent director of Shenghe Resources Holding Co., Ltd (Stock Code: 600392), the shares of which are listed on the Shanghai Stock Exchange, with effect from 25 April 2019.

Save as disclosed above, during the period under review and up to the date of this report, there is no other change in information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 December 2019 have been audited by Ascenda Cachet CPA Limited. Ascenda Cachet CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ascenda Cachet CPA Limited as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

環境政策與績效

本公司正在根據聯交所《環境、社會及管治報告指引》編製截至二零一九年十二月三十一日止年度之環境、社會及管治報告。本公司將於盡可能接近刊發二零一九年年報的時間，但不遲於刊發二零一九年年報後的三個月內於聯交所網站及本公司網站發佈本公司環境、社會及管治報告。

董事資料的變動

根據上市規則第13.51B(1)條，董事資料的變動如下：

王國珍教授已辭任盛和資源控股股份有限公司(股份代號：600392)(其股份於上海證券交易所上市)之獨立董事，自二零一九年四月二十五日起生效。

除上述披露外，於回顧期內及截至本報告日期止，概無其他董事資料的變動須根據上市規則第13.51B(1)條予以披露。

核數師

截至二零一九年十二月三十一日止年度之綜合財務報表已經由天健德揚會計師事務所有限公司審核。天健德揚會計師事務所有限公司將退任，惟合資格並願意獲重新聘任。重新聘任天健德揚會計師事務所有限公司為本公司核數師之決議案將於應屆股東周年大會上提呈。

On behalf of the Board
Jiang Xin
Chairman

Hong Kong, 31 March 2020

代表董事會
蔣鑫
主席

香港，二零二零年三月三十一日

Independent Auditor's Report 獨立核數師報告



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAN ASIA ENVIRONMENTAL PROTECTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 52 to 171, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

致泛亞環保集團有限公司全體股東之 獨立核數師報告

(於開曼群島註冊成立之有限公司)

意見

本核數師已審核第52至171頁所載泛亞環保集團有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)之綜合財務報表，包括二零一九年十二月三十一日之綜合財務狀況表及截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

本核數師認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實而中肯地反映了貴集團於二零一九年十二月三十一日之綜合財務狀況及其截至該日止年度之綜合財務表現及綜合現金流量，並已遵照香港公司條例之披露規定妥為編製。

意見基準

本核數師之審核工作按照香港會計師公會頒佈之香港審計準則(「香港審計準則」)進行。本核數師就該等準則承擔的責任在本報告「核數師審核綜合財務報表之責任」部分中進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，本核數師獨立於貴集團，並已履行守則中的其他職業道德責任。本核數師相信，本核數師所獲得的審核憑證能充足及適當地為本核數師的意見提供基礎。

Independent Auditor's Report 獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how our audit addressed the key audit matter identified in our audit in relation to the impairment of the Group's trade receivables is provided in that context.

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

關鍵審核事項

關鍵審核事項為本核數師之專業判斷中，審核本期綜合財務報表中最重要的事項。該等事項於本核數師審核整體綜合財務報表及出具意見時進行處理。本核數師不會對該等事項提供單獨意見。有關吾等的審核如何處理吾等就 貴集團的應收貿易款項減值審核時識別的關鍵審核事項的描述僅適用於此等情況。

本核數師已履行本報告「核數師審核綜合財務報表之責任」一節所述之責任，包括有關該等事項之責任。因此，本核數師的審核包括程序的執行，該等程序乃為應對本核數師對綜合財務報表重大錯誤陳述風險的評估而設計。本核數師的審核程序結果（包括為處理以下事項而執行的程序）為本核數師就隨附綜合財務報表的審核意見提供了基礎。

Independent Auditor's Report

獨立核數師報告

Impairment of the Group's trade receivables

貴集團應收貿易款項減值

Refer to notes 2(g)(i), 2(j) and 32(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and notes 16 and 31(b) to the consolidated financial statements for further information.

董事就有關會計政策、判斷及估計的披露請參閱綜合財務報表附註2(g)(i)、2(j)及32(a)，進一步資料請參閱綜合財務報表附註16及31(b)。

Key Audit Matter

關鍵審核事項

The carrying amount of the Group's trade receivables was approximately RMB36,836,000 as at 31 December 2019, net of impairment losses of approximately RMB49,597,000.

The assessment of impairment of trade receivables under the expected credit loss ("ECL") model requires the application of significant judgement and estimates by management. The ECL on trade receivables are assessed individually for debtors which are credit impaired and collectively using a provision matrix.

The Group performed the impairment assessment on trade receivables under the ECL model as at 31 December 2019. The Group provided net impairment loss on trade receivables amounting to approximately RMB29,037,000 during the year ended 31 December 2019.

於二零一九年十二月三十一日，貴集團之應收貿易款項賬面值（經扣除減值虧損約人民幣49,597,000元）約為人民幣36,836,000元。

預期信貸虧損（「預期信貸虧損」）模式下的應收貿易款項減值評估須由管理層應用重大判斷及估計。應收貿易款項的預期信貸虧損乃就具有信貸減值的債務人個別及運用撥備矩陣集體予以評估。

貴集團於二零一九年十二月三十一日根據預期信貸虧損模式對應收貿易款項進行減值評估。貴集團於截至二零一九年十二月三十一日止年度就應收貿易款項計提減值虧損淨額撥備約人民幣29,037,000元。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

Our procedures in relation to management's impairment assessment on the Group's trade receivables included, among others, the followings:

- Understanding and testing the design, implementation and operating effectiveness of the Group's key controls over credit control, debt collection and impairment assessment under the ECL model;
- Testing the information used by management to develop the provision matrix including ageing analysis of trade receivables, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices;

本核數師就管理層對貴集團應收貿易款項的減值評估執行的程序包括（其中包括）：

- 瞭解並測試貴集團於預期信貸虧損模式下，對信貸控制、債務收回及減值評估的主要監控之設計、實施及運作的成效；
- 抽樣測試管理層發展撥備矩陣所用資料（包括應收貿易款項的賬齡分析），方法為將該分析的各個項目與相關銷售發票進行比對；

Independent Auditor's Report 獨立核數師報告

Impairment of the Group's trade receivables (Continued) 貴集團應收貿易款項減值(續)

Key Audit Matter 關鍵審核事項

Based on the management's assessment on the impairment of trade receivables under the ECL model, the management concluded that the impairment loss on trade receivables was adequate as at 31 December 2019.

基於管理層根據預期信貸虧損模式對應收貿易款項減值的評估，管理層認為，於二零一九年十二月三十一日之應收貿易款項減值虧損屬充足。

How our audit addressed the Key Audit Matter 本核數師的審核如何處理關鍵審核事項

- Assessing the reasonableness of management's judgement and estimates in determining impairment loss on trade receivables as at 31 December 2019 by examining the information used by management, including review of management's identification of trade receivables with credit impaired, 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 examining the actual impairment losses recorded during the current year; and
- Checking settlement from customers after the financial year-end relating to the trade receivables balance as at 31 December 2019, on a sample basis.
- 評估管理層釐定於二零一九年十二月三十一日應收貿易款項減值虧損之判斷及估計之合理性，方法為審查管理層所用資料，包括管理層對信貸減值應收貿易款項的識別的檢討、測試過往違約數據的準確性、評估過往虧損率是否按當前經濟狀況及前瞻性資料妥為調整，以及審查本年度內錄得的實際減值虧損；及
- 抽樣核查財政年度末後有關於二零一九年十二月三十一日應收貿易款項結餘的客戶之清付。

Independent Auditor's Report 獨立核數師報告

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

其他資料

貴公司董事對其他資料負責。其他資料包括年報所載資料，惟不包括綜合財務報表及本核數師就此發出的核數師報告。

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

就本核數師審核綜合財務報表而言，本核數師的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或本核數師在審核過程中所瞭解的情況有重大不一致，或似乎有重大錯誤陳述。基於本核數師已執行的工作，倘本核數師認為其他資料有重大錯誤陳述，本核數師需要報告該事實。本核數師就此並無任何事項須報告。

董事編製綜合財務報表之責任

貴公司董事須遵照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定，負責編製真實公平的綜合財務報表以及董事認為需要之有關內部監控，以確保綜合財務報表之編製並不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，貴公司董事負責評估貴集團根據持續經營基準經營的能力，披露（倘適用）有關持續經營的事項及採用持續經營會計基準，惟貴公司董事擬清算貴集團或終止營運或除此之外並無其他實際選擇除外。

貴公司董事獲審核委員會協助履行其監督貴集團的財務報告程序的責任。

Independent Auditor's Report 獨立核數師報告

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

核數師審核綜合財務報表之責任

本核數師的目標是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師意見的核數師報告。本核數師僅向閣下（作為整體）按照協定的委聘條款報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按香港審計準則進行的審核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，若合理預期其個別或共同可能影響綜合財務報表使用者所作出的經濟決策，則有關錯誤陳述可被視作重大。

作為根據香港審計準則進行審核的一部份，本核數師在審核過程中運用了專業判斷，保持了職業懷疑態度。本核數師亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對該等風險，以及取得充足和適當的審核憑證，作為本核數師意見的基準。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險較因錯誤而導致的重大錯誤陳述的風險為高。
- 瞭解與審核相關的內部控制，以設計情形適當的審核程序，但目的並非為對貴集團內部控制的有效性發表意見。
- 評估董事所採用會計政策的適當性及作出會計估計和相關披露的合理性。

Independent Auditor's Report

獨立核數師報告

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的適當性作出結論。根據所得的審核憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團根據持續經營基準經營的能力構成重大疑慮。倘本核數師認為存在重大不確定性，則有必要在核數師報告中提請使用者垂注綜合財務報表中的相關披露資料。若有關披露資料不足，則本核數師須修改意見。本核數師的結論乃基於截至核數師報告日止所取得的審核憑證。然而，未來事件或情況可能導致貴集團不能根據持續經營基準經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否公允地反映有關交易及事項。
- 就貴集團中實體或業務活動的財務資料獲取充分、適當的審核憑證，以對綜合財務報表發表意見。本核數師負責指導、監督及執行集團審核。本核數師對審核意見承擔全部責任。

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

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

本核數師與審核委員會溝通了(其中包括)計劃的審核範圍、審核時間及重大審核發現，包括本核數師在審核期間識別出內部控制的任何重大缺陷。

本核數師亦向審核委員會提交聲明，說明本核數師已符合有關獨立性的相關職業道德要求，並與彼等溝通所有合理地被認為會影響本核數師獨立性的關係及其他事項，以及相關的防範措施(倘適用)。

Independent Auditor's Report 獨立核數師報告

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 director on the audit resulting in this independent auditor's report is Lai Wing Ip.

從與審核委員會溝通的事項中，本核數師確定對本期綜合財務報表的審核最為重要的事項，因而構成關鍵審核事項。本核數師會在核數師報告中描述該等事項，除非法律或法規不允許對某個事項作出公開披露，或在極端罕見的情況下，若有合理預期在本核數師報告中溝通某事項而造成的負面後果將會超過其產生的公眾利益，本核數師將不會在此等情況下在報告中溝通該事項。

本獨立核數師報告的審計項目董事是黎永業。

Ascenda Cachet CPA Limited
Certified Public Accountants
Hong Kong, 31 March 2020

Lai Wing Ip
Practising Certificate Number P07296

天健德揚會計師事務所有限公司
執業會計師
香港，二零二零年三月三十一日

黎永業
執業證書編號P07296

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 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Continuing operations:	持續經營業務：			
Revenue	收入	4	79,802	162,188
Cost of sales	銷售成本		(76,261)	(141,835)
Gross profit	毛利		3,541	20,353
Other income	其他收益	4	3,941	2,865
Other net loss	其他虧損淨額	4	(34,435)	(7,473)
Gain on disposal of a subsidiary	出售附屬公司之收益	23(b)	-	28,702
Impairment loss on property, plant and equipment, and prepaid lease payments	物業、廠房及設備以及預付租賃款項之減值虧損		-	(30,300)
Selling and distribution expenses	銷售及分銷開支		(713)	(702)
General and administrative expenses	一般及行政開支		(25,412)	(26,082)
Finance costs	融資成本	5(b)	(3,149)	(1,600)
Loss before taxation	除稅前虧損	5	(56,227)	(14,237)
Income tax expenses	所得稅開支	7(a)	(2,397)	(3,116)
Loss for the year from continuing operations	年內來自持續經營業務之虧損		(58,624)	(17,353)
Discontinued operation:	已終止經營業務：			
Loss for the period from discontinued operation	期內來自已終止經營業務之虧損	6	-	(2,004)
Loss for the year attributable to owners of the Company	本公司擁有人應佔年內虧損		(58,624)	(19,357)
Other comprehensive loss for the year (after tax and reclassification adjustments)	年內其他全面虧損 (稅後及經重新分類調整)			
<i>Item that will not be reclassified to profit or loss:</i>	<i>將不會重新分類至損益之項目：</i>			
- Exchange differences on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額		(1,225)	(1,802)
Total comprehensive loss for the year attributable to owners of the Company	本公司擁有人應佔年內全面虧損總額		(59,849)	(21,159)

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 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元
Loss for the year attributable to owners of the Company arises from:	本公司擁有人應佔來自以下各項之年內虧損：			
- Continuing operations	- 持續經營業務		(58,624)	(17,353)
- Discontinued operation	- 已終止經營業務		-	(2,004)
			(58,624)	(19,357)
			RMB cents 人民幣分	RMB cents 人民幣分
LOSS PER SHARE	每股虧損	12		
Basic loss per share	每股基本虧損			
- From continuing operations	- 來自持續經營業務		(6.98)	(2.06)
- From discontinued operation	- 來自已終止經營業務		-	(0.24)
			(6.98)	(2.30)
Diluted loss per share	每股攤薄虧損			
- From continuing operations	- 來自持續經營業務		(6.98)	(2.06)
- From discontinued operation	- 來自已終止經營業務		-	(0.24)
			(6.98)	(2.30)

The notes on pages 59 to 171 form part of these financial statements.

第59頁至第171頁之附註屬本財務報表之一部份。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2019
於二零一九年十二月三十一日

		Note	2019 二零一九年 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元
		附註		
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	2,203	4,715
Right-of-use assets	使用權資產	14	903	-
Deferred tax assets	遞延稅項資產	22(b)	-	2,397
			3,106	7,112
CURRENT ASSETS	流動資產			
Trade and other receivables	應收貿易及其他款項	16	54,886	246,123
Cash and bank balances	現金及銀行結餘	17	1,203,070	1,037,883
			1,257,956	1,284,006
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付貿易及其他款項	18	64,190	36,542
Corporate bonds	公司債券	21	27,952	26,487
Lease liabilities	租賃負債	20	926	-
Tax payable	應付稅項	22(a)	2,521	2,521
			95,589	65,550
NET CURRENT ASSETS	流動資產淨值		1,162,367	1,218,456
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減 流動負債		1,165,473	1,225,568
NON-CURRENT LIABILITIES	非流動負債			
Corporate bonds	公司債券	21	21,302	21,548
NET ASSETS	資產淨值		1,144,171	1,204,020

Consolidated Statement of Financial Position 綜合財務狀況表

As at 31 December 2019
於二零一九年十二月三十一日

		Note 附註	2019 二零一九年 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	24	78,073	78,073
Reserves	儲備	25	1,066,098	1,125,947
TOTAL EQUITY	權益總額		1,144,171	1,204,020

The consolidated financial statements on pages 52 to 171 were approved and authorised for issue by the board of directors on 31 March 2020 and were signed on its behalf by:

經董事會於二零二零年三月三十一日批准及授權刊發第52頁至第171頁之綜合財務報表並由下列董事代表簽署：

Jiang Xin
Director

蔣鑫
董事

Fan Yajun
Non-executive Director

范亞軍
非執行董事

The notes on pages 59 to 171 form part of these financial statements.

第59頁至第171頁之附註屬本財務報表之一部份。

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									
		Share capital	Share premium	Special reserve	Enterprise expansion reserve	Statutory surplus reserve	Translation reserve	Share option reserve	Fair value reserve (non-recycling)	Retained profits	Total
		股本	股份溢價	特別儲備	企業擴展儲備	盈餘儲備	匯兌儲備	購股權儲備	(不可重新歸入) 公平值儲備	保留溢利	總額
		RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note 24)	(Note 25(i))	(Note 25(ii))	(Note 25(iii))	(Note 25(iv))	(Note 25(v))	(Note 25(vi))	(Note 25(vii))	(Note 25(viii))	(Note 25(ix))
		(附註24)	(附註25(i))	(附註25(ii))	(附註25(iii))	(附註25(iv))	(附註25(v))	(附註25(vi))	(附註25(vii))	(附註25(viii))	(附註25(ix))
As at 1 January 2018	於二零一八年一月一日	78,073	466,844	94,225	71,492	80,765	(7,484)	14,949	(9,000)	435,315	1,225,179
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(19,357)	(19,357)
Other comprehensive loss	其他全面虧損	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of financial statements to presentation currency	— 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	-	-	(1,802)	-	-	-	(1,802)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	(1,802)	-	-	(19,357)	(21,159)
Transfer to retained profits upon lapse of share options	於購股權失效後轉撥至保留溢利	-	-	-	-	-	-	(8,309)	-	8,309	-
Release of reserves upon disposal of subsidiaries	出售附屬公司後撥回儲備	-	-	-	(70,189)	(79,463)	-	-	9,000	140,652	-
As 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	78,073	466,844	94,225	1,303	1,302	(9,286)	6,640	-	564,919	1,204,020
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(58,624)	(58,624)
Other comprehensive loss	其他全面虧損	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of financial statements to presentation currency	— 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	-	-	(1,225)	-	-	-	(1,225)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	(1,225)	-	-	(58,624)	(59,849)
As at 31 December 2019	於二零一九年十二月三十一日	78,073	466,844	94,225	1,303	1,302	(10,511)	6,640	-	506,295	1,144,171

The notes on pages 59 to 171 form part of these financial statements.

第59頁至第171頁之附註屬本財務報表之一部份。

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

	Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Operating activities	經營活動		
Loss before taxation	除稅前虧損		
– from continuing operations	– 來自持續經營業務	(56,227)	(14,237)
– from discontinued operation	– 來自已終止經營業務	–	(2,784)
		(56,227)	(17,021)
Adjustments for:	調整：		
Amortisation of prepaid lease payments	預付租賃款項之攤銷	–	596
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	2,523	6,953
Depreciation of right-of-use assets	使用權資產之折舊	1,531	–
Net impairment loss recognised/ (reversed) on	已確認/(已撥回)減值虧損淨額		
– trade receivables	– 應收貿易款項	29,037	(1,385)
– other receivables	– 其他應收款項	92	(3,522)
– contract assets	– 合同資產	1,528	–
– prepayments	– 預付款	3,780	–
Gain on disposal of a subsidiary	出售附屬公司之收益	–	(28,702)
Impairment loss on property, plant and equipment, and prepaid lease payments	物業、廠房及設備以及預付租賃款項之減值虧損	–	30,300
Gain on disposal of property, plant and equipment, and prepaid lease payments	出售物業、廠房及設備以及預付租賃款項之收益	–	(25)
Loss on write-off of property, plant and equipment	撇銷物業、廠房及設備之虧損	–	12,403
Government grants	政府補助	–	(27)
Interest expenses	利息開支	3,149	1,600
Interest income	利息收入	(3,941)	(1,692)
Imputed interest on trade receivables with extended credit terms	獲延長信貸期之應收貿易款項之估算利息	–	(1,067)
		(18,528)	(1,589)
Changes in working capital	營運資金變動		
Decrease in inventories	存貨減少	–	36,317
(Increase)/decrease in trade receivables	應收貿易款項(增加)/減少	(12,729)	401,645
Decrease in trade receivables with extended credit terms	獲延長信貸期之應收貿易款項減少	–	80,600
Decrease in other receivables	其他應收款項減少	9,529	38,881
Decrease in prepayments for consultation, marketing and promotional services	諮詢、市場推廣及宣傳服務預付款減少	–	1,650
Increase in trade and other payables	應付貿易及其他款項增加	27,649	8,082

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 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash generated from operations	經營業務產生之現金		5,921	565,586
PRC Enterprises Income Tax paid	已付中國企業所得稅	22(a)	-	(237)
Net cash generated from operating activities	經營活動產生之現金淨額		5,921	565,349
Investing activities	投資活動			
Interest received	已收利息		3,941	1,692
Payments for acquisition of property, plant and equipment	購買物業、廠房及設備付款		(7)	(216)
Proceeds from disposal of property, plant and equipment and prepaid lease payments	出售物業、廠房及設備以及預付租賃款項所得款項		160,000	30,000
Payment for incremental costs directly attributable to disposal of property, plant and equipment, and prepaid lease payments	出售物業、廠房及設備以及預付租賃款項增加的直接應佔成本付款		-	(5,840)
Net cash inflows from disposal of subsidiaries	來自出售附屬公司之現金流入淨額	23(a)&(b)	-	54,143
Net cash generated from investing activities	投資活動產生之現金淨額		163,934	79,779
Financing activities	融資活動			
Proceeds from issuance of corporate bonds	發行公司債券之所得款項	21	-	26,604
Interests paid on the corporate bonds	公司債券已付利息	21	(2,941)	(1,323)
Payment of lease liabilities	償還租賃負債	14	(1,590)	-
Net cash (used in)/generated from financing activities	融資活動(所用)/產生之現金淨額		(4,531)	25,281
Net increase in cash and cash equivalents	現金及等同現金項目增加淨額		165,324	670,409
Cash and cash equivalents at beginning of the year	年初之現金及等同現金項目		1,037,883	368,213
Effect of foreign exchange rate changes, net	外幣匯率變動之影響淨額		(137)	(739)
Cash and cash equivalents at end of the year	年終之現金及等同現金項目		1,203,070	1,037,883
Analysis of the balance of cash and cash equivalents	現金及等同現金項目結存分析			
Cash and bank balances	現金及銀行結餘	17	1,203,070	1,037,883

The notes on pages 59 to 171 form part of these financial statements.

第59頁至第171頁之附註屬本財務報表之一部份。

Notes to the Financial Statements 財務報表附註

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

1. GENERAL INFORMATION

Pan Asia Environmental Protection Group Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to this annual report.

The Company and its subsidiaries (together the “Group”) are principally engaged in the sales of environmental protection (“EP”) products and equipment, and undertaking of EP construction engineering services in the People’s Republic of China (the “PRC”), and investment holding.

