

Ka Shui¹⁹⁸⁰

Ka Shui International Holdings Limited
嘉瑞國際控股有限公司

Incorporated in the Cayman Islands with Limited Liability
於開曼群島註冊成立的有限公司

Stock Code 股份代號：822



Annual Report 2019 年報



科技 Technovation

Drives the Smart Future

智訊未來 創新

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CORPORATE INFORMATION

公司資料

DIRECTORS

Executive Directors

Mr. Lee Yuen Fat (Chairman) (stepped down as
Chief Executive Officer with effect from 23 July 2019)

Mr. Wong Wing Chuen (Vice Chairman)

Ms. Chan So Wah

(appointed with effect from 1 April 2019)

Dr. Wong Cheong Yiu (retired as Executive Director
with effect from 1 January 2019)

Independent Non-Executive Directors

Professor Sun Kai Lit, Cliff BBS, JP

Ir Dr. Lo Wai Kwok SBS, MH, JP

Mr. Andrew Look

Mr. Kong Kai Chuen, Frankie

(formerly known as Kong To Yeung, Frankie)

CHIEF EXECUTIVE OFFICER

Mr. Leung King Kwok, Godfrey SBS

AUTHORISED REPRESENTATIVES

Mr. Lee Yuen Fat

Ms. Yam Suk Yee, Celia

COMPANY SECRETARY

Ms. Yam Suk Yee, Celia

AUDIT COMMITTEE

Mr. Kong Kai Chuen, Frankie (Chairman)

(formerly known as Kong To Yeung, Frankie)

Professor Sun Kai Lit, Cliff BBS, JP

Ir Dr. Lo Wai Kwok SBS, MH, JP

Mr. Andrew Look

NOMINATION COMMITTEE

Professor Sun Kai Lit, Cliff BBS, JP (Chairman)

Ir Dr. Lo Wai Kwok SBS, MH, JP

Mr. Andrew Look

Mr. Kong Kai Chuen, Frankie

(formerly known as Kong To Yeung, Frankie)

Dr. Wong Cheong Yiu

(retired with effect from 1 January 2019)

REMUNERATION COMMITTEE

Professor Sun Kai Lit, Cliff BBS, JP (Chairman)

Ir Dr. Lo Wai Kwok SBS, MH, JP

Mr. Andrew Look

Mr. Kong Kai Chuen, Frankie

(formerly known as Kong To Yeung, Frankie)

Dr. Wong Cheong Yiu

(retired with effect from 1 January 2019)

董事

執行董事

李遠發先生(主席)(退任行政總裁
於二零一九年七月二十三日起生效)

黃永銓先生(副主席)

陳素華女士

(委任於二零一九年四月一日起生效)

黃昌耀博士(退任執行董事)

於二零一九年一月一日起生效)

獨立非執行董事

孫啟烈教授BBS, JP

盧偉國博士SBS, MH, JP

陸東先生

江啟銓先生

(前稱江道揚)

行政總裁

梁敬國先生SBS

授權代表

李遠發先生

任淑儀小姐

公司秘書

任淑儀小姐

審核委員會

江啟銓先生(主席)

(前稱江道揚)

孫啟烈教授BBS, JP

盧偉國博士SBS, MH, JP

陸東先生

提名委員會

孫啟烈教授BBS, JP(主席)

盧偉國博士SBS, MH, JP

陸東先生

江啟銓先生

(前稱江道揚)

黃昌耀博士

(退任於二零一九年一月一日起生效)

薪酬委員會

孫啟烈教授BBS, JP(主席)

盧偉國博士SBS, MH, JP

陸東先生

江啟銓先生

(前稱江道揚)

黃昌耀博士

(退任於二零一九年一月一日起生效)

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room A, 29/F, Tower B, Billion Centre
1 Wang Kwong Road, Kowloon Bay
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

AUDITOR

RSM Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited

WEBSITE

www.kashui.com

註冊辦事處

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

香港主要營業地點

香港九龍
九龍灣宏光道一號
億京中心B座29樓A室

主要股份過戶登記處

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司
香港皇后大道東183號
合和中心17M樓

核數師

羅申美會計師事務所

主要往來銀行

香港上海滙豐銀行有限公司
渣打銀行(香港)有限公司
中國銀行(香港)有限公司
創興銀行有限公司

網址

www.kashui.com

FINANCIAL HIGHLIGHTS

財務概要

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
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RESULTS

Revenue
Profit attributable to owners of the Company
EBITDA

業績

收入
本公司權益持有人應佔溢利
未計利息、稅項、折舊及
攤銷前盈利

1,554,364
88,705
201,650
1,852,329
113,556
221,115

PER SHARE DATA

Basic earnings per share (HK cents)
Total dividends per share (HK cents)
— Interim dividend paid per share
(HK cent(s))
— Proposed final dividend per share
(HK cents)
Dividend payout ratio

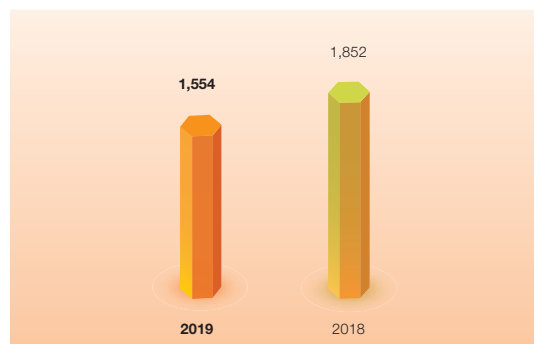
每股資料

每股基本盈利(港仙)
每股總股息(港仙)
— 已付每股中期股息(港仙)
— 建議每股末期股息(港仙)

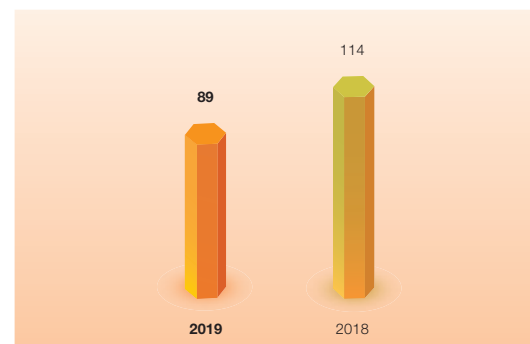
派息比率

9.92
2.0
—
—
2.0
20.2%
12.71
3.5
3.5
27.5%