The Group’s manufacture and sales of EP construction materials business was disposed of during the year ended 31 December 2018. Details of which are set out in notes 6 and 23(a).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance (“CO”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

1. 一般資料

泛亞環保集團有限公司(「本公司」)於開曼群島註冊成立為一間獲豁免有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司之註冊辦事處及主要營業地點地址披露於本年報「公司資料」一節。

本公司及其附屬公司(統稱「本集團」)主要在中華人民共和國(「中國」)從事環境保護(「環保」)產品及設備之銷售，並承接環保建設工程服務及投資控股。

本集團之製造及銷售環保建築材料業務於截至二零一八年十二月三十一日止年度出售。有關詳情載於附註6及23(a)。

2. 主要會計政策

a) 守規聲明

此等財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之所有適用香港財務報告準則(「香港財務報告準則」)(此乃包括所有適用之個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋之統稱)、香港普遍採納會計原則及適用的香港公司條例(「公司條例」)之適用披露規定而編製。此等財務報表亦遵守聯交所證券上市規則(「上市規則」)之適用披露規定。本集團採納之主要會計政策披露如下。

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則，均於本集團之本會計期間首次生效或可供提早採納。附註3提供了有關首次應用該等發展而導致的此等財務報表內所反映的本集團於本會計期間及過往會計期間的任何會計政策變動的資料。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial instruments, which are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

2. 主要會計政策(續)

b) 財務報表之編製基準

截至二零一九年十二月三十一日止年度綜合財務報表包括本公司及其附屬公司之財務報表。

財務報表之編製乃以歷史成本作計量基準，惟若干金融工具以公平值計量除外(見下文會計政策所闡釋)。

編製符合香港財務報告準則之財務報表時，管理層需作出判斷、估計和假設，該等判斷、估計及假設對會計政策之應用以及所呈報資產、負債、收入和支出之金額構成影響。該等估計及有關假設乃根據過往經驗及被認為在該情況下屬合理之多項其他因素而作出，其結果便成為判斷未能透過其他來源確定之資產及負債之賬面值之基礎。實際結果可能有別於該等估計。

該等估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響當前及未來期間，則會於修訂期間及未來期間確認。

管理層在應用對本財務報表構成重大影響之香港財務報告準則時所作出之判斷，以及估計不確定性之主要來源，將在附註32內討論。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

2. 主要會計政策(續)

c) 附屬公司及非控股權益

附屬公司指受本集團控制之實體。當本集團承受或享有由參與實體所得不定回報時，且有能力透過其對實體之權力影響該等回報時，則本集團控制該實體。於評估控制權時，惟本集團及其他人士持有之實質性權利計算在內。

於附屬公司之投資將由控制權開始至控制權終止之期間計入綜合財務報表。集團內部往來之餘額、交易及現金流以及由集團內部交易產生之任何未變現溢利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生之未變現虧損，其抵銷方法與抵銷未變現收益之方法相同，但抵銷額只限於沒有證據顯示已出現減值之部份。

非控股權益指並非本公司直接或間接應佔附屬公司之權益。就該等權益，本集團並未與該等權益持有人協定任何額外條款，使本集團整體就該等權益而負上符合金融負債定義之合同責任。

非控股權益在綜合財務狀況表內列入權益，但與本公司擁有人應佔權益分開列示。非控股權益於本集團業績中所佔之權益，在綜合損益及其他全面收益表內以非控股權益與本公司擁有人各佔本年度損益總額及全面收益總額之方式列示。非控股權益持有人之貸款及其他有關該等持有人之合同責任，於綜合財務狀況表列為金融負債。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset, or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

2. 主要會計政策(續)

c) 附屬公司及非控股權益(續)

本集團於一間附屬公司之權益變動(並無導致失去控制權)列作權益交易,並對合併權益中的控股及非控股權益金額作出調整,以反映有關權益的變動,惟概無對商譽作出任何調整及並無確認任何損益。

倘本集團失去一間附屬公司的控制權,將列作出售其於該附屬公司的全部權益,因此產生的收益或虧損於損益中確認。於失去控制權當日仍保留於前附屬公司的任何權益乃按公平值確認,而該金額將視為於初步確認金融資產時或(如適用)就於聯營公司或合營企業之投資進行初步確認時之成本之公平值。

在本公司財務狀況表中,於附屬公司之投資以成本減去減值虧損列賬(見附註2(g)(ii)),除非該投資被列為持作出售(或計入分類為持作出售之出售組別)。

d) 其他債務及股本證券投資

本集團之債務及股本證券投資(除附屬公司投資外)政策載列如下。

債務及股本證券投資於本集團承諾購入/出售投資日期確認/終止確認。該等投資初步按公平值加直接應佔交易成本列賬,惟按公平值計入損益(「按公平值計入損益」)計量之投資除外,有關投資之交易成本直接於損益確認。此等投資其後依其所屬分類入賬如下。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other investments in debt and equity securities (Continued)

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(r)(iii)).
- fair value through other comprehensive income ("FVOCI") – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2. 主要會計政策(續)

d) 其他債務及股本證券投資(續)

股本投資以外的投資

本集團持有的非股本投資分類為以下計量類別之一：

- 倘有關投資乃為了收取合同現金流量，即僅為支付本金及利息而持有，則按攤銷成本計量。投資利息收入採用實際利息法計算(見附註2(r)(iii))。
- 倘有關投資的合同現金流量僅包括支付本金及利息，持有投資的商業模式旨在同時收取合同現金流量及出售，則按公平值計入其他全面收益(「按公平值計入其他全面收益」)計量—可重新歸入。公平值變動會於其他全面收益確認，惟預期信貸虧損、利息收入(以實際利息法計算)及外匯損益則於損益內確認。當終止確認投資時，於其他全面收益內累計的金額將從權益重新歸入至損益。
- 倘有關投資不符合按攤銷成本或按公平值計入其他全面收益(可重新歸入)計量的標準，則按公平值計入損益計量。該投資的公平值變動(包括利息)於損益內確認。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other investments in debt and equity securities (Continued)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss.

Dividends from investments in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(r)(vii).

e) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(g)(ii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives.

2. 主要會計政策(續)

d) 其他債務及股本證券投資(續)

股本投資

股本證券投資乃分類為按公平值計入損益，除非股本投資並非為交易目的而持有，並且在初步確認投資時，本集團選擇指定按公平值計入其他全面收益(不可重新歸入)計量投資，由此，公平值的其後變動於其他全面收益內確認。該等選擇乃以個別工具為基礎作出，惟僅在發行人認為投資符合股本定義之情況下作出。作出該選擇後，於其他全面收益內累計的金額將保留在公平值儲備(不可重新歸入)內直至有關投資獲出售。於出售時，於公平值儲備(不可重新歸入)內累計的金額將轉撥至保留溢利，且不會重新歸入至損益。

股本證券投資產生的股息(無論分類為按公平值計入損益或按公平值計入其他全面收益)均根據附註2(r)(vii)所載之政策於損益內確認為其他收益。

e) 物業、廠房及設備

物業、廠房及設備(在建工程除外)概以成本減任何累計折舊及任何累計減值虧損於綜合財務狀況表列賬(見附註2(g)(ii))。

物業、廠房及設備項目乃使用直線法按其估計可使用年期減彼等之估計剩餘價值(如有)以撇銷其成本值計算折舊。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment (Continued)

Buildings	Over the shorter of the term of the lease and 20 years
Furniture, fixtures and equipment	5 years
Leasehold improvements	1 year to 5 years
Motor vehicles	5 years
Machineries	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses (see note 2(g)(ii)), if any. Cost includes the costs of construction of buildings, the costs of machinery and equipment and interest charges arising from borrowings used to finance the acquisition of these assets during the period of construction or installation and testing. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for their intended use. When the assets concerned are ready for intended use, the costs are transferred to other categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

2. 主要會計政策(續)

e) 物業、廠房及設備(續)

樓宇	租期及二十年之較短者
傢俬、裝置及設備	五年
租賃物業裝修	一至五年
汽車	五年
機器	十年

當一項物業、廠房及設備之各部份有不同之可使用年期，此項目各部份之成本將按合理基礎分配，而每部份將作個別折舊。資產之可使用年期及其剩餘價值(如有)會每年進行檢討。

因報廢或出售物業、廠房及設備項目而產生之收益或虧損乃釐定為出售所得款項淨額與該項目之賬面值間之差額，並於報廢或出售當日於損益內確認。

在建工程指興建中及待安裝的物業、廠房及設備，按成本減累計減值虧損(見附註2(g)(ii))(如有)列賬。成本包括興建或安裝測試期間之樓宇建築成本、機器及設備成本以及為收購該等資產融資借貸所產生的利息費用。在建工程截至相關資產建設完成且可作擬定用途前不會計提折舊。有關資產可投入使用時，該等成本轉撥至物業、廠房及設備之其他類別，並根據上述載列政策折舊。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

(A) Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

2. 主要會計政策(續)

f) 租賃資產

訂立合同時，本集團評估該合同是否屬於租賃或包含租賃。如果合同授予權利以代價為交換在某一時期內控制已識別資產的使用的權利，則該合同屬於租賃或包含租賃。當客戶有權主導已識別資產的使用及有權從使用中獲取幾乎所有的經濟利益時，則表示擁有控制權。

作為承租人

(A) 自二零一九年一月一日起適用的政策

倘合同包含租賃部分及非租賃部分，則本集團選擇不區分非租賃部分，且將各租賃部分及任何相關非租賃部分入賬列為所有租賃的單一租賃部分。

於租賃開始日期，本集團確認使用權資產及租賃負債(除租期為十二個月或以下的短期租賃及低價值資產租賃外)。於本集團就低價值資產訂立租賃時，本集團決定是否按逐項租賃基準將租賃資本化。與該等未資本化租賃相關之租賃款項在租賃期內按系統基準確認為開支。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets (Continued)

As a lessee (Continued)

(A) Policy applicable from 1 January 2019 (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest 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. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. 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 asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(g)(ii)).

2. 主要會計政策(續)

f) 租賃資產(續)

作為承租人(續)

(A) 自二零一九年一月一日起適用的政策(續)

倘租賃資本化，於租賃期，租賃負債以應付租賃款項現值初步確認，並按租賃中所隱含的利率貼現或，倘該利率難以釐定，則採用相關增量借款利率計算。於初步確認後，租賃負債按攤銷成本計量且利息開支則採用實際利率法計算。租賃負債的計量並不包括取決於一項指數或比率之浮動租賃款項，因此按照所產生之金額於會計期間計入損益。

於租賃資本化時，已確認使用權資產按成本初步計量，其中包括租賃負債的初始金額加上於開始日期或之前作出的任何租賃款項，以及產生的任何初始直接成本。如適用，使用權資產的成本亦包括拆卸及移除相關資產或還原相關資產或該資產所在地點而產生的估計成本，按其現值貼現並減任何已收租賃優惠。使用權資產其後按成本減累計折舊及減值虧損列賬(見附註2(g)(ii))。

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財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets (Continued)

As a lessee (Continued)

(A) Policy applicable from 1 January 2019 (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statement of financial position.

2. 主要會計政策(續)

f) 租賃資產(續)

作為承租人(續)

(A) 自二零一九年一月一日起適用的政策(續)

倘指數或利率變化引致日後租賃款項出現變動，或本集團剩餘價值擔保之預期支付金額的估計金額出現變動，或就本集團是否合理確定將會行使購買權、續租或終止權的重新評估變更，則租賃負債將重新計量。倘以此方式重新計量租賃負債，則對使用權資產賬面值作出相應調整，而倘使用權資產賬面值已調減至零，則計入損益。

本集團於綜合財務狀況表中將使用權資產及租賃負債個別呈列。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets (Continued)

As a lessee (Continued)

(B) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases.

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

2. 主要會計政策(續)

f) 租賃資產(續)

作為承租人(續)

(B) 於二零一九年一月一日前適用的政策

於比較期間，倘租賃把絕大部份所有權之風險及回報轉移至本集團，則本集團作為承租人將有關租賃分類為融資租賃。並無轉移絕大部份所有權之風險及回報至本集團之租賃乃分類為經營租賃。

倘本集團根據經營租賃持有資產使用權，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額分期方式計入損益；惟如有其他基準更能清楚反映租賃資產所產生之收益模式除外。所取得租賃優惠於損益確認為淨租賃款項總額的主要部分。或然租金於其產生之會計期間計入損益。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets

i) *Credit losses from financial instruments and contract assets*

The Group recognises a loss allowance for expected credit losses (“ECLs”) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables); and
- contract assets as defined in HKFRS 15 (see note 2(i)).

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

2. 主要會計政策(續)

g) 信貸虧損及資產減值

i) 來自金融工具及合同資產的信貸虧損

本集團就以下項目的預期信貸虧損(「預期信貸虧損」)確認虧損撥備：

- 按攤銷成本計量的金融資產(包括現金及等同現金項目，以及應收貿易及其他款項)；及
- 香港財務報告準則第15號所定義的合同資產(見附註2(i))。

按公平值計量的金融資產(包括按公平值計入損益的股本證券、指定為按公平值計入其他全面收益的股本證券(不可重新歸入)及衍生金融資產)毋須進行預期信貸虧損評估。

預期信貸虧損的計量

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損以所有預期現金差額的現值(即根據合同應付本集團的現金流量與本集團預計收取的現金流量之間的差額)計量。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

j) Credit losses from financial instruments and contract assets (Continued)

Measurement of ECLs (Continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. 主要會計政策(續)

g) 信貸虧損及資產減值(續)

j) 來自金融工具及合同資 產的信貸虧損(續)

預期信貸虧損的計量(續)

倘貼現影響重大，則預期現金差額採用以下貼現率貼現：

- 定息金融資產、應收貿易及其他款項及合同資產：於初步確認時釐定的實際利率或其近似值；及
- 浮息金融資產：即期實際利率。

估計預期信貸虧損時所考慮的最長期間為本集團面臨信貸風險的最長合同期間。

於計量預期信貸虧損時，本集團考慮在毋須付出過多成本或努力下即可獲得的合理可靠資料，包括有關過往事務、現時狀況及未來經濟狀況預測的資料。

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) *Credit losses from financial instruments and contract assets (Continued)*

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2. 主要會計政策(續)

g) 信貸虧損及資產減值(續)

i) 來自金融工具及合同資產的信貸虧損(續)

預期信貸虧損的計量(續)

預期信貸虧損按以下任一基準計量：

- 12個月預期信貸虧損：指報告日期後12個月內可能發生的違約事件導致的預期虧損；及
- 存續期的預期信貸虧損：指預期信貸虧損模式適用項目的預計年期內所有可能違約事件導致的預期虧損。

應收貿易款項及合同資產的虧損撥備一直按等同於存續期的預期信貸虧損的金額計量。於報告日期，該等金融資產的預期信貸虧損乃根據本集團的過往信貸虧損經驗使用撥備矩陣進行評估，根據債務人的特定因素及對目前及預測一般經濟狀況的評估進行調整。

就所有其他金融工具而言，本集團確認相等於12個月預期信貸虧損的虧損撥備，除非金融工具的信貸風險自初步確認以來大幅上升，於此情況下，虧損撥備乃按相等於存續期的預期信貸虧損的金額計量。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) *Credit losses from financial instruments and contract assets (Continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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 since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2. 主要會計政策(續)

g) 信貸虧損及資產減值(續)

i) 來自金融工具及合同資產的信貸虧損(續)

信貸風險大幅上升

於評估金融工具的信貸風險自初步確認以來是否大幅上升時，本集團比較於報告日期評估及於初步確認日期評估金融工具的違約風險。於重新評估時，本集團認為(i)於本集團未有採取追索行動，如變現抵押品(倘持有任何抵押品)的情況下，借款人全數履行其對本集團之信貸責任的可能性不大；或(ii)金融資產已逾期90天，則構成違約事件。本集團會考慮合理可靠的定量及定性資料，包括過往經驗及毋須付出過多成本或努力下即可獲得的前瞻性資料。具體而言，評估信貸風險自初步確認以來是否大幅上升時會考慮以下資料：

- 未能按合同到期日期支付本金或利息；
- 金融工具外部或內部信貸評級實際或預期顯著惡化(如有)；
- 債務人經營業績實際或預期顯著惡化；及
- 科技、市場、經濟或法律環境的當前或預期變動對債務人履行其對本集團責任的能力有重大不利影響。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) *Credit losses from financial instruments and contract assets (Continued)*

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2. 主要會計政策(續)

g) 信貸虧損及資產減值(續)

i) 來自金融工具及合同資產的信貸虧損(續)

信貸風險大幅上升(續)

視乎金融工具的性質而定，信貸風險大幅上升的評估乃按個別基準或共同基準進行。倘評估為按共同基準進行，金融工具則按共同的信貸風險特徵(如逾期狀況及信貸風險評級)進行分組。

預期信貸虧損於各報告日期進行重新計量，以反映金融工具自初步確認以來的信貸風險變動。預期信貸虧損金額的任何變動均於損益確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損，並通過虧損撥備賬對其賬面值作出相應調整，惟按公平值計入其他全面收益(可重新歸入)計量的債務證券投資除外，於此情況下，虧損撥備於其他全面收益中確認，並於公平值儲備(可重新歸入)中累計。

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For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

j) Credit losses from financial instruments and contract assets (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(r)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2. 主要會計政策(續)

g) 信貸虧損及資產減值(續)

j) 來自金融工具及合同資產 的信貸虧損(續)

計算利息收入的基準

根據附註2(r)(iii)確認的利息收入乃按金融資產的總賬面值計算，除非該金融資產出現信貸減值，於此情況下，利息收入按金融資產的攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否出現信貸減值。倘發生一項或多項對金融資產預計未來現金流量有不利影響的事件，金融資產則出現信貸減值。

金融資產出現信貸減值的證據包括以下可觀察事件：

- 債務人陷入重大財務困難；
- 違反合同，如拖欠或逾期事項；
- 借款人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大變動，並對債務人產生不利影響；或
- 證券活躍市場因發行人陷入財務困難而消失。

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For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- prepaid lease payments; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

2. 主要會計政策(續)

g) 信貸虧損及資產減值(續)

i) 來自金融工具及合同資產的信貸虧損(續)

撇銷政策

若日後實際上無法收回款項，本集團則會撇銷(部分或全部)金融資產或合同資產的總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量的收入來源來償還應撇銷的金額。

其後收回先前撇銷之資產於收回期間在損益中確認為減值撥回。

ii) 其他非流動資產減值

於各報告期末，內部及外部資料會予以檢討，以識別以下資產已出現減值跡象，或先前已確認之減值虧損已不存在或減少的跡象：

- 物業、廠房及設備；
- 使用權資產；
- 預付租賃款項；及
- 本公司財務狀況表內之於附屬公司之投資。

倘若存在任何有關跡象，則會估計資產之可收回金額。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

ii) *Impairment of other non-current assets (Continued)*

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of cash-generating units) and then, to reduce the carrying amount of the other assets in the unit (or group of cash-generating units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2. 主要會計政策(續)

g) 信貸虧損及資產減值(續)

ii) 其他非流動資產減值 (續)

– 計算可收回金額

資產之可收回金額以其公平值減出售成本和使用價值計算，以兩者較高值為準。於評估使用價值時，估計未來現金流量乃以能反映現時市場評估資金時間值及資產特定風險之稅前貼現率貼現至其現值。倘資產不可在大致上獨立於其他資產之情況下產生現金流量，則可收回金額以能獨立地產生現金流量之最小組別資產(即現金產生單位)計算。

– 確認減值虧損

每當資產或其所屬之現金產生單位之賬面值超過其可收回金額時，於損益內確認減值虧損。就現金產生單位確認之減值虧損，首先會分配予現金產生單位(或一組現金產生單位)以減少其所獲分配之任何商譽賬面值，其後再按比例減少單位(或一組現金產生單位)其他資產之賬面值，惟資產賬面值不會減少至低於其本身之公平值減出售成本(若能計量)或使用價值(若能釐定)。

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For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

ii) Impairment of other non-current assets (Continued)

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(g)(i) and 2(g)(ii)).

h) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. 主要會計政策(續)

g) 信貸虧損及資產減值(續)

ii) 其他非流動資產減值 (續)

- 撥回減值虧損

倘用以釐定可收回金額之估計出現有利轉變，則撥回減值虧損。

撥回減值虧損僅限於倘過往年度並未確認減值虧損而釐定之資產之賬面值。撥回減值虧損乃於確認撥回之年度計入損益。

iii) 中期財務報告及減值

根據上市規則，本集團須遵照香港會計準則第34號「中期財務報告」編製有關財政年度首六個月之中期財務報告。於中期期末，本集團採用與本財政年度末相同之減值測試、確認及撥回標準(見附註2(g)(i)及2(g)(ii))。

h) 存貨

存貨按成本及可變現淨值兩者之較低者列賬。成本以加權平均成本方程式計算，包括使存貨達致目前地點及狀況而產生之購買成本、兌換成本及其他成本。

可變現淨值乃按日常業務過程中之估計售價減完成之估計成本及進行銷售所需之估計成本計算。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Inventories (Continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

i) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(r)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2(g)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(j)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(j)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(r)(iii)).

2. 主要會計政策(續)

h) 存貨(續)

所出售存貨的賬面值在相關收入獲確認的期間內確認為支出。存貨撇減至可變現淨值的金額及存貨的所有虧損，均在出現撇減或虧損的期間內確認為支出。存貨撇減的任何撥回之金額在出現撥回期間內確認為扣除已確認為開支的存貨金額。

i) 合同資產及合同負債

合同資產乃於本集團有權無條件根據合同所載付款條款收取代價前確認收入時(見附註2(r))獲確認。合同資產按附註2(g)(i)所載政策就預期信貸虧損獲評估，並於代價權利成為無條件時重新分類至應收款項(見附註2(j))。

合同負債乃於本集團確認相關收入前客戶即支付不可退還代價時獲確認。倘本集團有無條件權利在本集團確認相關收入前收取不可退還代價，則合同負債亦會獲確認。於該等情況下，相應應收款項亦會獲確認(見附註2(j))。

本集團就與客戶的單一合同呈列合同資產淨額或合同負債淨額。就多份合同而言，不相關合同的合同資產及合同負債不按淨額基準呈列。

倘合同包括重大融資成分，則合同結餘包括按實際利息法累計之利息(見附註2(r)(iii))。

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財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(i)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(g)(i)).

k) Interest-bearing borrowings

Interest-bearing borrowings (including corporate bonds) are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(t)).

l) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that 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 for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the Group's accounting policy set out in note 2(g)(i).

2. 主要會計政策(續)

j) 應收貿易及其他款項

應收款項於本集團有無條件收取代價的權利時確認。倘支付該代價到期前僅須待時間流逝，則收取代價的權利為無條件。倘收入於本集團有無條件收取代價的權利前獲確認，則該金額呈列為合同資產(見附註2(i))。

應收款項按採用實際利息法的攤銷成本減信貸虧損撥備列賬(見附註2(g)(i))。

k) 計息借貸

計息借貸(包括公司債券)初步按公平值減交易成本計量。初步確認後，計息借貸按採用實際利息法的攤銷成本列賬。利息開支根據本集團借貸成本之會計政策確認(見附註2(t))。

l) 應付貿易及其他款項

應付貿易及其他款項初步按公平值確認並於其後按攤銷成本列賬，惟倘貼現之影響並不重大，則按成本列賬。

m) 現金及等同現金項目

現金及等同現金項目包括銀行及手頭現金，銀行及其他金融機構之活期存款，以及可隨時轉換為已知金額現金，並於購入起計三個月內到期且幾乎不受價值變動風險影響之短期高流動性投資。就綜合現金流量表而言，須應要求償還且構成本集團現金管理主要部分之銀行透支亦列入現金及等同現金項目之一部分。現金及等同現金項目根據本集團載於附註2(g)(i)之會計政策就預期信貸虧損進行評估。

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds.

o) Employee benefits

i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

2. 主要會計政策(續)

n) 股本

普通股分類為權益。發行新普通股或購股權增加的直接應佔成本於權益中列為所得款項的扣減項目。

o) 僱員福利

i) 短期僱員福利及定額供款退休計劃供款

薪金、年度花紅、有薪年假、定額供款退休計劃供款及非貨幣福利成本，乃於僱員提供有關服務之年度計算。倘款項支付或清付須遞延處理且其影響屬重大，則該等金額按其現值列賬。

ii) 股份基礎付款

授予僱員之購股權公平值會確認為僱員成本，並會相應增加權益內之購股權儲備。公平值於授出當日經考慮購股權之授出條款及條件後，採用二項式期權定價模式釐定。倘僱員須於無條件獲授購股權前符合歸屬條件，則購股權之估計公平總值經考慮購股權歸屬的可能性後，會在歸屬期內攤分。

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財務報表附註

For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Employee benefits (Continued)

ii) *Share-based payments (Continued)*

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share capital for the shares issued) or the option expires (when it is released directly to retained profits).

iii) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2. 主要會計政策(續)

o) 僱員福利(續)

ii) 股份基礎付款(續)

於歸屬期內會檢討預期歸屬之購股權數目。於過往年度確認之累計公平值產生之任何調整，乃於審核年度於損益扣除／計入，惟合資格確認為資產之原本僱員開支則除外，並對購股權儲備作相應調整。於歸屬日，確認為開支之金額會予以調整，以反映歸屬購股權之實際數目（並對購股權儲備作相應調整），惟僅因並無達致與本公司股份市值相關之歸屬條件沒收之購股權除外。權益金額乃於購股權儲備內確認，直至購股權獲行使（當其轉撥至已發行股份之股本）或購股權到期（當其直接撥至保留溢利時）為止。

iii) 離職福利

離職福利於本集團不能再撤回該等福利時以及於本集團確認重組成本所涉及離職福利付款時，於上述兩者之間較早發生時確認。

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財務報表附註

For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. 主要會計政策(續)

p) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產及負債之變動。即期稅項及遞延稅項資產及負債之變動均在損益內確認，惟彼等有關於其他全面收益或直接於權益確認之項目除外，於此情況下，有關稅款分別於其他全面收益確認或直接於權益確認。

即期稅項乃按年內應課稅收入根據報告期末已執行或實質上已執行之稅率計算之預期應付稅項，加上過往年度應付稅項之任何調整。

遞延稅項資產及負債分別由可扣稅及應課稅暫時差異產生，即資產及負債就財務呈報之賬面值與其課稅基礎值之差異。遞延稅項資產亦產生自未動用稅項虧損及未動用稅項抵免。

除若干有限之例外情況外，所有遞延稅項負債及所有遞延稅項資產（以未來可能有應課稅溢利可予抵銷之資產為限）均予以確認。支持確認由可抵扣暫時差異所產生之遞延稅項資產之未來應課稅溢利包括因撥回現有應課稅暫時差異而產生之數額；惟此等撥回之差異與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回之同一期間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉之期間內撥回。在判斷現有應課稅暫時差異是否足以支持確認因未動用稅項虧損及稅項抵免所產生的遞延稅項資產時，亦會採用相同準則，即如該等差額與相同稅務機關及相同應課稅實體有關，並預期在稅項虧損或稅項抵免可被動用的同一期間內撥回的情況下，始會計入有關差額。

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For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. 主要會計政策(續)

p) 所得稅(續)

該等確認遞延稅項資產及負債之有限例外情況，包括初步確認但並不影響會計溢利及應課稅溢利之資產或負債（惟其不可為企業合併之一部分）、以及有關於附屬公司投資所引致之暫時差異（如為應課稅差異，只限於本集團可控制回撥之時間，並且不大可能在可見未來撥回之差異；或如為可扣減差異，則只限於可能在未來撥回之差異）。

已確認之遞延稅項金額乃按照資產及負債賬面值之預期變現或清償方式，以於報告期末實施或實際上已實施之稅率計算。遞延稅項資產及負債均無作貼現計算。

遞延稅項資產之賬面值於各報告期末予以審閱，若日後不再可能有足夠應課稅溢利用以抵扣相關稅項利益，則扣減遞延稅項資產賬面值。若日後可能有足夠應課稅溢利用以抵扣，則撥回所扣減之數額。

股息分派產生之額外所得稅於支付相關股息之負債獲確認時予以確認。

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For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策(續)

p) 所得稅(續)

即期稅項結餘及遞延稅項結餘及其變動額將各自呈列，並不予抵銷。即期稅項資產及遞延稅項資產只會在本集團有合法可強制執行權利以即期稅項資產抵銷即期稅項負債時，並且符合以下附帶條件之情況下，方可分別抵銷即期及遞延稅項負債：

- 即期稅項資產及負債：本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 遞延稅項資產及負債：此等資產及負債必須與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同之應課稅實體，該等實體預期在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, and the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2. 主要會計政策(續)

q) 撥備及或然負債

當本集團因過往事件而須負上法定或推定責任，而履行該責任很可能導致經濟效益流出及能夠就此作出可靠估計時，方可確認撥備。當金額涉及重大之時間價值時，則會按預期用以履行責任之開支之現值作出撥備。

倘不一定須流出經濟效益履行責任或未能可靠估計金額，則該等責任將作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。可能出現之責任（僅於一項或多項未來事件發生或不發生之情況下確定其是否存在）亦作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。

r) 收入及其他收益

倘收益來自本集團於日常業務過程中銷售貨品及提供服務，則本集團將該收益分類為收入。

收入在產品或服務的控制權按本集團預期有權收取的承諾代價金額（不包括代表第三方收取的金額）轉移至客戶時確認。收入不包括增值稅或其他銷售稅，並經扣除任何貿易折扣。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue and other income (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

ij) Sales of goods

The Group provides installation services for the sales of EP products and equipment. The goods or services are highly related that the Group would not be able to fulfill its promises by transferring each of the goods or services independently. Thus, the installation services which are bundled together with the sales of EP products and equipment are not considered to be distinct. Revenue from sales of goods are recognised when the control of the assets has been transferred to the customers, which is usually upon completion of the installation and on-site testing.

A receivable is recognised by the Group when the customers have accepted the goods and the related risks and rewards of ownership as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Customers have no right to return the goods once accepted.

2. 主要會計政策(續)

r) 收入及其他收益(續)

倘合同包含融資成分，為客戶提供重大融資利益超過12個月，則收入按與客戶進行之個別融資交易所反映貼現率貼現之應收金額現值計量，而利息收入則根據實際利息法獨立累計。倘合同包含融資成分，為本集團提供重大融資利益，則根據該合同確認之收入包括按實際利息法計算合同負債產生之利息開支。本集團利用香港財務報告準則第15號第63段之可行權宜方法，倘融資期限為12個月或以下，則不會就重大融資成分之任何影響調整代價。

本集團之收入及其他收益確認政策之進一步詳情如下：

ij) 貨品銷售

本集團就銷售環保產品及設備提供安裝服務。該等貨品或服務高度相關，致使本集團無法透過獨立轉移各項貨品或服務履行其承諾。因此，銷售環保產品及設備時一併提供的安裝服務不被視為明確服務。銷售貨品的收入於資產控制權轉移至客戶時（通常於安裝及現場測試完成後）確認。

本集團於客戶接受貨品及相關風險以及所有權回報時確認應收款項，此乃由於收取代價的權利於該時間點成為無條件，支付到期前僅須待時間流逝。客戶一旦接受貨品便無權退貨。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue and other income (Continued)

ii) *Design services*

Revenue from design services in the contract is recognised when the customer takes the possession of and accepts the design work performed.

iii) *Interest income*

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the assets (see note 2(g)(i)).

iv) *Government grants*

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2. 主要會計政策(續)

r) 收入及其他收益(續)

ii) 設計服務

合同中的設計服務收入於客戶佔有並接受完成之設計工作時予以確認。

iii) 利息收入

利息收入於產生時根據實際利息法，按於金融資產之預計年期內將估計未來現金收入直接貼現至金融資產的總賬面值之利率確認。就按攤銷成本或按公平值計入其他全面收益(可重新歸入)計量且並無出現信貸減值之金融資產而言，實際利率應用於該等資產之總賬面值。就出現信貸減值之金融資產而言，實際利率應用於該等資產之攤銷成本(即總賬面值扣除虧損撥備)(見附註2(g)(i))。

iv) 政府補助

政府補助於能夠合理保證其將會獲收取且本集團將遵守附帶條件的情況下初步於綜合財務狀況表確認。補償本集團已產生開支的補助於開支產生的同一期間於損益中系統化確認為收益。補償本集團資產成本的補助於相關資產賬面值中扣除，故於該資產的可用年期內以扣減折舊開支方式於損益實際確認。

Notes to the Financial Statements 財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Revenue and other income (Continued)

v) *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, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

vi) *Imputed interest income*

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the prevailing rate for a similar instrument of an issuer with a similar credit rating. The difference between the fair value and the nominal amount of the consideration at initial recognition is recognised in profit or loss. Imputed interest income is accrued on a time basis, by reference to the principal outstanding and at the imputed rate of interest.

vii) *Dividend income*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2. 主要會計政策(續)

r) 收入及其他收益(續)

v) 經營租賃之租金收入

經營租賃項下之應收租金收入在租賃期所涵蓋期間內，以等額分期方式於損益中確認，惟如有其他基準能更清楚反映使用租賃資產所產生之收益模式則除外。所獲租賃優惠於損益確認為應收淨租賃款項總額的主要部分。或然租金於其產生之會計期間確認為收益。

vi) 估算利息收入

當有關安排實際上構成融資交易時，有關代價之公平值乃使用估算利率貼現所有未來收入釐定。估算利率為具有類似信貸評級之發行人之類似工具的現行利率。代價公平值及面值之間的差異於初步確認時於損益確認。估算利息收入按時間基準，根據未償還本金及估算利率累計。

vii) 股息收入

未上市投資所得股息收入乃於股東收取有關款項之權利成立時予以確認。上市投資所得股息收入乃於投資的股價除息後確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand except for per share data, which is different from the Company's functional currency of Hong Kong dollars ("HK\$") as the majority of the Group's transactions is denominated in RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of those entities within the Group which have a functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

2. 主要會計政策(續)

s) 外幣換算

本集團旗下各實體之財務報表所列項目均以該實體經營所在主要經濟環境之通行貨幣(「功能貨幣」)計量。該等綜合財務報表以人民幣(「人民幣」)(已湊整至最接近千位數(惟每股數據除外)與本公司之功能貨幣港元(「港元」)不同呈列，因本集團大部分交易乃以人民幣計值。

於本年度之外幣交易均按交易當日之適用匯率換算。以外幣計值之貨幣資產及負債則按報告期末適用之外幣匯率換算。匯兌收益及虧損於損益中確認，惟用於對沖海外業務淨投資之外幣借貸所產生之匯兌收益及虧損，則在其他全面收益中確認。

以歷史成本計量之非貨幣資產及負債，按交易日適用之匯率換算。交易日為本集團初步確認該等非貨幣資產或負債之日期。按公平值列賬而以外幣計值之非貨幣資產及負債，按釐定公平值當日適用之外幣匯率換算。

以人民幣以外之貨幣作為功能貨幣之本集團內實體之業績按交易當日適用之相若外幣匯率換算成人民幣金額，財務狀況表項目按報告期末適用之收市外幣匯率換算為人民幣金額。所產生之匯兌差額於其他全面收益確認及個別累計於匯兌儲備權益。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Translation of foreign currencies (Continued)

On the disposal of any of such entities, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

u) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

2. 主要會計政策(續)

s) 外幣換算(續)

於出售任何該等實體時，倘確認出售之損益，與海外業務有關之匯兌差額之累計金額從權益中重新分類至損益。

t) 借貸成本

購買、建造或生產就其擬作用途或銷售而需要相當長時間的資產所直接涉及之借貸成本列作該資產成本之一部分。其他借貸成本於產生期間支銷。

當發生資產開支、產生借貸成本及正進行就其擬作用途或銷售而須準備資產的活動時，則借貸成本開始資本化為合資格資產成本之一部分。倘就其擬作用途或銷售而須準備合資格資產的大部分活動中斷或完成，則借貸成本暫停或終止資本化。

u) 已終止經營業務

已終止經營業務為本集團業務之一部分，其營運及現金流量可與本集團其餘業績清楚區分，並為按業務或地區劃分之獨立主要業務，或屬於出售按業務或經營地區劃分之獨立主要業務之單一統籌計劃之一部分，或屬於僅為轉售而購入之附屬公司。

一項業務於出售時或符合條件列為持作銷售時(以較早者為準)，或被廢止時分類為已終止經營業務。

Notes to the Financial Statements

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Discontinued operation (Continued)

When an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss and other comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

v) Related parties

- a) A person, or a close member of that person's family, is related to the Group if that person:
 - i. has control or joint control over the Group;
 - ii. has significant influence over the Group; or
 - iii. is a member of the key management personnel of the Group or the Group's parent.
- b) An entity is related to the Group if any of the following conditions applies:
 - i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

2. 主要會計政策(續)

u) 已終止經營業務(續)

當一項業務分類為已終止經營，則會以單一金額於損益及其他全面收益表內呈列，當中包括：

- 已終止經營業務之除稅後溢利或虧損；及
- 於計量已終止經營業務之公平值減銷售成本，或於出售構成已終止經營業務之資產或出售組別時確認之除稅後盈虧。

v) 有關連人士

- a) 倘屬以下人士，則該人士或該人士之近親與本集團有關連：
 - i. 控制或共同控制本集團；
 - ii. 對本集團有重大影響力；或
 - iii. 為本集團或本集團母公司之主要管理層成員。
- b) 倘符合下列任何條件，則該實體與本集團有關連：
 - i. 該實體與本集團屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Related parties (Continued)

- b) An entity is related to the Group if any of the following conditions applies: (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 Group or an entity related to the Group.
 - vi. The entity is controlled or jointly controlled by a person identified in note 2(v)(a).
 - vii. A person identified in note 2(v)(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).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. 主要會計政策(續)

v) 有關連人士(續)

- b) 倘符合下列任何條件，則該實體與本集團有關連：(續)
- ii. 一間實體為另一實體之聯營公司或合營企業（或另一實體為集團旗下成員公司之聯營公司或合營企業之成員公司）。
 - iii. 兩間實體均為同一第三方之合營企業。
 - iv. 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。
 - v. 該實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃。
 - vi. 該實體受附註2(v)(a)內所定義人士控制或共同控制。
 - vii. 附註2(v)(a)(i)內所定義人士對該實體有重大影響力或屬該實體（或該實體之母公司）之主要管理層成員。
 - viii. 向本集團或本集團之母公司提供主要管理人員服務之實體或其所屬集團之任何成員公司。

任何人士之近親指與該實體交易時預期可能影響該名人士或受該人士影響的家庭成員。

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財務報表附註

For the year ended 31 December 2019
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's Chief Executive Officer, who is the Group's chief operating decision maker ("CODM"), for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. 主要會計政策(續)

w) 分部報告

於綜合財務報表之營運分部及各分部項目之金額乃自定期向本集團之行政總裁，即本集團之首席營運決策人（「首席營運決策人」）提供以分配資源及評估本集團各業務類別之表現及地域位置之財務資料中識別。

就財務報告而言，除非分部具備相似的經濟特徵與產品及服務性質、生產工序性質、客戶類型或類別、用作分銷產品或提供服務之方法及監管環境之性質方面相似，否則各個重大營運分部不會進行合算。倘符合上述大部分標準，個別非重大之營運分部可進行合算。

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16 “Leases”, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16 “Leases”, none of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 “Leases”

HKFRS 16 replaces HKAS 17 “Leases” and the related interpretations, HK(IFRIC) 4 “Determining whether an arrangement contains a lease”, HK(SIC) 15 “Operating leases – incentives” and HK(SIC) 27 “Evaluating the substance of transactions involving the legal form of a lease”. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

3. 會計政策變動

香港會計師公會已頒佈一項於本集團之本會計期間首次生效之新訂香港財務報告準則—香港財務報告準則第16號「租賃」及若干香港財務報告準則之修訂本。

除香港財務報告準則第16號「租賃」外，該等變動對本集團當前或過往期間之業績及財務狀況之編製或呈列方式並無重大影響。本集團並未應用於本會計期間尚未生效的任何新訂準則或詮釋。

香港財務報告準則第16號「租賃」

香港財務報告準則第16號取代香港會計準則第17號「租賃」及相關詮釋、香港（國際財務報告詮釋委員會）詮釋第4號「釐定安排是否包括租賃」、香港（常務詮釋委員會）詮釋第15號「經營租賃—優惠」以及香港（常務詮釋委員會）詮釋第27號「評估涉及租賃法律形式交易的內容」。其就承租人引入單一會計模式，並規定承租人就所有租賃確認使用權資產及租賃負債，惟租期為十二個月或以下的租賃（「短期租賃」）及低價值資產租賃除外。出租人的會計要求沿用香港會計準則第17號並大致維持不變。

香港財務報告準則第16號亦引入額外定性及定量披露規定，旨在讓財務報表使用者評估租賃對實體財務狀況、財務表現及現金流量的影響。

本集團已自二零一九年一月一日起首次應用香港財務報告準則第16號。本集團已選用經修訂追溯法，並因而將首次應用的累計影響確認為對於二零一九年一月一日期初權益結餘之調整。比較資料不予重列，並繼續根據香港會計準則第17號呈報。

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3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 “Leases” (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a) *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b) *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to properties as disclosed in note 29(b). For an explanation of how the Group applies lessee accounting, see note 2(f).

3. 會計政策變動(續)

香港財務報告準則第16號「租賃」 (續)

有關過往會計政策變動的性質及影響以及所應用過渡選擇的進一步詳情載列如下：

a) *租賃的新定義*

租賃定義的變動主要涉及控制的概念。香港財務報告準則第16號根據客戶是否於某一時期內控制已識別資產的使用而定義租賃，其可藉界定的使用量釐定。倘客戶有權指示已識別資產的使用，並從該用途中獲得絕大部分經濟利益時，即表示擁有控制權。

本集團僅就於二零一九年一月一日或之後訂立或變更的合同應用香港財務報告準則第16號中租賃的新定義。就於二零一九年一月一日前訂立的合同，本集團已運用過渡性可行權宜方法讓現有租賃或包含租賃的安排之過往評估繼續適用。因此，先前根據香港會計準則第17號評估為租賃的合同繼續按香港財務報告準則第16號作為租賃入賬，而先前評估為非租賃服務安排的合同繼續作為待履行合同入賬。

b) *承租人會計處理及過渡影響*

香港財務報告準則第16號取消承租人將租賃分類為經營租賃或融資租賃的規定(如香港會計準則第17號先前所規定)。相反，本集團作為承租人時，須資本化所有租賃(包括先前根據香港會計準則第17號分類為經營租賃的租賃)，惟短期租賃及低價值資產租賃則獲豁免。就本集團而言，該等新資本化的租賃主要與附註29(b)披露之物業有關。有關本集團如何應用承租人會計處理的解釋，見附註2(f)。

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3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 “Leases” (continued)

b) *Lessee accounting and transitional impact (continued)*

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5.13%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

3. 會計政策變動(續)

香港財務報告準則第16號「租賃」 (續)

b) 承租人會計處理及過渡影響 (續)

於過渡至香港財務報告準則第16號當日(即二零一九年一月一日)，本集團釐定剩餘租期及就先前分類為經營租賃之租賃按餘下租賃款項之現值計量租賃負債，並於二零一九年一月一日使用相關增量借款利息貼現計算。用於釐定餘下租賃款項現值的增量借款利率之加權平均數為5.13%。

為緩解香港財務報告準則第16號的過渡，本集團於首次應用香港財務報告準則第16號當日已應用下列確認豁免及可行權宜方法：

- (i) 本集團已選擇不就租賃(其剩餘租期於首次應用香港財務報告準則第16號當日起計12個月內屆滿(即租期於二零一九年十二月三十一日或之前完結))確認租賃負債及使用權資產應用香港財務報告準則第16號的規定；
- (ii) 於計量首次應用香港財務報告準則第16號當日之租賃負債時，本集團對具有合理類似特徵的租賃組合使用單一貼現率(如在類似經濟環境下就類似相關資產類別採用與剩餘租期類似的租賃)；及

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3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 “Leases” (continued)

b) Lessee accounting and transitional impact (continued)

- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 29(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

3. 會計政策變動(續)

香港財務報告準則第16號「租賃」 (續)

b) 承租人會計處理及過渡影響 (續)

- (iii) 在計量首次應用香港財務報告準則第16號當日之使用權資產時，本集團倚賴先前於二零一八年十二月三十一日對虧損合同撥備的過往評估，作為取代減值評估之方法。

下表為附註29(b)所披露於二零一八年十二月三十一日之經營租賃承擔與於二零一九年一月一日確認之租賃負債之期初結餘的對賬：

		RMB'000 人民幣千元
Operating lease commitments as at 31 December 2018	於二零一八年十二月 三十一日之經營租賃承擔	3,531
Less: Recognition exemption – low value assets	減：確認豁免－低價值資產	(15)
Less: Recognition exemption – short-term leases	減：確認豁免－短期租賃	(1,026)
		2,490
Less: Total future interest expenses	減：未來利息開支總額	(93)
Present value of remaining lease payments discounted using the relevant incremental borrowing rates and total lease liabilities recognised as at 1 January 2019	採用相關增量借款利率貼現 之餘下租賃款項現值及 於二零一九年一月一日 確認之租賃負債總額	2,397
Analysed as:	分析如下：	
Current	即期	1,492
Non-current	非即期	905
		2,397

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3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 “Leases” (continued)

b) Lessee accounting and transitional impact (continued)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

Right-of-use assets relating to operating leases recognised upon application of HKFRS 16

By class

Leased property

3. 會計政策變動(續)

香港財務報告準則第16號「租賃」 (續)

b) 承租人會計處理及過渡影響 (續)

已按等同於剩餘租賃負債的確認金額確認與先前分類為經營租賃相關之使用權資產，並按於二零一八年十二月三十一日在綜合財務狀況表內確認與租賃相關的任何預付或應計租賃款項金額進行調整。

於二零一九年一月一日的使用權資產賬面值包括下列各項：

RMB'000
人民幣千元

於應用香港財務報告準則第16號後確認與經營租賃相關的使用權資產

2,397

按類別

租賃物業

2,397

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3. CHANGES IN ACCOUNTING POLICIES (continued)

HKFRS 16 “Leases” (continued)

b) Lessee accounting and transitional impact (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 January 2019. Line items that were not affected by the changes have not been included.

3. 會計政策變動(續)

香港財務報告準則第16號「租賃」 (續)

b) 承租人會計處理及過渡影響 (續)

已對於二零一九年一月一日的綜合財務狀況表內確認的金額作出如下調整。不受變動影響之項目並未納入。

		Carrying amounts previously reported as at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 as at 1 January 2019
		先前於二零一八年十二月三十一日呈報的賬面值 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	根據香港財務報告準則第16號於二零一九年一月一日的賬面值 RMB'000 人民幣千元
Non-current assets	非流動資產			
Right-of-use assets	使用權資產	-	2,397	2,397
Current liabilities	流動負債			
Lease liabilities	租賃負債	-	(1,492)	(1,492)
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	-	(905)	(905)

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

為按間接方法呈報截至二零一九年十二月三十一日止年度來自經營活動之現金流量，營運資金變動已按上表所披露之於二零一九年一月一日之期初綜合財務狀況表計算。

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財務報表附註

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4. REVENUE, OTHER INCOME AND OTHER NET LOSS

From continuing operations:

Revenue

Revenue from continuing operations represents the fair value of the amounts received and receivables for goods sold, and services rendered, which excludes value-added and other sales taxes, and is after deduction of any goods returns and trade discounts.

Disaggregation of revenue from contracts with customers during the year are as follows:

4. 收入、其他收益及其他虧損淨額

來自持續經營業務：

收入

來自持續經營業務之收入指因銷售貨品及提供服務所產生之已收及應收款項的公平值，惟不包括增值稅及其他銷售稅，並經扣除任何退貨及貿易折扣。

年內來自客戶合同之收入細分如下：

Segment 分部

Types of goods or services

Sales of goods
– Flue gas treatment products and equipment
– Water treatment products and equipment
Design services

Total

Timing of revenue recognition

A point in time

貨品或服務類別

貨品銷售
– 煙氣處理產品及設備
– 水處理產品及設備
設計服務

總計

收入確認之時間

某一時間點

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度			
EP construction			Total
EP products and equipment	engineering services		
環保產品及設備	環保建設工程服務		總計
RMB'000	RMB'000		RMB'000
人民幣千元	人民幣千元		人民幣千元
72,308	-		72,308
6,456	-		6,456
-	1,038		1,038
78,764	1,038		79,802
78,764	1,038		79,802

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4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

From continuing operations: (Continued)

Revenue (Continued)

Segment
分部

Types of goods or services

Sales of goods
– Flue gas treatment products and equipment
– Water treatment products and equipment
Design services

Total

Timing of revenue recognition

A point in time

貨品或服務類別

貨品銷售
– 煙氣處理產品及設備
– 水處理產品及設備
設計服務

總計

收入確認之時間

某一時間點

4. 收入、其他收益及其他虧損淨額(續)

來自持續經營業務:(續)

收入(續)

For the year ended 31 December 2018
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	EP products and equipment	EP construction engineering services	Total
	環保產品及設備	環保建設工程服務	總計
	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元
Sales of goods			
– Flue gas treatment products and equipment	124,535	–	124,535
– Water treatment products and equipment	35,326	–	35,326
Design services	–	2,327	2,327
Total	159,861	2,327	162,188
Timing of revenue recognition			
A point in time	159,861	2,327	162,188

Information about the Group's performance obligation

Sales of EP products and equipment

The performance obligation is satisfied when the control of the EP products and equipment has been transferred to the customers, which is usually upon completion of the installation and on-site testing. The trading terms with customers are mainly on credit and payment in advance is normally required from customers. A certain percentage of payment is retained by customers until the end of the retention period. Warranties associated with the sales of EP products and equipment cannot be purchased separately and they serve as an assurance that the products and equipment sold comply with agreed-upon specifications.

Design services

The performance obligation is satisfied when the customer takes the possession of and accepts the design work performed. Payment is generally due upon acceptance of the design work by customers.

有關本集團履約責任的資料

銷售環保產品及設備

履約責任於環保產品及設備的控制權轉移至客戶時達成，通常為完成安裝及現場測試後。與客戶的交易條款以信貸為主，且客戶通常須支付預付款。客戶會保留若干比例之付款直至保固期結束。與銷售環保產品及設備相關之保修無法單獨購買，而是作為售出產品及設備符合協定規格之保證。

設計服務

履約責任於客戶持有並接受完成之設計成品時達成。付款一般於客戶接受設計成品後到期。

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For the year ended 31 December 2019
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4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

From continuing operations: (Continued)

Revenue (Continued)

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts with customers such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts as these contracts have an original expected duration of one year or less.

4. 收入、其他收益及其他虧損淨額(續)

來自持續經營業務：(續)

收入(續)

產生自於報告日期現存客戶所訂合同預期於日後確認的收入

本集團已就客戶合同應用香港財務報告準則第15號第121段的可行權宜方法，故本集團無須披露有關本集團於滿足該等合同項下之餘下履約責任時將有權獲得的收入之資料，乃因該等合同的原預期持續期間為一年或更短。

Other income

Interest income on bank deposits
Imputed interest on trade receivables with extended credit terms
Rental income from operating lease
Sundry income

其他收益

銀行存款利息收入
獲延長信貸期之應收貿易款項之估算利息
經營租賃之租金收入
雜項收入

Other net loss

Gain on disposal of property, plant and equipment, and prepaid lease payments
Net impairment loss (recognised)/reversed on:
– trade receivables
– other receivables
– contract assets
– prepayments
Loss on write-off of property, plant and equipment
Net exchange gain/(loss)

其他虧損淨額

出售物業、廠房及設備以及預付租賃款項之收益

(已確認)/已撥回減值虧損淨額：
– 應收貿易款項
– 其他應收款項
– 合同資產
– 預付款
撇銷物業、廠房及設備之虧損
匯兌收益/(虧損)淨額

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	3,941	1,692
	–	1,067
	–	27
	–	79
	3,941	2,865
	–	25
	(29,037)	1,385
	(92)	3,522
	(1,528)	–
	(3,780)	–
	–	(12,403)
	2	(2)
	(34,435)	(7,473)

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5. LOSS BEFORE TAXATION

Loss before taxation from continuing operations is arrived at after charging the following:

a) Staff costs (including directors' emoluments (Note 9)):

- Salaries, wages and other benefits
- Contributions to defined contribution retirement plans (Note 8)

b) Finance costs:

- Interest expenses on corporate bonds (Note 21)
- Interest on lease liabilities

c) Other items:

- Amortisation of prepaid lease payments
- Auditors' remuneration
 - audit services
 - other services
- Cost of inventories (Note(i))
- Depreciation of property, plant and equipment
- Depreciation of right-of-use assets
- Impairment loss on property, plant and equipment and prepaid lease payments (Note(ii))
- Operating lease charges under HKAS 17
 - office premise
 - director's quarter
 - office equipment

a) 員工成本(包括董事酬金(附註9)):

- 工資、薪金及其他福利
- 一定額供款退休計劃供款(附註8)

b) 融資成本:

- 公司債券利息開支(附註21)
- 租賃負債利息

c) 其他項目:

- 預付租賃款項之攤銷
- 核數師酬金
 - 審核服務
 - 其他服務
- 存貨成本(附註(i))
- 物業、廠房及設備之折舊
- 使用權資產之折舊
- 物業、廠房及設備以及預付租賃款項之減值虧損(附註(ii))
- 根據香港會計準則第17號之經營租賃費用
 - 辦公室物業
 - 董事宿舍
 - 辦公室設備

5. 除稅前虧損

來自持續經營業務之除稅前虧損已扣除下列各項:

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
11,900	13,219
672	730
12,572	13,949
3,067	1,600
82	–
3,149	1,600
–	549
1,267	1,224
425	411
76,261	141,835
2,523	6,006
1,531	–
–	30,300
–	1,261
–	822
–	10

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For the year ended 31 December 2019
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5. LOSS BEFORE TAXATION (Continued)

Loss before taxation from continuing operations is arrived at after charging the following: (Continued)

Notes:

- (i) During the year ended 31 December 2019, cost of inventories includes approximately RMB1,851,900 (2018: RMB3,797,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above.
- (ii) Impairment loss of approximately RMB30,300,000 was recognised during the year ended 31 December 2018 as the assets classified held for sale were measured at fair value less costs to sell which included the incremental costs directly attributable to the disposal of the assets.

6. DISCONTINUED OPERATION

On 31 October 2017, Wuxi Pan Asia Environmental Protection Technologies Limited (“Wuxi Pan Asia”), a former wholly-owned subsidiary of the Company, entered into an asset transfer agreement with Pan Asia Environmental Protection (Jiangsu) Company Limited (“Jiangsu Pan Asia”), a wholly-owned subsidiary of the Company, pursuant to which Wuxi Pan Asia agreed to sell certain assets associated with the operation of sales of EP products and equipment to Jiangsu Pan Asia (the “Asset Transfer”). The Asset Transfer was completed on 16 January 2018 and Wuxi Pan Asia retained the assets and liabilities associated with the operation of manufacture and sales of EP construction materials.

On 31 October 2017, the Group entered into a sale and purchase agreement (the “S&P Agreement”) with an independent third party (the “Purchaser”), pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interest in Wuxi Pan Asia after the completion of the Asset Transfer at a consideration of RMB44,000,000 (the “Disposal”).

5. 除稅前虧損(續)

來自持續經營業務之除稅前虧損已扣除下列各項:(續)

附註:

- (i) 截至二零一九年十二月三十一日止年度，存貨成本包括有關員工成本及折舊約人民幣1,851,900元(二零一八年：人民幣3,797,000元)，而該金額亦已計入上文分開披露之總金額內。
- (ii) 因分類為持作出售之資產以公平值減銷售成本計量，包括出售該等資產增加的直接應佔成本，減值虧損約人民幣30,300,000元於截至二零一八年十二月三十一日止年度確認。

6. 已終止經營業務

於二零一七年十月三十一日，無錫泛亞環保科技有限公司(「無錫泛亞」)(本公司前全資附屬公司)與泛亞環保(江蘇)有限公司(「江蘇泛亞」)(本公司之全資附屬公司)訂立資產轉讓協議，據此，無錫泛亞同意向江蘇泛亞出售與環保產品及設備銷售業務相關之若干資產(「資產轉讓」)。資產轉讓已於二零一八年一月十六日完成，無錫泛亞保留與製造及銷售環保建築材料相關業務之資產及負債。

於二零一七年十月三十一日，本集團與一名獨立第三方(「買方」)訂立買賣協議(「買賣協議」)，據此，本集團有條件同意出售而買方有條件同意於資產轉讓完成後，按代價人民幣44,000,000元購買無錫泛亞所有股權(「出售事項」)。

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6. DISCONTINUED OPERATION (Continued)

Details of the Asset Transfer and the Disposal were set out in the Company's announcements dated 31 October 2017, 14 November 2017 and 18 January 2018 respectively.

The directors of the Company were of the opinion that the Disposal was highly probable because the Company's board of directors formally approved the Disposal and there was no need to obtain the approval from the Company's shareholders as the Disposal constituted a discloseable transaction under Chapter 14 of the Listing Rules. In addition, the conditions precedent under the S&P Agreement were fulfilled on 16 January 2018 and the Disposal was completed on 16 January 2018 accordingly. The directors of the Company were of the view that the disposal company constituted a separate major line of the Group's business and accordingly, the Group's operation of manufacture and sales of EP construction materials was classified as a discontinued operation.

The results and cash flows from the discontinued operation for the period were analysed as follows.

6. 已終止經營業務(續)

資產轉讓及出售事項之詳情分別載於本公司日期為二零一七年十月三十一日、二零一七年十一月十四日及二零一八年一月十八日之公告。

本公司董事認為，出售事項極有可能發生，因為本公司董事會已正式批准出售事項，且由於出售事項根據上市規則第14章構成須予披露交易，故毋須取得本公司股東批准。此外，買賣協議項下之先決條件已於二零一八年一月十六日獲達成，而出售事項因此已於二零一八年一月十六日完成。因此本公司董事認為，出售公司構成本集團業務中獨立的主要業務，因此，本集團製造及銷售環保建築材料的業務已分類為已終止經營業務。

期內來自已終止經營業務之業績及現金流量分析如下。

		2018 二零一八年 RMB'000 人民幣千元
Results from discontinued operation:	來自已終止經營業務之業績：	
Other income	其他收益	27
Selling and distribution expenses	銷售及分銷開支	(1,816)
General and administrative expenses	一般及行政開支	(995)
		<hr/>
Loss before taxation	除稅前虧損	(2,784)
Income tax expenses	所得稅開支	(4)
		<hr/>
		(2,788)
Gain on disposal of a subsidiary (Note 23(a))	出售附屬公司之收益(附註23(a))	784
		<hr/>
Loss for the period from discontinued operation	期內來自已終止經營業務之虧損	<u>(2,004)</u>

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財務報表附註

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6. DISCONTINUED OPERATION (Continued)

Loss before taxation from discontinued operation is arrived at after charging/(crediting) the following:

Amortisation of prepaid lease payments
Depreciation of property, plant and equipment
Government grants¹
Marketing and promotional expenses²

Staff costs
– Contributions to defined contribution retirement plans (Note 8)
– Salaries, wages and other benefits

Cash flows from discontinued operation:

Net cash outflows from operating activities and net cash outflows from discontinued operation

¹ The amount represents the government grants of approximately RMB27,000 relating to the subsidies from the PRC government for acquisition of property, plant and equipment which was released from deferred government grants to profit or loss during the period from 1 January 2018 to date of disposal, and the amount is included in other income in the results from discontinued operation as disclosed above.

² This item is included in selling and distribution expenses in the results from discontinued operation as disclosed above.

6. 已終止經營業務(續)

來自已終止經營業務之除稅前虧損已扣除/(計入)下列各項:

2018
二零一八年
RMB'000
人民幣千元

預付租賃款項之攤銷 47
物業、廠房及設備之折舊 947
政府補助¹ (27)
市場推廣及宣傳開支² 1,557

員工成本
– 一定額供款退休計劃供款(附註8) –
– 薪金、工資及其他福利 29

29

來自已終止經營業務之現金流量:

來自經營活動之現金流出淨額及來自已終止經營業務之現金流出淨額

(1,578)

¹ 該金額指與來自中國政府就收購物業、廠房及設備有關而作出的約人民幣27,000元的政府補助，其於二零一八年一月一日至出售日期期間自遞延政府補助撥至損益，且該金額計入如上述披露來自已終止經營業務之業績之其他收益。

² 該項目計入如上述披露來自已終止經營業務之業績之銷售及分銷開支。

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7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

- a) Taxation relating to continuing operations in the consolidated statement of profit or loss and other comprehensive income represents:

Current tax:	即期稅項：
PRC Enterprise Income Tax	中國企業所得稅
– Provision for the year	– 一年內撥備
<i>(Note 22(a))</i>	<i>(附註22(a))</i>
Deferred tax:	遞延稅項：
Origination and reversal of	暫時差異之產生及
temporary differences <i>(Note 22(b))</i>	撥回 <i>(附註22(b))</i>
Under-provision for deferred tax	遞延稅項於過往年度
in previous years	撥備不足
Income tax expenses	所得稅開支

- i) The Company and its subsidiaries incorporated in the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- ii) PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the Company's subsidiaries established in the PRC during the years ended 31 December 2019 and 2018.
- iii) No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2019 and 2018 as the Group did not have assessable profits arising in Hong Kong during both years.
- iv) The PRC Enterprise Income Tax Law also requires withholding tax of 10% upon distribution of profits by the subsidiaries established in the PRC since 1 January 2008 to its overseas shareholders.

7. 於綜合損益及其他全面收益表之所得稅

- a) 於綜合損益及其他全面收益表內有關持續經營業務之稅項指：

2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元
–	2,521
–	595
2,397	–
2,397	3,116

- i) 本公司及其於英屬處女群島註冊成立之附屬公司根據彼等各自註冊成立之國家之規則及規例毋須繳付任何所得稅。
- ii) 中國企業所得稅乃根據本公司於中國成立之附屬公司於截至二零一九年及二零一八年十二月三十一日止年度之估計應課稅溢利按稅率25%計算。
- iii) 由於本集團於截至二零一九年及二零一八年十二月三十一日止年度並無源自香港之應課稅溢利，故於該兩個年度並無就香港利得稅作出撥備。
- iv) 中國企業所得稅法亦規定，自二零零八年一月一日起，於中國成立之附屬公司向其海外股東所作溢利分派須按10%的稅率繳納預扣稅。

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7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

7. 於綜合損益及其他全面收益表之所得稅(續)

b) Reconciliation between income tax expenses and accounting loss at applicable tax rates is as follows:

b) 按適用稅率計算之所得稅開支與會計虧損之對賬如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Loss before taxation from continuing operations	來自持續經營業務之除稅前虧損	(56,227)	(14,237)
Notional tax on loss before taxation calculated at the statutory rates applicable to respective tax jurisdictions	按適用於在各自司法權區之法定稅率計算除稅前虧損之名義稅項	(12,702)	(2,288)
Tax effect of non-taxable income	毋須課稅收入之稅務影響	-	(7,175)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	2,630	12,144
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	1,486	339
Tax effect of temporary difference not recognised	未確認暫時差異之稅務影響	8,586	-
Tax effect of concessionary tax rate granted to a subsidiary	授予一間附屬公司優惠稅率之稅務影響	-	96
Under-provision of deferred tax in previous years	遞延稅項於過往年度撥備不足	2,397	-
Income tax expenses	所得稅開支	2,397	3,116

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8. RETIREMENT BENEFITS COSTS

Defined contribution retirement plan

The Group has arranged for its Hong Kong employees employed under the jurisdiction of the Hong Kong Employment Ordinance to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance and Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan managed by independent trustees. Under the MPF Scheme, the Group (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from each of the employer and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The employees of the Company's subsidiaries established in the PRC are members of a state-sponsored retirement plan operated by the local government in the PRC and these subsidiaries make mandatory contributions to the state-sponsored retirement plan to fund the employees retirement benefits. The retirement contributions paid by these subsidiaries are based on a certain percentage of the relevant portion of the payroll of all qualifying employees in accordance with the relevant regulations in the PRC and are charged to profit or loss as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the state-sponsored retirement plan operated by the local governments in the PRC.

The Group's contributions to defined contribution retirement plans for the years ended 31 December 2019 and 2018 are as follows:

Contributions to defined contribution retirement plans	定額供款退休計劃供款
– from continuing operations (Note 5(a))	– 來自持續經營業務 (附註5(a))
– from discontinued operation (Note 6)	– 來自已終止經營業務 (附註6)

8. 退休福利成本

定額供款退休計劃

根據香港強制性公積金計劃條例及香港僱傭條例規定，本集團已安排其根據香港僱傭條例管轄下所僱用的香港僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃乃由獨立受託人管理之定額供款退休計劃。根據強積金計劃，本集團（作為僱主）及其僱員須每月各自按僱員相關收入（定義見強制性公積金計劃條例）之5%向該計劃作出供款。僱主及僱員每月各自之供款以1,500港元為上限，另可自願額外供款。對該計劃之供款即時歸屬。

本公司於中國成立之附屬公司之僱員均參與中國地方政府運作並由國家資助之退休計劃，該等附屬公司向該項國家資助之退休計劃作出強制性供款以為僱員之退休福利提供資金。該等附屬公司支付之退休金供款乃基於所有合資格僱員薪酬之有關部分之特定百分比，及根據中國有關規定，並按照所產生之金額計入損益。本集團在向由中國地方政府運作並由國家資助之退休金計劃支付退休供款之後即為已履行其於僱員退休福利方面之責任。

本集團截至二零一九年及二零一八年十二月三十一日止年度之定額供款退休計劃供款如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
672	730
–	–
672	730

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9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations are as follows:

9. 董事及最高行政人員酬金

根據香港公司條例第383(1)條及公司(披露董事利益資料)規例2部所披露之董事酬金如下：

		Year ended 31 December 2019 截至二零一九年十二月三十一日止年度			
		Contributions			
		Salaries, allowances and other benefits	to defined contribution retirement plans		Total
Name of director	董事姓名	Fees 袍金 RMB'000 人民幣千元	薪金、津貼及 其他福利 RMB'000 人民幣千元	定額供款 退休計劃供款 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Executive director	執行董事				
Mr. Jiang Xin (Note (i))	蔣鑫先生(附註(i))	106	319	-	425
Non-executive director	非執行董事				
Mr. Fan Yajun	范亞軍先生	106	-	-	106
Independent non-executive directors	獨立非執行董事				
Mr. Lai Wing Lee	賴永利先生	53	-	-	53
Mr. Leung Shu Sun, Sunny	梁樹新先生	192	-	-	192
Professor Wang Guozhen	王國珍教授	53	-	-	53
		510	319	-	829

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

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

9. 董事及最高行政人員酬金(續)

Name of director	董事姓名	Year ended 31 December 2018 截至二零一八年十二月三十一日止年度			Total 總計
		Fees 袍金	Salaries, allowances and other benefits 薪金、津貼及 其他福利 及 其他福利	Contributions to defined contribution retirement plans 定額供款 退休計劃供款	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive directors	執行董事				
Mr. Jiang Xin (Note (i))	蔣鑫先生(附註(i))	103	822	-	925
Mr. Cho Yu Chung (Note (ii))	曹宇頌先生(附註(ii))	-	-	-	-
Non-executive director	非執行董事				
Mr. Fan Yajun	范亞軍先生	103	-	-	103
Independent non-executive directors	獨立非執行董事				
Mr. Lai Wing Lee	賴永利先生	51	-	-	51
Mr. Leung Shu Sun, Sunny	梁樹新先生	185	-	-	185
Professor Wang Guozhen	王國珍教授	51	-	-	51
		<u>493</u>	<u>822</u>	<u>-</u>	<u>1,315</u>

Notes:

- (i) During the year ended 31 December 2019, the Group provided director's quarter accommodation amounting to approximately RMB319,000 (2018: RMB822,000) to Mr. Jiang Xin.
- (ii) Mr. Cho Yu Chung resigned as executive director of the Company on 31 January 2018.

As at 31 December 2019 and 2018, the directors of the Company held share options under the Company's share option scheme. Details of which are disclosed in note 26.

During the years ended 31 December 2019 and 2018, no directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No directors has waived or agreed to waive any emoluments during both years.

附註：

- (i) 截至二零一九年十二月三十一日止年度，本集團提供蔣鑫先生董事宿舍住宿約人民幣319,000元(二零一八年：人民幣822,000元)。
- (ii) 曹宇頌先生於二零一八年一月三十一日辭任本公司執行董事。

於二零一九年及二零一八年十二月三十一日，本公司董事根據本公司購股權計劃持有購股權。有關購股權計劃之詳情披露於附註26。

截至二零一九年及二零一八年十二月三十一日止年度，概無董事已自本集團收取任何酬金作為促使加入或於加入本集團時之獎金或離職之賠償。概無董事於該兩個年度放棄或同意放棄任何酬金。

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For the year ended 31 December 2019
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10. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, one (2018: one) is a director of the Company whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the remaining four (2018: four) individuals from the continuing operations are as follows:

Salaries, allowances and other benefits	薪金、津貼及其他福利
Contributions to defined contribution retirement plans	定額供款退休計劃供款

During the years ended 31 December 2019 and 2018, no emoluments were paid or payable by the Group to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during both years.

The emoluments of the above four (2018: four) individuals with the highest emoluments are within the following bands:

Bands:	組別：
Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元

10. 最高酬金人士及高級管理層酬金

(a) 五名最高薪人士

五名最高酬金人士包括一名(二零一八年：一名)本公司董事，其酬金披露於附註9。餘下來自持續經營業務之四名(二零一八年：四名)人士之酬金合計如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
3,534	3,372
61	59
3,595	3,431

截至二零一九年及二零一八年十二月三十一日止年度，本集團概無向五名最高薪人士支付或應付任何酬金作為於該兩個年度促使彼等加入或於加入本集團時之獎金或離職之賠償。

上述四名(二零一八年：四名)最高酬金人士之酬金組別如下：

Number of individuals 人數

2019 二零一九年	2018 二零一八年
2	2
1	1
1	1
4	4

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10. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Senior management's emoluments

The emoluments paid or payable to senior management (including one (2018: one) highest paid individual as disclosed above) are within the following bands:

Bands:	組別：
Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元

10. 最高酬金人士及高級管理層酬金 (續)

(b) 高級管理層酬金

已付或應付予高級管理層(包括一名(二零一八年：一名)上述披露之最高薪人士)之酬金組別如下：

Number of individuals 人數	
2019 二零一九年	2018 二零一八年
3	3
1	1
4	4

11. DIVIDENDS

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

11. 股息

本公司董事不建議派付截至二零一九年十二月三十一日止年度之末期股息(二零一八年：無)。

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For the year ended 31 December 2019
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12. LOSS PER SHARE

From continuing and discontinued operations:

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss for the year attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	就計算每股基本及攤薄虧損而言的本公司擁有人應佔年內虧損
--	-----------------------------

Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic loss per share	就計算每股基本虧損而言的普通股加權平均數
--	----------------------

Diluted loss per share for the years ended 31 December 2019 and 2018 are the same as the basic loss per share because the exercise of the Company's outstanding share options would have anti-dilutive effect.

12. 每股虧損

來自持續經營及已終止經營業務：

本公司擁有人應佔每股基本及攤薄虧損乃按以下數據計算：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
(58,624)	(19,357)

2019 二零一九年	2018 二零一八年
840,000,000	840,000,000

由於行使本公司尚未行使購股權具有反攤薄影響，故截至二零一九年及二零一八年十二月三十一日止年度之每股攤薄虧損與每股基本虧損相同。

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For the year ended 31 December 2019
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12. LOSS PER SHARE (Continued)

From continuing operations:

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss for the year attributable to owners of the Company from continuing and discontinued operations	本公司擁有人應佔年內來自持續經營及已終止經營業務之虧損	(58,624)	(19,357)
Adjusted for: Loss for the period from discontinued operation attributable to owners of the Company	調整：本公司擁有人應佔期內來自已終止經營業務之虧損	-	2,004
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	就計算每股基本及攤薄虧損而言的來自持續經營業務之虧損	(58,624)	(17,353)

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operation:

Basic loss per share

Basic loss per share from discontinued operation for the year ended 31 December 2018 was RMB0.24 cents per share, based on the loss for the year from discontinued operation attributable to owners of the Company amounting to approximately RMB2,004,000 during the year and the denominators detailed above for basic loss per share from continuing and discontinued operations.

Diluted loss per share

Diluted loss per share from discontinued operation for the year ended 31 December 2018 was the same as the basic loss per share from discontinued operation because the exercise of the Company's outstanding share options would have anti-dilutive effect.

12. 每股虧損(續)

來自持續經營業務：

本公司擁有人應佔來自持續經營業務之每股基本及攤薄虧損乃按以下數據計算：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
(58,624)	(19,357)
-	2,004
(58,624)	(17,353)

來自持續經營及已終止經營業務之每股基本及攤薄虧損所使用之分母均與上文所詳述者相同。

來自已終止經營業務：

每股基本虧損

截至二零一八年十二月三十一日止年度，來自已終止經營業務之每股基本虧損為每股人民幣0.24分，乃根據於本年度本公司擁有人應佔年內來自已終止經營業務之虧損約人民幣2,004,000元及上文所述來自持續經營及已終止經營業務之每股基本虧損的分母計算。

每股攤薄虧損

由於行使本公司尚未行使購股權具有反攤薄影響，故截至二零一八年十二月三十一日止年度來自已終止經營業務之每股攤薄虧損與來自已終止經營業務之每股基本虧損相同。

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For the year ended 31 December 2019
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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings	Furniture, fixtures and equipment	Leasehold improvements	Machineries	Motor vehicles	Construction in progress	Total
		樓宇	傢俬、裝置及設備	租賃物業裝修	機器	汽車	在建工程	總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost:	成本：							
As at 1 January 2018	於二零一八年一月一日	189,574	3,459	23,302	19,829	8,222	28,824	273,210
Additions	添置	-	83	133	-	-	-	216
Derecognised upon disposal of a subsidiary (Note 23(b))	於出售一間附屬公司後終止確認 (附註23(b))	-	(38)	-	-	-	-	(38)
Write-off	撇銷	-	-	(15,862)	-	-	-	(15,862)
Transfer to assets classified as held for sale	轉撥至分類為持作出售之資產	(189,574)	-	(7,439)	-	-	(28,824)	(225,837)
Exchange adjustments	匯兌調整	-	4	2	-	28	-	34
As 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	-	3,508	136	19,829	8,250	-	31,723
Additions	添置	-	7	-	-	-	-	7
Exchange adjustments	匯兌調整	-	4	3	-	14	-	21
As at 31 December 2019	於二零一九年十二月三十一日	-	3,519	139	19,829	8,264	-	31,751
Accumulated depreciation:	累積折舊：							
As at 1 January 2018	於二零一八年一月一日	55,869	2,563	4,444	15,649	7,321	-	85,846
Charge for the year	本年度開支	4,004	313	930	466	683	-	6,396
Eliminated upon disposal of a subsidiary (Note 23(b))	於出售一間附屬公司後減除 (附註23(b))	-	(38)	-	-	-	-	(38)
Eliminated on written off	撇銷時減除	-	-	(3,459)	-	-	-	(3,459)
Transfer to assets classified as held for sale	轉撥至分類為持作出售之資產	(59,873)	-	(1,891)	-	-	-	(61,764)
Exchange adjustments	匯兌調整	-	2	-	-	25	-	27
As 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	-	2,840	24	16,115	8,029	-	27,008
Charge for the year	本年度開支	-	473	72	1,978	-	-	2,523
Exchange adjustments	匯兌調整	-	2	1	-	14	-	17
As at 31 December 2019	於二零一九年十二月三十一日	-	3,315	97	18,093	8,043	-	29,548
Carrying amounts:	賬面值：							
As at 31 December 2019	於二零一九年十二月三十一日	-	204	42	1,736	221	-	2,203
As at 31 December 2018	於二零一八年十二月三十一日	-	668	112	3,714	221	-	4,715

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14. RIGHT-OF-USE ASSETS

14. 使用權資產

		Leased property 租賃物業 RMB'000 人民幣千元
As at 1 January 2019	於二零一九年一月一日	2,397
Depreciation	折舊	(1,531)
Exchange difference	匯兌差額	37
		<hr/>
As at 31 December 2019	於二零一九年十二月三十一日	903
		<hr/> <hr/>
Expenses relating to short-term leases and other leases with lease terms ending on or before 31 December 2019	與租期於二零一九年十二月三十一日或之前屆滿的短期租賃及其他租賃相關之開支	499
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	與低價值資產租賃相關之開支，不包括低價值資產之短期租賃	10
		<hr/> <hr/>
Total cash outflows for leases	租賃之現金流出總額	1,590
		<hr/> <hr/>

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15. INVESTMENTS IN SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2019 are as follows:

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and type of legal entity 註冊成立/ 成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足 股本/註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及經營地點
			The Group's effective interest 本集團 實際權益	Held by the Company 由本公司 持有	Held by a subsidiary 由附屬公司 持有	
Pan Asia Environmental Protection Technologies Limited	British Virgin Islands, limited liability company 英屬處女群島， 有限公司	US\$200/ Ordinary Share 200美元/普通股	100%	100%	-	Investment holding/ Hong Kong 投資控股/香港
Pan Asia Environmental Protection (Jiangsu) Company Limited (Note (i)) 泛亞環保(江蘇)有限公司 (附註(i))	The PRC, wholly-foreign- owned enterprise 中國，外商獨資企業	N/A (Note (iii)) 不適用 (附註(iii))	100%	-	100%	Sales of EP products and equipment, and provision of EP construction engineering services/ the PRC 銷售環保產品及設備， 及提供環保建設工程 服務/中國
Pan Asia Environmental Protection (China) Company Limited (Note (i)) 泛亞環保(中國)有限公司 (附註(i))	The PRC, wholly-foreign- owned enterprise 中國，外商獨資企業	HK\$100,000,000/ Registered Capital 100,000,000港元/ 註冊股本	100%	-	100%	Sales of EP products and equipment, and provision of EP construction engineering services/ the PRC 銷售環保產品及設備， 及提供環保建設工程 服務/中國

None of the subsidiaries had any debt securities subsisting at the end of the year or within any time during the year.

Notes:

- (i) The English names for these companies which were established in the PRC are not officially registered but included here as a translation for identification purpose.
- (ii) As at 31 December 2019, the registered capital of this company was not yet injected by the Group.
- (iii) The Group had no subsidiaries which have material non-controlling interests during the years ended 31 December 2019 and 2018.

15. 於附屬公司之投資

於二零一九年十二月三十一日，本公司之主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and type of legal entity 註冊成立/ 成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足 股本/註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及經營地點
			The Group's effective interest 本集團 實際權益	Held by the Company 由本公司 持有	Held by a subsidiary 由附屬公司 持有	
Pan Asia Environmental Protection Technologies Limited	British Virgin Islands, limited liability company 英屬處女群島， 有限公司	US\$200/ Ordinary Share 200美元/普通股	100%	100%	-	Investment holding/ Hong Kong 投資控股/香港
Pan Asia Environmental Protection (Jiangsu) Company Limited (Note (i)) 泛亞環保(江蘇)有限公司 (附註(i))	The PRC, wholly-foreign- owned enterprise 中國，外商獨資企業	N/A (Note (iii)) 不適用 (附註(iii))	100%	-	100%	Sales of EP products and equipment, and provision of EP construction engineering services/ the PRC 銷售環保產品及設備， 及提供環保建設工程 服務/中國
Pan Asia Environmental Protection (China) Company Limited (Note (i)) 泛亞環保(中國)有限公司 (附註(i))	The PRC, wholly-foreign- owned enterprise 中國，外商獨資企業	HK\$100,000,000/ Registered Capital 100,000,000港元/ 註冊股本	100%	-	100%	Sales of EP products and equipment, and provision of EP construction engineering services/ the PRC 銷售環保產品及設備， 及提供環保建設工程 服務/中國

於年末或本年度任何時間內概無附屬公司有任何債務證券存續。

附註：

- (i) 該等於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。
- (ii) 於二零一九年十二月三十一日，該公司註冊股本尚未由本集團注入。
- (iii) 截至二零一九年及二零一八年十二月三十一日止年度，本集團並無附屬公司擁有重大非控股權益。

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16. TRADE AND OTHER RECEIVABLES

16. 應收貿易及其他款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables (Note (a))	應收貿易款項 (附註(a))	86,433	153,815
Less: Impairment loss on trade receivables	減：應收貿易款項之減值虧損	(49,597)	(100,671)
Trade receivables, net	應收貿易款項淨額	36,836	53,144
Other receivables (Note (b))	其他應收款項 (附註(b))	991	3,501
Less: Impairment loss on other receivables	減：其他應收款項之減值虧損	(901)	(809)
Other receivables, net	其他應收款項淨額	90	2,692
Consideration receivable from disposal of property, plant and equipment, and prepaid lease payments	來自出售物業、廠房及設備以及預付租賃款項的應收代價	-	160,000
Contract assets (Note (c))	合同資產 (附註(c))	36,926	215,836
Prepayments and deposits	預付款及按金	14,591	22,701
Other tax recoverables	其他可收回稅項	3,335	7,552
		34	34
		54,886	246,123

a) Trade receivables

The Group generally allows credit period ranging from 0 to 180 days to its trade customers. Further details on the Group's credit policy are set out in note 31(b)(i).

Credit is offered to customers following an assessment of their financial abilities and payment track record. Credit limits are set out for all customers and these can be exceeded only with the approval from management. Management also monitors overdue trade receivables, and follows up the collection of these receivables.

a) 應收貿易款項

本集團一般給予其貿易客戶0至180日的信貸期。有關本集團信貸政策之進一步詳情，載於附註31(b)(i)。

信貸乃經評估客戶的財務能力及付款紀錄後向客戶授出。本公司為所有客戶制定信貸限額，僅可在管理層批准後方可超過此等信貸限額。管理層亦監控逾期的應收貿易款項，並負責跟進收回該等應收款項。

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16. TRADE AND OTHER RECEIVABLES (Continued)

a) Trade receivables (Continued)

The following is an ageing analysis of trade receivables, net of impairment loss, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

Less than six months	六個月內
Over six months but less than one year	六個月以上但一年內

The movements in the loss allowances for impairment of trade receivables during the year is as follows:

As at 1 January	於一月一日
Net impairment losses recognised/ (reversed) from continuing operations	來自持續經營業務之 已確認/(已撥回) 減值虧損淨額
Write-off as unrecoverable	視作無法收回款項撇銷
As at 31 December	於十二月三十一日

The Group applied the ECL prescribed by HKFRS 9, and the impairment methodology of ECL model is set out in note 31(b)(i).

16. 應收貿易及其他款項(續)

a) 應收貿易款項(續)

以下為應收貿易款項根據於報告期末的發票日期(與有關收入的確認日期相若)並經扣除減值虧損之賬齡分析:

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
31,730	42,015
5,106	11,129
36,836	53,144

年內之應收貿易款項之減值虧損撥備變動如下:

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
100,671	130,695
29,037	(1,385)
(80,111)	(28,639)
49,597	100,671

本集團應用香港財務報告準則第9號規定之預期信貸虧損，而預期信貸虧損模式之減值方法載於附註31(b)(i)。

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16. TRADE AND OTHER RECEIVABLES (Continued)

b) Other receivables

The movements in the loss allowances for impairment of other receivables during the year, including both specific and collective loss components, are as follows:

As at 1 January	於一月一日
Net impairment loss recognised/(reversed) from continuing operations	來自持續經營業務之 已確認/(已撥回) 減值虧損淨額
As at 31 December	於十二月三十一日

Reversal of impairment loss on other receivables represents the recovery of debts from debtors previously considered to be impaired.

c) Contract assets

The contract assets primarily represent the retention receivables from the contracts with customers. The retention receivables (generally 5% to 10% of the total contracted value) are amounts which are not paid by the customers until expiry of the retention period (generally one to two years) as specified in the contracts.

The movements in the loss allowance for impairment of contract assets during the year are as follows:

As at 1 January	於一月一日
Impairment loss recognised from continuing operations	來自持續經營業務之 已確認減值虧損
As at 31 December	於十二月三十一日

16. 應收貿易及其他款項(續)

b) 其他應收款項

年內之其他應收款項減值虧損撥備變動(包括特定及整體虧損部分)如下:

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
809	4,331
92	(3,522)
901	809

其他應收款項減值虧損撥回指之前被視為減值的應收該等債務人的債項獲收回。

c) 合同資產

合同資產主要指來自客戶合同之應收質保款項。應收質保款項(一般為合同總價值之5%至10%)指直至合同訂明之質保期間(通常為一至兩年)屆滿時客戶方支付之金額。

年內之合同資產減值虧損撥備變動如下:

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
-	-
1,528	-
1,528	-

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17. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. As at 31 December 2019, the bank balances and deposits carried interests at the prevailing market interest rate which ranged from 0% to 0.3% (2018: 0% to 0.3%) per annum.

As at 31 December 2019, the Group had bank balances and cash denominated in RMB that were either not freely convertible or were subject to exchange controls in the PRC, amounting to approximately RMB1,202,798,000 (2018: RMB1,037,697,000).

17. 現金及銀行結餘

現金及銀行結餘包括本集團持有之現金及原定到期日為三個月或以下之短期銀行存款。於二零一九年十二月三十一日，銀行結餘及存款按現行市場年利率介乎零至0.3%（二零一八年：零至0.3%）計息。

於二零一九年十二月三十一日，本集團持有不能於中國自由兌換或受外匯管制影響之以人民幣計值之銀行結餘及現金約為人民幣1,202,798,000元（二零一八年：人民幣1,037,697,000元）。

18. TRADE AND OTHER PAYABLES

Trade payables (Note (a))	應付貿易款項(附註(a))	29,148	16,342
Accruals and other payables	應計費用及其他應付款項	18,468	11,111
Amount due to a related company (Note 19)	應付一間關聯公司款項(附註19)	7,320	-
Financial liabilities measured at amortised cost	按攤銷成本計量的金融負債	54,936	27,453
Other PRC tax payables	其他應付中國稅項	9,254	9,089
		64,190	36,542

a) Ageing analysis of trade payables

The ageing analysis of trade payables at the end of each reporting period based on invoice date is as follows:

Less than six months	六個月內	17,815	15,354
Over six months but less than one year	六個月以上但一年內	2,035	-
Over one year but less than two years	一年以上但兩年內	8,310	-
Over two years	兩年以上	988	988
		29,148	16,342

18. 應付貿易及其他款項

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
29,148	16,342
18,468	11,111
7,320	-
54,936	27,453
9,254	9,089
64,190	36,542

a) 應付貿易款項之賬齡分析

應付貿易款項於各報告期末按發票日期之賬齡分析如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
17,815	15,354
2,035	-
8,310	-
988	988
29,148	16,342

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19. AMOUNT DUE TO A RELATED COMPANY

Name of related company 關聯公司名稱	Relationship with the Group 與本集團關係
Praise Fortune Limited	The Company's immediate and ultimate controlling party 本公司之直接及最終控制方

The amount due to a related company was non-trade in nature, unsecured, interest-free and repayable on demand.

19. 應付一間關聯公司款項

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
7,320	-

應付一間關聯公司款項乃非貿易性質、無抵押、免息及須按要求償還。

20. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

20. 租賃負債

下表顯示於當前及過往報告期以及過渡至香港財務報告準則第16號的日期，本集團租賃負債之剩餘合同到期日：

		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 payments 最低租賃款項現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃款項總額 RMB'000 人民幣千元	Present value of the minimum lease payments 最低租賃款項現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃款項總額 RMB'000 人民幣千元
Within 1 year	一年內	926	938	1,492	1,572
After 1 year but within 2 years	一年後但兩年內	-	-	905	918
		926	938	2,397	2,490
Less: Total future interest expenses	減：未來利息開支總額		(12)		(93)
Present value of lease liabilities	租賃負債現值		926		2,397

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances as at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17.

附註：本集團已運用經修訂可追溯方式首次應用香港財務報告準則第16號並已調整於二零一九年一月一日之期初結餘，以確認與先前根據香港會計準則第17號分類為經營租賃的租賃有關之租賃負債。

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21. CORPORATE BONDS

During the year ended 31 December 2017, the Company issued five tranches of 3 years to 7.5 years corporate bonds with aggregate principal amount of HK\$25,000,000 (equivalent to approximately RMB21,278,000) which will be matured during the period from October 2020 to May 2025.

During the year ended 31 December 2017, Mr. Jiang Xin, the executive director of the Company, and Mr. Jiang Quanlong, father of Mr. Jiang Xin, subscribed 4 years corporate bonds with principal amount of HK\$10,500,000 each (equivalent to approximately RMB8,944,000 each) which will be matured in October 2021. The rest of three tranches of 3 years to 7.5 years corporate bonds with aggregate principal amount of HK\$4,000,000 (equivalent to approximately RMB3,390,000) were subscribed by three independent third parties which will be matured during the period from October 2020 to May 2025.

During the year ended 31 December 2018, the Company issued one tranche of 6 months corporate bond with a principal amount of HK\$30,000,000 (equivalent to approximately RMB26,604,000) to an independent third party which matured in May 2019. The mature date of this tranche of corporate bond was extended to May 2020.

The corporate bonds are unlisted, unsecured and interest bearing at a fixed interest rate of 6% per annum with interest payable annually in arrears. The effective interest rates of the corporate bonds are ranged from approximately 6% to 11.6%.

21. 公司債券

截至二零一七年十二月三十一日止年度，本公司發行五期3年至7.5年公司債券，本金總額為25,000,000港元（相等於約人民幣21,278,000元），將於二零二零年十月起至二零二五年五月期間到期。

截至二零一七年十二月三十一日止年度，蔣鑫先生（本公司執行董事）及蔣泉龍先生（蔣鑫先生之父親）各認購4年公司債券，每份本金額為10,500,000港元（相等於每份約人民幣8,944,000元），將於二零二一年十月到期。餘下三期本金總額4,000,000港元（相等於約人民幣3,390,000元）之3年至7.5年公司債券已由三名獨立第三方人士認購，該等債券將於二零二零年十月起至二零二五年五月期間到期。

截至二零一八年十二月三十一日止年度，本公司向一名獨立第三方發行一期6個月公司債券，本金額為30,000,000港元（相等於約人民幣26,604,000元），該債券於二零一九年五月到期。該期公司債券到期日已延長至二零二零年五月。

公司債券未上市、無抵押且利息按固定年利率6%計算，連同每年延後收取之應付利息。公司債券之有效利率介乎約6%至11.6%。

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21. CORPORATE BONDS (Continued)

Movements of the corporate bonds during the year are as follows:

At 1 January	於一月一日
Issuance of corporate bonds	發行公司債券
Effective interest expenses	有效利息開支
Interests paid	已付利息
Exchange adjustments	匯兌調整
At 31 December	於十二月三十一日
<i>Analysed for reporting purpose as follows:</i>	<i>就呈報分析如下:</i>
Current portion	即期部分
Non-current portion	非即期部分
Total	總計

Carrying amounts repayable (based on the scheduled repayable dates set out in the subscription agreements):

Within one year	一年內
Over one year but not more than two years	超過一年但不超過兩年
Over two years but not more than five years	超過兩年但不超過五年
Over five years	超過五年
Total	總計

21. 公司債券(續)

公司債券於年內之變動如下:

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
48,035	20,440
-	26,604
3,067	1,600
(2,941)	(1,323)
1,093	714
49,254	48,035
27,952	26,487
21,302	21,548
49,254	48,035

償還之賬面值(根據認購協議所載之安排償還日期):

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
27,952	26,487
18,980	814
820	19,294
1,502	1,440
49,254	48,035

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22. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- a) The movements of tax payable in the consolidated statement of financial position during the year are as follows:

As at 1 January	於一月一日
Provision for the year	年內撥備
– PRC Enterprise Income Tax	– 中國企業所得稅
– from continuing operations	– 來自持續經營業務
(Note 7(a))	(附註7(a))
Income tax paid during the year	年內已付所得稅
Derecognised upon disposal of a subsidiary (Note 23(b))	於出售一間附屬公司後終止確認(附註23(b))
As at 31 December	於十二月三十一日

22. 綜合財務狀況表內之所得稅

- a) 綜合財務狀況表所列之應付稅項於年內之變動如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
2,521	11,125
–	2,521
–	(237)
–	(10,888)
2,521	2,521

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22. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

		Impairment loss on trade and other receivables	Fair value adjustment on trade receivables with extended credit terms and others 獲延長信貸期 之應收貿易 款項的公平值 調整及其他	Total
		應收貿易及 其他款項 之減值虧損 RMB'000 人民幣千元	RMB'000 人民幣千元	總計 RMB'000 人民幣千元
As at 1 January 2018	於二零一八年一月一日	(2,832)	(160)	(2,992)
Charged to profit or loss from continuing operations (Note 7(a))	在損益支銷 來自持續經營業務 (附註7(a))	435	160	595
As 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	(2,397)	-	(2,397)
Under-provision in previous years (Note 7(a))	過往年度撥備不足 (附註7(a))	2,397	-	2,397
As at 31 December 2019	於二零一九年十二月三十一日	<u>-</u>	<u>-</u>	<u>-</u>

22. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項

年內於綜合財務狀況表確認之遞延稅項資產之組成部分及變動如下：

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22. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

Pursuant to the Enterprise Income Tax Laws of the PRC (the "New EIT Laws"), a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprise established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008 onwards. The Group recognised deferred tax liabilities in respect of expected distributable earnings from its subsidiaries established in the PRC since 1 January 2008 with reference to the Group's dividend policy, no matter whether any dividends have been declared out of such earnings by the subsidiaries at the reporting date. The directors of the Company will review the funding requirements of the Group from time to time and revise the dividend policy of its subsidiaries as appropriate.

22. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

根據中國企業所得稅法(「《新企業所得稅法》」)，在中國成立的外資企業向外國投資者所宣派的股息須繳交10%預扣稅。此規定自二零零八年一月一日起生效，適用於二零零七年十二月三十一日後的盈利。倘中國與外國投資者所屬司法權區訂有稅務安排，或可按較低稅率繳交預扣稅。就本集團而言，適用稅率為10%。因此，本集團須就於中國成立的附屬公司於二零零八年一月一日以後產生的盈利所分派的股息繳納預扣稅。就自二零零八年一月一日以後於中國成立的附屬公司的預期可分派盈利而言，本集團根據其股息政策，確認遞延稅項負債，無論附屬公司於報告日是否已自該等盈利派發任何股息。本公司董事將不時檢討本集團的資金要求，於適當時修改其附屬公司股息政策。

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22. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

As at 31 December 2019, the Group has unrecognised deferred tax liabilities of approximately RMB33,855,000 (2018: RMB38,105,000) in relation to withholding tax on undistributed earnings of approximately RMB338,552,000 (2018: RMB381,047,000) due to the retention of undistributed earnings by the subsidiaries established in the PRC as determined by the directors of the Company.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

As at 31 December 2019, deductible temporary differences in respect of tax losses not recognised in these financial statements were approximately RMB13,964,000 (2018: RMB10,323,000). No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams. Included in the above are tax losses of approximately RMB13,964,000 (2018: RMB10,323,000) which can only be carried forward for a maximum period of five years.

22. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

於二零一九年十二月三十一日，本集團有未分派盈利約人民幣338,552,000元(二零一八年：人民幣381,047,000元)之預扣稅有關的未確認遞延稅項負債為約人民幣33,855,000元(二零一八年：人民幣38,105,000元)，乃由於本公司董事決定由在中國成立的附屬公司保留未分派盈利所致。

本公司向其股東支付之股息並無附帶所得稅影響。

於二零一九年十二月三十一日，未於本財務報表確認的稅項虧損的可抵扣暫時差異約為人民幣13,964,000元(二零一八年：人民幣10,323,000元)。由於未來利潤流難以預計，本集團並未就該等可抵扣暫時差異確認遞延稅項資產。上述項目包括稅項虧損約人民幣13,964,000元(二零一八年：人民幣10,323,000元)，僅可結轉最多為期五年。

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23. DISPOSAL OF SUBSIDIARIES

a) Disposal of equity interest in Wuxi Pan Asia

As disclosed in note 6, the Disposal was completed on 16 January 2018. The gain from the Disposal is analysed as follows:

Cash consideration received	
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	
Prepayments for consultation, marketing and promotional services	
Deferred tax assets	
Inventories	
Trade and other receivables	
Pledged bank deposits	
Tax recoverable	
Trade and other payables	
Deferred tax liabilities	
Deferred government grants	
Net assets disposed of	
Gain on disposal of a subsidiary:	
Cash consideration received	
Net assets disposed of	
Gain on disposal of a subsidiary (Note 6)	
Net cash inflows arising on disposal:	
Cash consideration received	
Less: Cash and cash equivalents disposed of	
Net cash inflows from disposal of a subsidiary	

23. 出售附屬公司

a) 出售無錫泛亞股權

如附註6所披露，出售事項已於二零一八年一月十六日完成。出售事項之收益分析如下：

	人民幣千元 RMB'000
已收現金代價	44,000
失去控制權的資產及負債之分析：	
物業、廠房及設備	184,823
諮詢、市場推廣及宣傳服務預付款	42,050
遞延稅項資產	406
存貨	115,657
應收貿易及其他款項	68,974
已抵押銀行存款	6,543
可收回稅項	77,523
應付貿易及其他款項	(448,834)
遞延稅項負債	(1,218)
遞延政府補助	(2,708)
出售之資產淨額	43,216
出售附屬公司之收益：	
已收現金代價	44,000
出售之資產淨額	(43,216)
出售附屬公司之收益(附註6)	784
出售之現金流入淨額：	
已收現金代價	44,000
減：出售之現金及等同現金項目	-
出售附屬公司之現金流入淨額	44,000

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23. DISPOSAL OF SUBSIDIARIES (Continued)

b) Disposal of equity interest in Lianyungang Minxin Investment Limited (“Lianyungang Minxin”)

On 23 April 2018, the Group entered into a share transfer agreement with an independent third party to dispose of its 100% equity interest in Lianyungang Minxin at a cash consideration of RMB10,150,000. Lianyungang Minxin was principally engaged in undertaking of EP construction engineering services. The disposal was completed on 30 April 2018. The gain from the disposal is analysed as follows:

		人民幣千元 RMB'000
Cash consideration received	已收現金代價	10,150
Analysis of assets and liabilities over which control was lost:		
Property, plant and equipment	物業、廠房及設備	-
Equity instrument at fair value through other comprehensive income	按公平值計入其他全面收益之權益工具	-
Other receivables	其他應收款項	388
Bank balances	銀行結餘	7
Trade and other payables	應付貿易及其他款項	(8,059)
Tax payable	應付稅項	(10,888)
Net liabilities disposed of	出售之負債淨額	(18,552)
Gain on disposal of a subsidiary:		
Cash consideration received	已收現金代價	10,150
Net liabilities disposed of	出售之負債淨額	18,552
Gain on disposal of a subsidiary	出售附屬公司之收益	28,702
Net cash inflows arising on disposal:		
Cash consideration received	已收現金代價	10,150
Less: Cash and cash equivalents disposed of	減：出售之現金及等同現金項目	(7)
Net cash inflows from disposal of a subsidiary	出售附屬公司之現金流入淨額	10,143

Note: The amount of RMB9,000,000 accumulated in the Group's fair value reserve (non-recycling) in relation to the equity instrument at fair value through other comprehensive income is transferred to the Group's retained profits upon completion of the disposal.

23. 出售附屬公司(續)

b) 出售連雲港民心投資有限公司(「連雲港民心」)股權

於二零一八年四月二十三日，本集團與一名獨立第三方訂立股份轉讓協議，以出售其於連雲港民心100%股權，現金代價為人民幣10,150,000元。連雲港民心主要從事承接環保建設工程服務。出售已於二零一八年四月三十日完成。出售之收益分析如下：

		人民幣千元 RMB'000
	已收現金代價	10,150
失去控制權的資產及負債之分析：		
	物業、廠房及設備	-
	按公平值計入其他全面收益之權益工具	-
	其他應收款項	388
	銀行結餘	7
	應付貿易及其他款項	(8,059)
	應付稅項	(10,888)
	出售之負債淨額	(18,552)
出售附屬公司之收益：		
	已收現金代價	10,150
	出售之負債淨額	18,552
	出售附屬公司之收益	28,702
出售之現金流入淨額：		
	已收現金代價	10,150
	減：出售之現金及等同現金項目	(7)
	出售附屬公司之現金流入淨額	10,143

*附註：*有關按公平值計入其他全面收益之權益工具之本集團公平值儲備(不可重新歸入)累計金額人民幣9,000,000元已於出售完成後轉撥至本集團之保留溢利。

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24. SHARE CAPITAL

Authorised and issued share capital

Ordinary shares of HK\$0.1 each 每股面值0.1港元的普通股

Authorised:

As at 1 January and 31 December 於一月一日及
十二月三十一日

Issued and fully paid:

As at 1 January and 31 December 於一月一日及
十二月三十一日

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. 股本

法定及已發行股本

2019 and 2018
二零一九年及二零一八年

Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
---	---------------------------------

4,000,000

400,000

840,000

84,000

(Equivalent to
approximately
RMB78,073,000)
(相等於約人民幣
78,073,000元)

普通股持有人有權收取不時宣派之股息並有權於本公司大會上以每股一票投票。全部普通股對本公司剩餘資產而言屬同等。

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25. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

25. 儲備

本集團的綜合權益各組成部分之年初及年終結餘之對賬載於綜合權益變動表。本公司權益的個別組成部份於年初及年終之間的變動詳情載列如下：

		Attributable to owners of the Company 本公司擁有人應佔						
		Share capital 股本	Share premium 股份溢價	Contributed surplus 繳入盈餘	Translation reserve 匯兌儲備	Share option reserve 購股權儲備	Accumulated losses 累計虧損	Total 總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		(Note 24) (附註24)	(Note (i)) (附註(i))	(Note (iii)) (附註(iii))	(Note (vi)) (附註(vi))	(Note (vii)) (附註(vii))		
As at 1 January 2018	於二零一八年一月一日	78,073	466,844	372,178	(83,771)	14,949	(262,878)	585,395
Loss for the year	年內虧損	-	-	-	-	-	(3,211)	(3,211)
Other comprehensive income	其他全面收益							
- Exchange difference on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	28,913	-	-	28,913
Total comprehensive income/(loss) for the year	年內全面收益/(虧損)總額	-	-	-	28,913	-	(3,211)	25,702
Transfer to accumulated losses upon lapse of share options	於購股權失效後轉撥至累計虧損	-	-	-	-	(8,309)	8,309	-
As 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	78,073	466,844	372,178	(54,858)	6,640	(257,780)	611,097
Loss for the year	年內虧損	-	-	-	-	-	(16,510)	(16,510)
Other comprehensive income	其他全面收益							
- Exchange difference on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	13,488	-	-	13,488
Total comprehensive income/(loss) for the year	年內全面收益/(虧損)總額	-	-	-	13,488	-	(16,510)	(3,022)
As at 31 December 2019	於二零一九年十二月三十一日	<u>78,073</u>	<u>466,844</u>	<u>372,178</u>	<u>(41,370)</u>	<u>6,640</u>	<u>(274,290)</u>	<u>608,075</u>

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25. RESERVES (Continued)

Share premium and reserves

i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

ii) Special reserve

The special reserve of the Group represents the difference between the nominal value and share premium of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition of these subsidiaries at the time of group reorganisation immediately prior to the listing of the Company's shares on 1 December 2007.

iii) Contributed surplus

The contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net assets value of subsidiaries acquired through an exchange of shares pursuant to the group reorganisation.

iv) Enterprise expansion reserve and statutory surplus reserve

Statutory surplus reserve and enterprise expansion reserve are set up by the Company's subsidiaries established in the PRC by way of appropriation from the profit for the year in accordance with the relevant laws and regulations in the PRC. These subsidiaries are required to allocate certain percent of its net profit for the year as reported in their PRC statutory accounts to the statutory surplus reserve and enterprise expansion reserve until such reserves reach 50% of registered capital. These reserves are non-distributable. The statutory surplus reserve can be used to make up prior year losses of these subsidiaries, if any, and can be applied in conversion into capital by means of capitalisation issues. The enterprise expansion reserve is used for expanding the capital base of these subsidiaries by means of capitalisation issue.

25. 儲備(續)

股份溢價及儲備

i) 股份溢價

根據開曼群島公司法(經修訂),本公司之股份溢價可分派予本公司擁有人,惟緊隨建議分派股息當日之後,本公司須有能力償還於日常業務過程中到期之債項。

ii) 特別儲備

本集團之特別儲備指所收購附屬公司之面值及股份溢價與緊接本公司股份於二零零七年十二月一日上市前本公司於集團重組時就收購該等附屬公司所發行股份之面值之差額。

iii) 繳入盈餘

繳入盈餘指本公司已發行普通股之面值與根據集團重組透過換股所收購附屬公司之資產淨值的差額。

iv) 企業擴展儲備及法定盈餘儲備

法定盈餘儲備及企業擴展儲備乃本公司於中國成立之附屬公司根據相關中國法律法規透過分撥年度溢利設立。該等附屬公司必須分配其中國法定賬目中所呈報之若干百分比年度純利至法定盈餘儲備及企業擴展儲備,直至有關儲備達至註冊資本之50%。該等儲備不可分派。法定盈餘儲備可用於彌補過往年度該等附屬公司之虧損(如有)及可以資本化發行之方式轉換為資本。企業擴展儲備將用於以資本化發行之方式擴大該等附屬公司之資本基礎。

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25. RESERVES (Continued)

Share premium and reserves (Continued)

v) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the entities within the Group whose functional currency is other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(s).

vi) Share option reserve

The share option reserve arose upon on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 2(o)(ii).

vii) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity instrument designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(d)).

Distributable reserves of the Company

Under the Companies Law (Revised) of the Cayman Islands, share premium and contributed surplus are distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and contributed surplus if (i) it is, or would after the payment be unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital account.

As at 31 December 2019, the Company's reserves available for distribution to shareholders amounted to approximately RMB564,732,000 (2018: RMB581,242,000), computed in accordance with the Companies Law (Revised) of the Cayman Islands and the Company's articles of association. This includes the Company's share premium of approximately RMB466,844,000 (2018: RMB466,844,000) and contributed surplus of approximately RMB372,178,000 (2018: RMB372,178,000), less accumulated losses of approximately RMB274,290,000 (2018: RMB257,780,000), which are available for distribution.

25. 儲備 (續)

股份溢價及儲備 (續)

v) 匯兌儲備

匯兌儲備包括換算其功能貨幣非人民幣之本集團實體之財務報表產生之所有外匯差額。本公司根據附註2(s)所載會計政策處理儲備。

vi) 購股權儲備

購股權儲備乃因授出本公司之購股權而產生，及按附註2(o)(ii)所載會計政策處理。

vii) 公平值儲備 (不可重新歸入)

公平值儲備 (不可重新歸入) 包括於報告期末根據香港財務報告準則第9號而持有指定為按公平值計入其他全面收益之權益工具之公平值累計變動淨值 (見附註2(d))。

本公司之可分派儲備

根據開曼群島公司法 (經修訂)，股份溢價及繳入盈餘可分派予股東，惟倘本公司支付有關款項後(i)將不能償還到期之債項；或(ii)可變現資產價值將低於負債及股本賬合計之數額，則不得宣派或支付股息，或從股份溢價及繳入盈餘作出分派。

於二零一九年十二月三十一日，根據開曼群島公司法 (經修訂) 及本公司組織章程細則計算，本公司可供分派予股東之儲備約為人民幣564,732,000元 (二零一八年：人民幣581,242,000元)。該數額包括本公司股份溢價約人民幣466,844,000元 (二零一八年：人民幣466,844,000元) 及繳入盈餘約人民幣372,178,000元 (二零一八年：人民幣372,178,000元) 減累計虧損約人民幣274,290,000元 (二零一八年：人民幣257,780,000元)，可作出分派。

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26. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 1 December 2007. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group. Under the Share Option Scheme, the directors of the Company may grant options to the following eligible participants:

- i) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest;
- ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- iv) any customer of the Group or any Invested Entity;
- v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- viii) 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.

26. 購股權計劃

本公司之購股權計劃(「購股權計劃」)乃根據於二零零七年十二月一日通過之決議案獲採納。購股權計劃旨在促使本公司授予經甄選參與者購股權，作為彼等為本集團作出貢獻之獎勵或獎賞。根據購股權計劃，本公司董事可向下列合資格參與者授出購股權：

- i) 本公司、其任何附屬公司或本集團持有其股權之任何實體(「投資實體」)之任何僱員(不論全職或兼職，包括任何執行董事，但不包括任何非執行董事)；
- ii) 本公司、其任何附屬公司或任何投資實體之任何非執行董事(包括獨立非執行董事)；
- iii) 向本集團任何成員公司或任何投資實體提供貨品或服務之任何供應商；
- iv) 本集團或任何投資實體之任何客戶；
- v) 為本集團或任何投資實體提供研究、開發或其他科技支持之任何人士或實體；
- vi) 本集團任何成員公司或任何投資實體之任何股東或由本集團任何成員公司或任何投資實體發行之任何證券之任何持有人；
- vii) 本集團任何成員公司或任何投資實體之任何業務範疇或業務發展之任何諮詢人(不論是否為專業人士)或顧問；及
- viii) 透過合營企業、業務聯盟或對本集團之發展及增長作出其他業務安排而作出或可能作出貢獻之任何其他團體或類別之參與者。

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26. SHARE OPTION SCHEME (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares commenced on the Main Board of the Stock Exchange (“General Scheme Limit”). The total number of shares available for issue under the Share Option Scheme is 80,000,000 (including those granted but not yet to be exercised), representing 9.5% of the issued shares of the Company as at 31 December 2019 (2018: 9.5%).

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any participant is not permitted to exceed 1% of the shares of the Company in issue during the 12-month period before the date of grant without prior approval from the Company’s shareholders. Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive directors of the Company. In addition, any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million within any 12-month period must be approved by shareholders of the Company in general meeting.

Unless otherwise determined by the directors of the Company and stated in the offer of the grant of options to a grantee, there is one year vesting period required under the Share Option Scheme for the holding of an option before it can be exercised.

26. 購股權計劃(續)

因行使根據購股權計劃及本集團任何其他購股權計劃所授出之全部購股權而可能發行之股份總數合共不得超過股份開始在聯交所主板買賣當日已發行股份之10%（「一般計劃限額」）。根據購股權計劃可供發行之股份總數為80,000,000股（包括已授出但尚未行使者），佔本公司於二零一九年十二月三十一日之已發行股份9.5%（二零一八年：9.5%）。

根據購股權計劃可予授出之購股權涉及之股份數目最多合共不超過本公司不時已發行股份總數之30%。未經本公司股東事先批准，任何參與者於授出日期前十二個月期間獲授之購股權所涉及之股份數目不得超過本公司已發行股份1%。根據購股權計劃向本公司董事、最高行政人員或主要股東或彼等各自之任何聯繫人士（定義見上市規則）授出任何購股權，須由本公司之獨立非執行董事批准。此外，於任何十二個月內期間向主要股東或獨立非執行董事或彼等各自之任何聯繫人士授出超過本公司已發行股份0.1%及總值（根據本公司股份於授出日期之收市價計算）超過500萬港元之購股權，須獲得本公司股東在股東大會上批准。

除非本公司董事另行決定及在向承授人提呈授出購股權要約時表明，否則購股權計劃規定在行使前需持有購股權一年之歸屬期限。

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26. SHARE OPTION SCHEME (Continued)

An offer for the grant of options to a grantee shall be accepted by no later than 21 days from the date of offer. HK\$1 per grant of options is payable on the acceptance of the grant of options. Options may be exercised in accordance with the terms of the Share Option Scheme and expiring in accordance with the terms of the Share Option Scheme or upon the expiry of the tenth anniversary of the Share Option Scheme, whichever is the earlier.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share.

a) The terms and conditions of the share options granted to directors and employees are as follows:

26. 購股權計劃(續)

向獲授人作出的授出購股權要約須不遲於要約日期後21日內接納。接納獲授之購股權時須就每份購股權支付1港元。購股權可根據購股權計劃之條款行使，並根據購股權計劃之條款或於購股權計劃滿十週年時失效(以較早者為準)。

行使價由本公司董事釐定，而且不得低於(i)授出要約日期聯交所每日報價表所載本公司股份之收市價；(ii)緊接授出要約日期前五個營業日聯交所每日報價表所載本公司股份之平均收市價；及(iii)本公司股份面值(以最高者為準)。

a) 授予董事及僱員購股權之條款及條件如下：

		Number of share options granted 授出 購股權數目	Vesting conditions 歸屬條件	Contractual life of options 購股權 合同年期
Granted to directors: – on 11 June 2012	授予董事之購股權： – 二零一二年 六月十一日	5,000,000	one year 一年	10 years 十年
Granted to employees: – on 11 June 2012	授予僱員之購股權： – 二零一二年 六月十一日	30,000,000	one year 一年	10 years 十年
Total number of share options granted	授出購股權總數	<u>35,000,000</u>		

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26. SHARE OPTION SCHEME (Continued)

- a) **The terms and conditions of the share options granted to directors and employees are as follows: (Continued)**

On 11 June 2012, 39,000,000 share options were granted to directors, senior management and employees of the Group under the Company's Share Option Scheme at a consideration of HK\$1 for each offer of which 35,000,000 share options were accepted in July 2012. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. These share options vested on 11 June 2013, and will be exercisable until 10 June 2022. The exercise price is HK\$0.83 per share. As at 31 December 2019, the outstanding share options granted and accepted by directors and employees was 32,500,000 (2018: 32,500,000).

No share options were exercised during the years ended 31 December 2019 and 2018.

26. 購股權計劃(續)

- a) **授予董事及僱員購股權之條款及條件如下:(續)**

於二零一二年六月十一日，根據本公司之購股權計劃以每份1港元的代價向本集團董事、高級管理人員及僱員授出39,000,000份購股權，其中35,000,000份購股權於二零一二年七月獲接納。每份購股權賦予持有人認購本公司一股每股面值為0.1港元之普通股的權利。該等購股權已於二零一三年六月十一日歸屬，並可於二零一二年六月十日之前行使。行使價為每股0.83港元。於二零一九年十二月三十一日，已授出且董事及僱員已接納之尚未行使購股權為32,500,000份(二零一八年：32,500,000份)。

截至二零一九年及二零一八年十二月三十一日止年度，概無購股權獲行使。

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26. SHARE OPTION SCHEME (Continued)

- b) The number and weighted average exercise price of share options granted and accepted by directors and employees are as follows:

		2019 二零一九年		2018 二零一八年	
		Weighted average exercise price 加權平均 行使價	Number of share options 購股權數目	Weighted average exercise price 加權平均 行使價	Number of share options 購股權數目
Outstanding at beginning of the year	年初尚未行使	HK\$0.83 港元	32,500,000	HK\$1.31 港元	42,900,000
Lapsed during the year	年內失效	-	-	HK\$2.81 港元	(10,400,000)
Outstanding at end of the year	年終尚未行使	<u>HK\$0.83 港元</u>	<u>32,500,000</u>	<u>HK\$0.83 港元</u>	<u>32,500,000</u>
Exercisable at end of the year	年終可予行使	<u>HK\$0.83 港元</u>	<u>32,500,000</u>	<u>HK\$0.83 港元</u>	<u>32,500,000</u>

The options outstanding as at 31 December 2019 had an exercise price of HK\$0.83 (2018: HK\$0.83) and had a weighted average remaining contractual life of 2.441 years (2018: 3.441 years).

26. 購股權計劃(續)

- b) 已授出且董事及僱員已接納之購股權數目及加權平均行使價如下：

於二零一九年十二月三十一日尚未行使購股權之行使價為0.83港元(二零一八年：0.83港元)，加權平均剩餘合同年限為2.441年(二零一八年：3.441年)。

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26. SHARE OPTION SCHEME (Continued)

c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

Fair value at measurement date

Share price

Exercise price

Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Pricing Model)

Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)

Expected dividends

Risk-free interest rate

(based on Exchange Fund Notes)

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There were one year vesting period associated with the share options granted.

26. 購股權計劃(續)

c) 購股權之公平值及假設

以授出購股權而獲得之服務之公平值按獲授購股權之公平值計量。獲授購股權之估計公平值按「二項式期權定價模式」計算。購股權之合同年期為此模式之一項輸入參數。

Share options granted on 授出之購股權

11 June 2012
二零一二年
六月十一日

HK\$0.25 港元
至
HK\$0.27 港元
HK\$0.83 港元
HK\$0.83 港元

54%

10 years
十年

4.82%

1.13%

購股權之公平值及假設

於計量日期之公平值

股價

行使價

預期波幅(以「二項式期權定價模式」內採用的加權平均波幅表示)

購股權年期(以「二項式期權定價模式」內採用的加權平均年期表示)

預期股息

無風險利率

(根據外匯基金票據)

預期波幅乃根據歷史波幅計算(以購股權之加權平均剩餘年期計算),再基於可公開取得的資料就未來波幅之預期變動調整。預期股息乃根據過往股息釐定。所採用主觀輸入參數假設之變動可對公平值之估計構成重大影響。

已授出之購股權附帶一年歸屬期限。

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27. SEGMENT REPORTING

The Group manages its business by divisions and all those divisions are located in the PRC. In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resources allocation and performance assessment, the Group's operating and reportable segments under HKFRS 8, *Operating segments* are organised into two main operating segments including (i) EP products and equipment and (ii) EP construction engineering services. No other operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

a) Segment revenue, profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible and intangible assets, and current assets with the exception of unallocated cash and bank balances, investments in financial assets and other corporate assets. Segment liabilities include trade and other payables attributable to individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and services rendered by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Inter-segment assistance provided by one segment to another is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" that is, "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments, auditor's remuneration and other corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the Group's CODM is provided with segment information concerning revenue, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

27. 分部報告

本集團按部門劃分管理其業務，所有該等部門均位於中國。為了與就資源分配及表現評估向本集團首席營運決策人內部呈報之資料方式一致，香港財務報告準則第8號營運分部項下本集團的營運及可呈報分部劃分為兩個主要營運分部，包括(i)環保產品及設備及(ii)環保建設工程服務。於釐定本集團可呈報分部時，概無將首席營運決策人所識別之其他營運分部合併。

a) 分部收入、溢利或虧損、資產及負債

就評估分部表現及分部間分配資源而言，本集團之首席營運決策人按以下基準監察各可呈報分部之業績、資產及負債：

分部資產包括所有有形、無形及流動資產（未分配現金及銀行結餘、金融資產及其他企業資產之投資除外）。分部負債包括個別分部應佔的應付貿易及其他款項。

收益及支出乃經參考該等分部產生之銷售額及提供之服務，以及所產生之支出或該等分部應佔之資產折舊或攤銷產生之支出分配予該等可呈報分部。分部間提供之支持不計算在內。

用於呈報分部溢利的方法為「經調整EBITDA」，即「經調整之未計利息、稅項、折舊及攤銷前的盈利」，其中「利息」包括投資收入，而「折舊及攤銷」包括非流動資產之減值虧損。為達至經調整EBITDA，本集團之盈利乃對並未指定屬於個別分部之項目作出進一步調整，如董事薪酬及核數師之酬金及其他公司行政成本。

除收到有關經調整EBITDA之分部資料外，本集團之首席營運決策人獲提供用於各分部營運有關收入、折舊、攤銷及減值虧損以及非流動分部資產添置之分部資料。分部間銷售乃經參考就類似訂單向外部人士收取之價格而進行定價。

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27. SEGMENT REPORTING (Continued)

a) Segment revenue, profit or loss, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

From continuing operations:	來自持續經營業務：	EP products and equipment 環保產品及設備		EP construction engineering services 環保建設工程服務		Total 總計	
		2019 二零一九年 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元	2019 二零一九年 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元
Reportable segment revenue from external customers	來自外部客戶之可呈報分部收入	78,764	159,861	1,038	2,327	79,802	162,188
Inter-segment revenue	分部間收入	-	-	-	-	-	-
Reportable segment revenue	可呈報分部收入	78,764	159,861	1,038	2,327	79,802	162,188
Reportable segment (loss)/profit (adjusted EBITDA)	可呈報分部(虧損)/溢利(經調整EBITDA)	(34,553)	24,509	31	1,004	(34,522)	25,513
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	(1,978)	(119)	-	-	(1,978)	(119)
Net impairment loss (recognised)/reversed on:	(已確認)/已撥回減值虧損淨額：						
- trade receivables	— 應收貿易款項	(29,037)	1,385	-	-	(29,037)	1,385
- other receivables	— 其他應收款項	-	3,525	-	-	-	3,525
- contract assets	— 合同資產	(1,528)	-	-	-	(1,528)	-
- prepayments	— 預付款	(3,780)	-	-	-	(3,780)	-
Reportable segment assets	可呈報分部資產	56,039	85,545	2	361	56,041	85,906
Reportable segment liabilities	可呈報分部負債	28,160	15,354	8,188	8,189	36,348	23,543

Note:

There were no additions to non-current segment assets to both reportable segments during the years ended 31 December 2019 and 2018.

27. 分部報告(續)

a) 分部收入、溢利或虧損、資產及負債(續)

截至二零一九年及二零一八年十二月三十一日止年度，就資源分配及分部表現評估而向本集團首席營運決策人提供之本集團可呈報分部資料載列如下：

附註：

於截至二零一九年及二零一八年十二月三十一日止年度，兩個可呈報分部均無添置非流動分部資產。

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27. SEGMENT REPORTING (Continued)

27. 分部報告(續)

b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

b) 可呈報分部收入、溢利或虧損、資產及負債之對賬

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
From continuing operations:	來自持續經營業務：		
Revenue	收入		
Reportable segment revenue	可呈報分部收入	79,802	162,188
Elimination of intra-group transactions	對銷集團間交易	-	-
Consolidated revenue	綜合收入	79,802	162,188
(Loss)/profit	(虧損)/溢利		
Reportable segment (loss)/profit derived from external customers	源自外部客戶的可呈報分部(虧損)/溢利	(34,522)	25,513
Depreciation and amortisation	折舊及攤銷	(4,054)	(6,555)
Gain on disposal of a subsidiary	出售附屬公司之收益	-	28,702
Impairment loss on property, plant and equipment, and prepaid lease payments	物業、廠房及設備以及預付租賃款項之減值虧損	-	(30,300)
Loss on write-off property, plant and equipment	撇銷物業、廠房及設備之虧損	-	(12,403)
Finance costs	融資成本	(3,149)	(1,600)
Unallocated head office and corporate income	未分配總部及企業收益	3,941	1,742
Unallocated head office and corporate expenses	未分配總部及企業開支	(18,443)	(19,336)
Consolidated loss before taxation	除稅前綜合虧損	(56,227)	(14,237)
Assets	資產		
Reportable segment assets	可呈報分部資產	56,041	85,906
Unallocated cash and bank balances	未分配現金及銀行結餘	1,203,070	1,037,883
Deferred tax assets	遞延稅項資產	-	2,397
Consideration receivable from disposal of property, plant and equipment and prepaid lease payments	來自出售物業、廠房及設備以及預付租賃款項的應收代價	-	160,000
Unallocated head office and corporate assets	未分配總部及企業資產	1,951	4,932
Consolidated total assets	綜合總資產	1,261,062	1,291,118
Liabilities	負債		
Reportable segment liabilities	可呈報分部負債	36,348	23,543
Corporate bonds	公司債券	49,254	48,035
Tax payable	應付稅項	2,521	2,521
Amount due to a related company	應付一間關聯公司款項	7,320	-
Unallocated head office and corporate liabilities	未分配總部及企業負債	21,448	12,999
Consolidated total liabilities	綜合總負債	116,891	87,098

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27. SEGMENT REPORTING (Continued)

c) Information about major customers

Revenue from external customers individually contributing 10% or more of the Group's total revenue from continuing operations is as follows:

Customer A	客戶甲
Customer B	客戶乙
Customer C	客戶丙
Customer D	客戶丁
Customer E	客戶戊
Customer F	客戶己
Customer G	客戶庚

Revenue from the above customers during the years ended 31 December 2019 and 2018 are generated from EP products and equipment segment.

d) Geographical information

(i) Revenue from external customers

The following table sets out information about the geographical location of the Group's revenue from external customers arising from continuing operations. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

Mainland China (place of domicile)	中國大陸(註冊地)
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27. 分部報告(續)

c) 有關主要客戶之資料

個別地貢獻本集團來自持續經營業務的總收入10%或以上之來自外部客戶之收入如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
18,437	-
16,526	-
12,946	-
12,091	-
10,973	-
-	25,862
-	16,978

截至二零一九年及二零一八年十二月三十一日止年度，來自上述客戶的收入乃從環保產品及設備分部而來。

d) 地理資料

(i) 來自外部客戶之收入

下表載列有關本集團來自持續經營業務外部客戶之收入的所在地區之資料。客戶所在地區按提供服務或貨品付運地點劃分。

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
79,802	162,188

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27. SEGMENT REPORTING (Continued)

d) Geographical information (Continued)

(ii) Specified non-current assets

The Group's specified non-current assets comprise property, plant and equipment, and right-of-use assets.

The geographical location of these specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and right-of-use assets.

The following table sets out information about the geographical location of the specified non-current assets.

Mainland China (place of domicile)	中國大陸(註冊地)
Hong Kong	香港

27. 分部報告(續)

d) 地理資料(續)

(ii) 指定非流動資產

本集團之指定非流動資產，包括物業、廠房及設備以及使用權資產。

該等指定非流動資產的所在地區乃根據(就物業、廠房及設備以及使用權資產而言)資產的實際所在地而定。

下表載列有關指定非流動資產的所在地區之資料。

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	2,102	4,532
	1,004	183
	3,106	4,715

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28. MATERIAL RELATED PARTY TRANSACTIONS

a) Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in these financial statements, the directors of the Company considered that the followings were the material related party transactions entered into by the Group during the years ended 31 December 2019 and 2018:

Name of related party 有關聯人士名稱	Relationship with related party 與有關聯人士之關係	Nature of transaction 交易性質	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mr. Jiang Xin 蔣鑫先生	Director of the Company 本公司董事	Interest expense for corporate bonds 公司債券利息開支	581	560
Mr. Jiang Quanlong 蔣泉龍先生	Father of Mr. Jiang Xin, a director of the Company 本公司董事蔣鑫先生之父親	Interest expense for corporate bonds 公司債券利息開支	581	560
Wuxi Xin Wei High Temperature Ceramics Co., Ltd. (Note) 無錫新威高溫陶瓷有限公司 (附註)	A company of which Mr. Jiang Quanlong, a father of Mr. Jiang Xin, is also a director of its holding company 蔣鑫先生之父親蔣泉龍先生亦為該公司的控股公司之董事	Rental income 租金收入	-	27

The directors of the Company are of the opinion that the above transactions were entered into under normal course of business and in accordance with the terms of the agreements governing these transactions.

Note:

The English name for this company which was established in the PRC is not officially registered but included here as a translation for identification purpose.

28. 重大有關聯人士交易

a) 與有關聯人士交易

除於此等財務報表其他部分所披露之交易及結餘外，本公司董事認為本集團於截至二零一九年及二零一八年十二月三十一日止年度內所訂立之重大有關聯人士交易如下：

Name of related party 有關聯人士名稱	Relationship with related party 與有關聯人士之關係	Nature of transaction 交易性質	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mr. Jiang Xin 蔣鑫先生	Director of the Company 本公司董事	Interest expense for corporate bonds 公司債券利息開支	581	560
Mr. Jiang Quanlong 蔣泉龍先生	Father of Mr. Jiang Xin, a director of the Company 本公司董事蔣鑫先生之父親	Interest expense for corporate bonds 公司債券利息開支	581	560
Wuxi Xin Wei High Temperature Ceramics Co., Ltd. (Note) 無錫新威高溫陶瓷有限公司 (附註)	A company of which Mr. Jiang Quanlong, a father of Mr. Jiang Xin, is also a director of its holding company 蔣鑫先生之父親蔣泉龍先生亦為該公司的控股公司之董事	Rental income 租金收入	-	27

本公司董事認為上述交易是在日常業務過程中且根據規管該等交易之協議條款訂立。

附註：

於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。

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28. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) Transactions with key management personnel

Remuneration for key management personnel of the Group representing the amounts paid to the Company's directors as disclosed in note 9 and the highest paid employees and senior management as disclosed in note 10 is as follows:

Short-term employee benefits	短期僱員福利
Post-employment benefits	離職福利

28. 重大有關聯人士交易 (續)

b) 與主要管理層人員交易

本集團主要管理人員之薪酬(即附註9所披露之付予本公司董事及附註10所披露之最高酬金僱員及高級管理人員之金額)載列如下:

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
2,480	2,900
30	36
2,510	2,936

29. COMMITMENTS

(a) Capital commitments

As at 31 December 2019 and 2018, the Group did not have capital commitment in respect of acquisition and construction of property, plant and equipment contracted but not provided for.

(b) Operating lease commitments

As a lessee

As at 31 December 2018, the Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, factory premises and equipment which fall due as follows:

Within one year	一年內
After one year but within five years	一年後但五年內

Leases and rentals are negotiated and fixed for periods of three years. None of the leases includes contingent rentals.

29. 承擔

(a) 資本承擔

於二零一九年及二零一八年十二月三十一日,本集團並無就收購及建造物業、廠房及設備已訂約但未於財務報表作出撥備之資本承擔。

(b) 經營租賃承擔

作為承租人

於二零一八年十二月三十一日,本集團就辦公室物業、工廠物業及設備根據不可撤銷經營租賃而須於未來支付最低租賃款項之經營租賃承擔到期情況如下:

2018 二零一八年 RMB'000 人民幣千元

2,428
1,103

3,531

租賃及租金乃按年期三年磋商及釐定。概無租賃包括或然租金。

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30. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to generate sufficient profit to maintain growth and provide a satisfactory return to its shareholders.

The management actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure through the amount of dividend payment to shareholders or raise new debt financing. No changes were made in the objectives or policies during the year.

The management monitors the Group's capital structure on the basis of a net debt-to-equity ratio. For this purpose, the Group defines net debt as total debt (which includes trade and other payables, lease liabilities and corporate bonds) minus cash and bank balances.

The net debt-to-equity ratios as at 31 December 2019 and 2018 were as follows:

Trade and other payables	應付貿易及其他款項
Lease liabilities	租賃負債
Corporate bonds	公司債券
Sub-total	小計
Less: Cash and bank balances	減：現金及銀行結餘
Net cash and bank balance	現金及銀行結餘淨額
Total equity	權益總額
Net debt-to-equity ratio	債權比率淨值

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

30. 資本管理

本集團管理資本之首要目標乃保障本集團能夠繼續根據持續經營基準經營，以及產生足夠盈利以維持增長，及為股東賺取滿意之回報。

管理層積極及定期對資本架構進行檢討及管理，以在較高股東回報情況下可能伴隨之較高借貸水平與穩健之資本狀況帶來之好處及保障之間取得平衡，並透過對股東派發股息或進行新債務融資就資本架構作出調整。年內，概無就該等目標或政策作出任何變動。

管理層按債權比率淨值基準監察本集團之資本結構。為此，本集團界定債務淨額為債務總額（包括應付貿易及其他款項、租賃負債以及公司債券）減現金及銀行結餘。

於二零一九年及二零一八年十二月三十一日之債權比率淨值如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
64,190	36,542
926	-
49,254	48,035
114,370	84,577
(1,203,070)	(1,037,883)
(1,088,700)	(953,306)
1,144,171	1,204,020
N/A 不適用	N/A 不適用

本公司或任何其附屬公司概無受外部實施之資本規定限制。

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For the year ended 31 December 2019
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31. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The carrying amounts of each of the categories of financial instruments at the end of each reporting period are as follows:

Financial assets

Trade receivables
Consideration receivable from disposal of property, plant and equipment, and prepaid lease payments
Other receivables
Contract assets
Cash and bank balances

Financial assets measured at amortised cost

金融資產

應收貿易款項
來自出售物業、廠房及設備以及預付租賃款項的應收代價
其他應收款項
合同資產
現金及銀行結餘

按攤銷成本計量的金融資產

31. 金融工具

a) 金融工具分類

於各報告期末，各類金融工具的賬面值如下：

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	36,836	53,144
	-	160,000
	90	2,692
	14,591	22,701
	1,203,070	1,037,883
	1,254,587	1,276,420

Financial liabilities

Trade and other payables
Corporate bonds
Lease liabilities

Financial liabilities measured at amortised cost

金融負債

應付貿易及其他款項
公司債券
租賃負債

按攤銷成本計量的金融負債

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	54,936	27,453
	49,254	48,035
	926	-
	105,116	75,488

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For the year ended 31 December 2019
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31. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objectives and policies

The risks associated with the financial instruments include credit risk, interest rate risk, liquidity risk and currency risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade and other receivables

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally allows credit period ranging from 0 to 180 days to its trade customers. Normally, the Group does not obtain collateral from its customers.

31. 金融工具(續)

b) 金融風險管理目標及政策

與該等金融工具有關之風險包括本集團日常業務過程中產生的信貸風險、利率風險、流動資金風險及貨幣風險。本集團所面對之風險及本集團用以管理該等風險的財務風險管理政策及慣例載列如下。

i) 信貸風險

信貸風險指對手方將違反合同責任以致本集團蒙受財務虧損。本集團之信貸風險主要來自應收貿易及其他款項以及銀行結餘。管理層已制定信貸政策，並持續監察該等信貸風險。

應收貿易及其他款項

就應收貿易及其他款項而言，本集團對要求一定金額以上信貸之所有客戶個別進行信貸評估。評估主要根據客戶之歷史如期付款記錄及現時之償付能力，並考慮客戶特定資料及其所處之經濟環境。本集團一般給予貿易客戶0至180日的信貸期。在一般情況下，本集團不會自客戶獲取抵押品。

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31. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objectives and policies (Continued)

i) Credit risk (Continued)

Trade and other receivables (Continued)

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Taking into account the creditworthiness of the Group's customers, the credit risk measures and the historical levels of the bad debts, the directors of the Company consider that such concentration of credit risk would result in significant credit default exposure to the Group. At the end of the reporting period, 32.91% (2018: 16.30%) and 51.61% (2018: 51.53%) of trade receivables were due from the Group's largest customer and the five largest customers, respectively, arose from EP products and equipment segment.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment loss. As at 31 December 2019 and 2018, the Group did not provide any guarantees which would expose the Group to credit risk.

31. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

i) 信貸風險 (續)

應收貿易及其他款項 (續)

就應收貿易款項而言，本集團之信貸風險主要受每個客戶之個別情況所影響。考慮到本集團客戶之信譽、信貸風險措施及過往之壞賬水平，本公司董事認為，此種集中信貸風險會對本集團構成重大信貸拖欠風險。於報告期末，來自環保產品及設備分部之應收本集團最大客戶及五大客戶分別佔應收貿易款項32.91%（二零一八年：16.30%）及51.61%（二零一八年：51.53%）。

最高信貸風險指扣除任何減值虧損後綜合財務狀況表中各項金融資產的賬面值。於二零一九年及二零一八年十二月三十一日，本集團並無提供任何可能導致本集團面臨信貸風險的擔保。

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31. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objectives and policies (Continued)

i) Credit risk (Continued)

Trade and other receivables (Continued)

The Group reassesses lifetime ECLs for trade receivables under HKFRS 9 to ensure that adequate impairment losses are made for significant increase in the likelihood or risk of a default occurring. The ECLs on trade receivables are assessed for debtors individually or collectively using a provision matrix. As part of the Group's credit risk management, the Group uses debtors' ageing to assess with the impairment loss because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted forward-looking information that is available without undue cost or effort.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2019 and 2018:

Current (not yet past due)	即期(未逾期)	
Less than 6 months past due	逾期少於6個月	
More than 6 months but less than 1 year past due	逾期6個月以上但少於1年	
Over 1 year past due	逾期1年以上	
Total	總計	

31. 金融工具(續)

b) 金融風險管理目標及政策(續)

i) 信貸風險(續)

應收貿易及其他款項(續)

本集團根據香港財務報告準則第9號重新評估應收貿易款項的存續期的預期信貸虧損，以確保就違約發生的可能性或風險大幅增加計提足夠的減值虧損。應收貿易款項的預期信貸虧損乃運用撥備矩陣就債務人進行個別或共同評估。作為本集團信貸風險管理的一環，本集團透過債務人的賬齡評估減值虧損，此乃由於該等客戶包括大量具共同風險特徵的客戶，而該等風險特徵代表客戶根據合同條款悉數支付逾期款項的能力。估計虧損率乃按債務人預期年期的過往觀察所得違約率估計，並按毋須付出過多成本或努力即可獲得的前瞻性資料作出調整。

下表提供於二零一九年及二零一八年十二月三十一日有關本集團信貸風險及應收貿易款項之預期信貸虧損的資料：

Year ended 31 December 2019 截至二零一九年十二月三十一日止年度		
Expected loss rate 預期虧損率	Gross carrying amount 總賬面值 RMB' 000 人民幣千元	Impairment loss allowances 減值虧損撥備 RMB' 000 人民幣千元
4.91%	15,395	756
7.46%	18,470	1,378
11.56%	5,772	667
100%	46,796	46,796
	86,433	49,597

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31. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objectives and policies (Continued)

i) Credit risk (Continued)

Trade and other receivables (Continued)

Current (not yet past due)	即期(未逾期)	0.76%	1,050	8
Less than 6 months past due	逾期少於6個月	3.51%	42,786	1,500
More than 6 months but less than 1 year past due	逾期6個月以上但少於1年	9.93%	12,008	1,192
Over 1 year past due	逾期1年以上	100%	97,971	97,971

Total

總計

153,815 100,671

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 16.

Bank balances

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit rating. Given the high credit ratings of the banks, the management does not expect any counterparty to fail to meet its obligations.

31. 金融工具(續)

b) 金融風險管理目標及政策(續)

i) 信貸風險(續)

應收貿易及其他款項(續)

Year ended 31 December 2018
截至二零一八年十二月三十一日止年度

Expected loss rate 預期虧損率	Gross carrying amount 總賬面值 RMB' 000 人民幣千元	Impairment loss allowances 減值虧損撥備 RMB' 000 人民幣千元
-----------------------------	--	---

0.76%	1,050	8
3.51%	42,786	1,500
9.93%	12,008	1,192
100%	97,971	97,971

153,815 100,671

預期虧損率按過往2年的實際虧損經驗計算。此等比率乃為反映期內(過往數據已在期間收集)經濟狀況差異、當前狀況及本集團對應收款項預期存續期的經濟狀況之意見而加以調整。

有關本集團面臨之應收貿易及其他款項產生之信貸風險之進一步定量披露載於附註16。

銀行結餘

本集團於信貸評級良好的金融機構存款以降低其信貸風險。鑒於銀行信貸評級良好，管理層預期不會出現對手方未能履行責任之情況。

Notes to the Financial Statements

財務報表附註

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

31. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objectives and policies (Continued)

ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to corporate bonds with fixed interest rate (see note 21). The management monitors interest rate exposure and will consider repayment of the corporate bonds when significant interest rate exposure is anticipated.

The Group's cash flow interest rate risk relates primarily to variable-rates of bank balances.

The Group does not anticipate significant interest rate risk because the interest rates of these balances are not expected to change significantly.

i) Interest rate profile

The following table details the interest rate profile of the Group's variable-rate bank balances at the end of the reporting period:

Bank balances 銀行結餘

31. 金融工具(續)

b) 金融風險管理目標及政策(續)

ii) 利率風險

本集團面臨有關固定利率公司債券(見附註21)的公平值利率風險。管理層監控利率風險並將於預期面臨重大利率風險時考慮償還公司債券。

本集團之現金流量利率風險主要與銀行結餘之浮動利率有關。

本集團並無預期重大利率風險，因為該等結餘的利率預計無重大變化。

i) 利率概況

下表詳述本集團的銀行結餘之浮動利率於報告期末的利率概況：

		2019 二零一九年		2018 二零一八年	
		Effective interest rate 實際利率	RMB' 000 人民幣千元	Effective interest rate 實際利率	RMB' 000 人民幣千元
Bank balances	銀行結餘	0%-0.3%	<u>1,203,050</u>	0%-0.3%	<u>1,037,871</u>

Notes to the Financial Statements

財務報表附註

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

31. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objectives and policies (Continued)

ii) Interest rate risk (Continued)

ii) Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax from continuing operations and increase/decrease the Group's retained profits by approximately RMB9,023,000 (2018: RMB7,784,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for year 2018.

31. 金融工具(續)

b) 金融風險管理目標及政策(續)

ii) 利率風險(續)

ii) 敏感度分析

於二零一九年十二月三十一日，據估計，在所有其他變數維持不變之情況下，利率普遍上升／下降100個基點將令本集團持續經營業務之除稅後虧損減少／增加及本集團之保留溢利增加／減少約人民幣9,023,000元(二零一八年：7,784,000元)。權益之其他部分將不會受利率變動之影響。

上述敏感度分析乃假設利率變動已於報告期末發生，並已應用於該日期存在之非衍生金融工具須承受之利率風險。100個基點之增幅或跌幅為管理層就直至下個報告期末期間利率之合理可能變動所作之評估。二零一八年的分析是以相同的基準進行。

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財務報表附註

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

31. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objectives and policies (Continued)

iii) Liquidity risk (Continued)

31. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iii) 流動資金風險 (續)

		2018 二零一八年					
		Contractual undiscounted cash flow 合同所定未貼現現金流					
		Within one year or on demand 一年內或 按要求償還	More than one year but less than two years 超過一年但 少於兩年	More than two years but less than five years 超過兩年但 少於五年	Over five years 超過五年	Total 總額	
		RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元	RMB' 000 人民幣千元
Non-derivative financial liabilities	非衍生金融負債						
Trade and other payables	應付貿易及其他款項	27,453	27,453	-	-	-	27,453
Corporate bonds	公司債券	48,035	28,389	2,191	20,801	1,910	53,291
		<u>75,488</u>	<u>55,842</u>	<u>2,191</u>	<u>20,801</u>	<u>1,910</u>	<u>80,744</u>

Note:

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjust the opening balance as at 1 January 2019 to recognise lease liabilities relating to lease which were previously classified as operating lease under HKAS 17. Lease liabilities include amounts recognised at the date of transition to HKFRS 16 in respect of lease previously classified as operating leases under HKAS 17. Under this approach, the comparative information is not restated. See note 3.

附註：

本集團已運用經修訂可追溯方式首次應用香港財務報告準則第16號並已調整於二零一九年一月一日之期初結餘，以確認有關先前根據香港會計準則第17號分類為經營租賃之租賃負債。就先前根據香港會計準則第17號分類為經營租賃的租賃負債而言，租賃負債包括於香港財務報告準則第16號過渡日期確認之金額。根據該方法，比較資料不予重列。請見附註3。

Notes to the Financial Statements

財務報表附註

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

31. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objectives and policies (Continued)

iv) *Currency risk*

The Group's PRC subsidiaries transact in RMB, and the Company and other subsidiaries mainly transact in HK\$. Management considers the Group's exposure to currency risk is not significant.

c) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

i) *Financial assets and financial liabilities*

For financial assets and financial liabilities that are liquid or having a short-term maturity, it is assumed that the carrying amounts approximate their fair values. The assumption is applied to trade receivables, other receivables, trade and other payables, and bank balances without a specific maturity. For other financial instruments (including corporate bonds), the fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

31. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險

本集團的中國附屬公司以人民幣進行交易，而本公司及其他附屬公司則主要以港元進行交易。故管理層認為，本集團所面臨的貨幣風險並不重大。

c) 公平值估計

以下概述下列金融工具的估計公平值所用之主要方法及假設。

i) 金融資產及金融負債

流動性或到期日短之金融資產及金融負債乃假設其賬面值與公平值相若。該假設適用於無特定到期日之應收貿易款項、其他應收款項、應付貿易及其他款項及銀行結餘。至於其他金融工具(包括公司債券)，其公平值乃根據公認定價模型釐定並以貼現現金流分析為基準。

Notes to the Financial Statements 財務報表附註

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

32. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a) Key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

j) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment in accordance with the Group's accounting policies stated in note 2(e). The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

32. 關鍵會計判斷及估計不明朗 因素主要來源

a) 不明朗估計之主要來源

誠如附註2所述，在應用本集團會計政策時，本公司董事須對未能透過其他來源確定之資產及負債賬面值作出判斷、估計及假設。該等估計及有關假設乃根據過往經驗及其他被視為相關之因素而作出。實際結果可能有別於該等估計。

該等估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響即期及未來期間，則會於修訂期間及未來期間確認。

j) 物業、廠房及設備之可使用年期及剩餘價值

管理層根據附註2(e)所載之本集團會計政策釐定本集團物業、廠房及設備之估計可使用年期及剩餘價值。本集團將修訂折舊支出（如可使用年期及剩餘價值與先前估計不同），或撇銷或撇減已被棄用或出售之在技術上過時或屬非策略性之資產。

Notes to the Financial Statements

財務報表附註

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

32. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

ii) *Impairment of property, plant and equipment*

If circumstances indicate that the carrying value of an item of the property, plant and equipment may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in profit or loss in accordance with the accounting policy for impairment of property, plant and equipment as described in note 2(g)(ii). The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operation costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 December 2019, the carrying amount of the Group’s property, plant and equipment was approximately RMB2,203,000 (2018: RMB4,715,000).

32. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

ii) 物業、廠房及設備之減值

倘有跡象顯示物業、廠房及設備項目之賬面值可能無法收回，則資產可能視為「已減值」，並按附註2(g)(ii)所述有關物業、廠房及設備減值之會計政策於損益確認減值虧損。資產賬面值會定期進行檢討以評估可收回金額有否降低至低於賬面值。倘有事件發生或情況轉變顯示資產入賬之賬面值可能無法收回，即會對有關資產進行減值測試。若出現有關減值情況，則會將賬面值減至可收回金額。

可收回金額乃公平值減出售成本與使用價值之較高者。釐定使用價值時，會將資產產生之預期未來現金流量貼現至其現值，此需要對收入水平及經營成本金額作出重大判斷。本集團利用所有可得資料（包括基於合理及有力假設之估計以及對收入水平及經營成本金額之預測），釐定可收回金額之合理近似金額。該等估計之變動可能對資產賬面值產生重大影響，並可能於未來期間導致額外減值支出或撥回減值。於二零一九年十二月三十一日，本集團之物業、廠房及設備賬面值約為人民幣2,203,000元（二零一八年：人民幣4,715,000元）。

Notes to the Financial Statements 財務報表附註

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

32. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

iii) *Estimation of impairment of trade receivables*

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives. As at 31 December 2019, the carrying amount of trade receivables was approximately RMB36,836,000 (2018: RMB53,144,000). Details of the impairment of trade receivables are disclosed in notes 16 and 31(b)(i).

iv) *Warranty provisions*

The Group does not make provision for product warranties arising from sales of EP products and equipment, taking into account the Group's recent claim experience and past experience of the level of repairs. In addition, the Group has also received product warranties in respect of those products and equipment supplied from its suppliers, and the scope of the product warranties (including warranty periods) are the same as those the Group offered to its customers. It is not indicative of future claims that it will receive in respect of past sales.

32. 關鍵會計判斷及估計不明朗 因素主要來源(續)

a) 不明朗估計之主要來源(續)

iii) *應收貿易款項之減值估計*

本集團透過評估預期信貸虧損估計應收貿易款項的虧損撥備，需運用估計及判斷。預期信貸虧損乃根據本集團的過往信貸虧損經驗（就債務人特定因素作出調整）及於報告期末對當前及預期整體經濟狀況之評估而得出。倘估計與初始估計出現差異，有關差異將影響應收貿易款項的賬面值，因此，該等估計期間的減值虧損會出現變動。本集團於應收貿易款項的預期存續期內持續對其預期信貸虧損進行評估。於二零一九年十二月三十一日，應收貿易款項的賬面值約為人民幣36,836,000元（二零一八年：人民幣53,144,000元）。有關應收貿易款項減值之詳情披露於附註16及31(b)(i)。

iv) *保修撥備*

經考慮本集團近期之索賠經驗及維修層面之過往經驗，本集團並無就銷售環保產品及設備所提供之產品保修而作出撥備。此外，本集團亦獲其供應商就該等產品及設備提供之保修，且該等產品保修之範圍（包括保修期間）與本集團向其客戶提供者相同。這並不表明其日後將因過往銷售而遭受索賠。

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財務報表附註

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32. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

ij) Income taxes

The Group is subject to income tax in Hong Kong and various taxes in the PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

32. 關鍵會計判斷及估計不明朗因素主要來源(續)

b) 應用本集團之會計政策當中作出之重要判斷

在釐定若干資產及負債之賬面值時，本集團就不確定的未來事件對各報告期末資產及負債之影響作出假設。有關估計涉及對現金流量及所用貼現率等項目之假設。本集團根據過往經驗及對未來事件之預期作出估計及假設，並定期檢討。除對未來事件之假設及估計外，本集團在應用其會計政策時亦作出判斷。

ij) 所得稅

本集團在香港須繳付所得稅，而在中國須繳付不同稅項。於釐定稅項撥備時須作出重大判斷。於一般業務過程中存有頗多交易及計算，使得最終稅務釐定存在不確定性。本集團根據是否須繳納額外稅項之估計就預期稅務事宜確認負債。倘上述事宜之最終稅務結果與最初記錄之金額有所不同，有關差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。

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32. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies (Continued)

ii) *Withholding tax on the distributable profits of the Company's subsidiaries established in the PRC*

On 16 March 2007, National People's Congress approved the New EIT Laws which was effective from 1 January 2008. According to the relevant regulations of the New EIT Laws, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its foreign investors, they are subject to the PRC Enterprise Income Tax. The applicable income tax rate varies with the origin of the overseas investors.

The Group's determination as to whether to accrue for withholding tax from distribution of dividends from its subsidiaries established in the PRC according to the relevant tax law and regulations is subject to judgement on the timing of the payment of the dividends. The estimation process is highly based on assumptions, which are influenced by projected future market and economic conditions and future financing requirements of the Group, and it is not probable that these subsidiaries will distribute dividends in the foreseeable future.

32. 關鍵會計判斷及估計不明朗 因素主要來源(續)

b) 應用本集團之會計政策當中作出之重要判斷(續)

ii) 本公司在中國成立的附屬公司的可分派溢利預扣稅

於二零零七年三月十六日，全國人民代表大會通過了《新企業所得稅法》，並於二零零八年一月一日起生效。根據《新企業所得稅法》之有關規定，中國國內之外商投資企業向境外投資者分派自二零零八年一月一日起產生之溢利作為股息，需要徵收中國企業所得稅，並根據外商投資者所處之不同地區適用不同之所得稅率。

本集團於釐定是否就相關稅務法律及法規計提其於中國成立之附屬公司的股息派發之預扣稅時，須對派付股息的時間作出判斷。有關估算過程很大程度上基於假設，該假設受估計未來市場及經濟狀況以及本集團未來融資需求影響，且該等附屬公司於可見未來派發股息的可能性極低。

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財務報表附註

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33. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

33. 公司層面財務狀況表

		Note 附註	2019 二零一九年 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Equipment	設備		101	183
Right-of-use assets	使用權資產	14	903	–
Investments in subsidiaries	於附屬公司之投資	15	365,190	357,199
			366,194	357,382
CURRENT ASSETS	流動資產			
Other receivables	其他應收款項		462	3,412
Amounts due from subsidiaries	應收附屬公司的款項		307,014	300,864
Cash and bank balances	現金及銀行結餘		202	118
			307,678	304,394
CURRENT LIABILITIES	流動負債			
Other payables	其他應付款項		15,617	2,644
Corporate bonds	公司債券	21	27,952	26,487
Lease liabilities	租賃負債	20	926	–
			44,495	29,131
NET CURRENT ASSETS	流動資產淨值		263,183	275,263
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		629,377	632,645
NON-CURRENT LIABILITIES	非流動負債			
Corporate bonds	公司債券	21	(21,302)	(21,548)
NET ASSETS	資產淨值		608,075	611,097
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	24	78,073	78,073
Reserves	儲備	25	530,002	533,024
TOTAL EQUITY	權益總額		608,075	611,097

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34. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate and ultimate controlling party of the Group to be Praise Fortune Limited, which was incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

34. 直接及最終控制方

本公司董事認為，本集團之直接及最終控制方為於英屬處女群島註冊成立之公司Praise Fortune Limited。該實體並無編製可供公眾查閱之財務報表。

35. 融資活動所產生負債之對賬

下表詳列本集團融資活動所產生負債之變動，包括現金及非現金變動。融資活動所產生負債指融資活動之現金流已經或未來現金流將會於綜合現金流量表分類為融資活動產生的現金流。

		Lease liabilities 租賃負債 (Note 20) (附註20) RMB' 000 人民幣千元	Corporate bonds 公司債券 (Note 21) (附註21) RMB' 000 人民幣千元	Total 總額 RMB' 000 人民幣千元
At 1 January 2018	於二零一八年一月一日	-	20,440	20,440
Changes from financing cash flows:	融資現金流之變動：			
Proceeds from issuance of corporate bonds	發行公司債券之所得款項	-	26,604	26,604
Interests paid	已付利息	-	(1,323)	(1,323)
Total changes from financing cash flows	融資現金流之變動總額	-	25,281	25,281
Effect of changes in foreign exchange rates	外幣匯率變動之影響	-	714	714
Other changes:	其他變動：			
Effective interest expenses	實際利息開支	-	1,600	1,600
At 31 December 2018	於二零一八年十二月三十一日	-	48,035	48,035
Change in accounting policy (Note 3)	會計政策變動(附註3)	2,397	-	2,397
As at 1 January 2019	於二零一九年一月一日	2,397	48,035	50,432
Changes from financing cash flows:	融資現金流之變動：			
Payment of lease liabilities	償還租賃負債	(1,590)	-	(1,590)
Interests paid	已付利息	-	(2,941)	(2,941)
Total changes from financing cash flows	融資現金流之變動總額	(1,590)	(2,941)	(4,531)
Effect of changes in foreign exchange rates	外幣匯率變動之影響	37	1,093	1,130
Other changes:	其他變動：			
Effective interest expenses	實際利息開支	82	3,067	3,149
At 31 December 2019	於二零一九年十二月三十一日	926	49,254	50,180

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36. EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 31 December 2019:

(a) Proposed acquisition of 99.99% of the issued share capital in Maye International Holdings Limited (“Mayee International”)

On 7 November 2018 and 30 January 2019, the Company entered into a sale and purchase agreement, and a supplemental sale and purchase agreement (the “Acquisition Agreement”), respectively, with an independent third party, Zhongying International Limited (“Zhongying”), pursuant to which the Company has conditionally agreed to acquire, and Zhongying has conditionally agreed to sell 99.99% of the issued share capital of Mayee International at a total consideration of approximately HK\$1,253,220,000. The total consideration will be settled by the Company through payment of cash amounting to approximately HK\$1,013,220,000 and issuance of convertible bonds with a principal amount of HK\$240,000,000. Mayee International and its subsidiaries are principally engaged in property management and leasing of shops in a shopping mall located in Kunming, Yunnan, the PRC. This proposed acquisition constitutes a very substantial acquisition under Chapter 14 of the Listing Rules and is therefore subject to the shareholders’ approval at an extraordinary general meeting of the Company.

On 28 June 2019, the Company and Zhongying entered into the second supplemental agreement to extend the date for fulfillment of the conditions precedent set out in the Acquisition Agreement to 27 June 2020.

Further details of this proposed acquisition are set out in the Company’s announcements dated 5 December 2018, 30 January 2019, 29 April 2019, 28 June 2019, 30 September 2019, 29 November 2019 and 28 February 2020 respectively.

Up to the date of this report, the conditions precedent in the Acquisition Agreement have not yet been fulfilled. Accordingly, the proposed acquisition has not yet been completed.

36. 報告期後事項

下列重大事項乃於二零一九年十二月三十一日後發生：

(a) 建議收購美怡國際投資有限公司（「美怡國際」）99.99%已發行股本

於二零一八年十一月七日及二零一九年一月三十日，本公司與獨立第三方Zhongying International Limited（「Zhongying」）分別訂立買賣協議及補充買賣協議（「收購協議」），據此，本公司已有條件同意收購及Zhongying已有條件同意出售美怡國際99.99%已發行股本，總代價約為1,253,220,000港元。總代價將由本公司透過支付現金約1,013,220,000港元及發行本金額240,000,000港元之可換股債券結付。美怡國際及其附屬公司主要從事物業管理及租賃位於中國雲南昆明的賣場店舖。該建議收購構成上市規則第14章下的非常重大收購，因此須經股東於本公司股東特別大會上批准。

於二零一九年六月二十八日，本公司與Zhongying訂立第二份補充協議，將收購協議訂明須達成先決條件的日期延長至二零二零年六月二十七日。

本建議收購之進一步詳情分別載於本公司日期為二零一八年十二月五日、二零一九年一月三十日、二零一九年四月二十九日、二零一九年六月二十八日、二零一九年九月三十日、二零一九年十一月二十九日及二零二零年二月二十八日之公告。

截至本報告日期止，收購協議之先決條件尚未獲達成，因此，建議收購尚未完成。

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36. EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) Proposed acquisition of 51% of the issued share capital of MSC (Hong Kong) Limited (“MSC”) involving issue of consideration shares

On 10 July 2019, the Company entered into a sale and purchase agreement (the “Agreement”) with an independent third party (the “Vendor”), pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 51% of the issued share capital of MSC at a consideration of HK\$40,260,000. The consideration will be subject to downward adjustment based on the profit guarantees given by the Vendor and will be settled by several tranches of consideration shares to be issued by the Company. MSC and its subsidiaries are principally engaged in the sales of coupons and provision of online preferential top-up services business in the PRC, such as catering memberships top-up, petrol filing cards top-up, phone call charges top-up and video website memberships top-up.

On 9 January 2020, the Company and the Vendor entered into the supplemental agreement to extend the date for fulfillment of the conditions precedent set out in the Agreement to 30 April 2020.

On 22 January 2020, the Company and the Vendor entered into a deed of termination whereby the parties have mutually agreed to terminate the Agreement and the supplemental agreement with effect from the date of a deed of termination.

Further details of this proposed acquisition are set out in the Company’s announcements dated 10 July 2019, 22 July 2019, 9 January 2020 and 22 January 2020 respectively.

36. 報告期後事項 (續)

(b) 建議收購碼尚充 (香港) 有限公司 (「碼尚充」) 51% 已發行股本 (涉及發行代價股份)

於二零一九年七月十日，本公司與獨立第三方 (「賣方」) 訂立買賣協議 (「協議」)，據此，本公司有條件同意收購及賣方有條件同意出售碼尚充 51% 已發行股本，代價為 40,260,000 港元。代價將根據賣方提供的溢利保證予以下調，並將由本公司將發行的若干期代價股份結算。碼尚充及其附屬公司主要於中國從事銷售優惠券及提供網上優惠充值服務業務，包括餐飲會員充值、加油卡充值、話費充值及視頻網站會員充值等優惠充值服務。

於二零二零年一月九日，本公司與賣方訂立補充協議，將協議訂明須達成先決條件的日期延長至二零二零年四月三十日。

於二零二零年一月二十二日，本公司與賣方訂立終止契據，據此，訂約方一致同意終止協議及補充協議，自終止契據日期起生效。

本建議收購之進一步詳情分別載於本公司日期為二零一九年七月十日、二零一九年七月二十二日、二零二零年一月九日及二零二零年一月二十二日之公告。

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36. EVENTS AFTER THE REPORTING PERIOD (Continued)

(c) Impact on Coronavirus Disease 2019 ("COVID-19") outbreak

Following the outbreak of Coronavirus Disease 2019 ("COVID-19") in late 2019, the central government of the PRC has implemented a number of measurements for disease prevention and controls. The business environment in the Mainland China has been significantly affected. The World Health Organisation further declared the COVID-19 pandemic in March 2020, a series of precautionary and control measures have been implemented across the globe. The future development of the COVID-19 and its disruption to business and economic environment are highly uncertain. The Group has been assessing the operational and financial impact of the outbreak of COVID-19 on the Group. However, given the dynamic nature of the incident, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, performance and cashflows up to the date of this report.

36. 報告期後事項(續)

(c) 二零一九年冠狀病毒 ("COVID-19") 疫情爆發的影響

隨著二零一九年年末冠狀病毒 ("COVID-19") 疫情爆發後，中國中央政府已實施各項疾病預防控制措施，中國大陸經營環境受到大幅影響。於二零二零年三月，世界衛生組織進一步宣佈COVID-19大流行，並已於全球實施一系列防範及控制措施。COVID-19疫情的未來發展及其對經營及經濟環境的干擾充滿高度不確定性，為此本集團持續評估爆發COVID-19對本集團營運及財務的影響。然而，鑒於該事件的動態性，直至本報告日期，依然難以提供其對本集團財務狀況、表現及現金流影響的合理估計。

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37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

Up to the date of issuance of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

Amendments to HKFRS 3	Definition of a Business ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ²

¹ 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.

² 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 Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have significant impact on the Group's consolidated financial statements.

38. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 as at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

37. 已頒佈但於截至二零一九年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響

截至該等財務報表刊發日期，香港會計師公會已頒佈若干於截至二零一九年十二月三十一日止年度尚未生效且並無於此等財務報表中採納的修訂本及新準則。其中包括以下可能與本集團有關者。

香港財務報告準則第3號(修訂本)	業務之定義 ¹
香港會計準則第1號及香港會計準則第8號(修訂本)	重大之定義 ²
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 ²

¹ 對收購日期為二零二零年一月一日或之後開始的首個年度期間初或之後進行的業務合併及資產收購生效。

² 於二零二零年一月一日或之後開始的年度期間生效。

除上述香港財務報告準則之新訂及修訂本外，經修訂之《財務報告概念框架》已於二零一八年頒佈。其後續修訂《香港財務報告準則中對概念框架參考修訂》將於二零二零年一月一日或之後開始的年度期間生效。

本集團正就預期首次應用此等變動期間造成之影響進行評估。迄今本集團認為，採納該等修訂對本集團之綜合財務報表造成重大影響的可能性並不大。

38. 比較數字

於二零一九年一月一日，本集團已首次應用香港財務報告準則第16號。根據所選擇的過渡方法，比較資料並無重列。有關會計政策變動的進一步詳情披露於附註3。

Financial Summary

財務摘要

The following is a summary of the consolidated results and the consolidated assets and liabilities of the Group for the last five financial years.

下表為本集團過往五個財政年度之綜合業績及綜合資產與負債摘要。

CONSOLIDATED RESULTS

綜合業績

		For the year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元	2017 二零一七年 RMB' 000 人民幣千元	2016 二零一六年 RMB' 000 人民幣千元	2015 二零一五年 RMB' 000 人民幣千元
Continuing operations:	持續經營業務：					
Revenue	收入	79,802	162,188	588,549	637,846	1,068,593
(Loss)/profit before taxation	除稅前(虧損)/溢利	(56,227)	(14,237)	24,687	74,543	99,293
Income tax (expenses)/credit	所得稅(開支)/抵免	(2,397)	(3,116)	11,416	(16,859)	(32,472)
(Loss)/profit for the year from continuing operations	年內來自持續經營業務之(虧損)/溢利	(58,624)	(17,353)	36,103	57,684	66,821
Discontinued operation:	已終止經營業務：					
(Loss)/profit for the period/year from discontinued operations	期內/年內來自已終止經營業務之(虧損)/溢利	-	(2,004)	(183,462)	17,759	1,996
(Loss)/profit for the year	年內(虧損)/溢利	(58,624)	(19,357)	(147,359)	75,443	68,817

CONSOLIDATED ASSETS AND LIABILITIES

綜合資產與負債

		As at 31 December 於十二月三十一日				
		2019 二零一九年 RMB' 000 人民幣千元	2018 二零一八年 RMB' 000 人民幣千元	2017 二零一七年 RMB' 000 人民幣千元	2016 二零一六年 RMB' 000 人民幣千元	2015 二零一五年 RMB' 000 人民幣千元
Total non-current assets	非流動資產總值	3,106	7,112	237,291	512,960	683,218
Total current assets	流動資產總值	1,257,956	1,284,006	1,516,899	1,539,238	1,179,289
Total assets	資產總值	1,261,062	1,291,118	1,754,190	2,052,198	1,862,507
Total liabilities	負債總值	(116,891)	(87,098)	(520,515)	(672,757)	(557,926)
Net assets	資產淨值	1,144,171	1,204,020	1,233,675	1,379,441	1,304,581



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

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

股份代號 stock code : 00556.HK

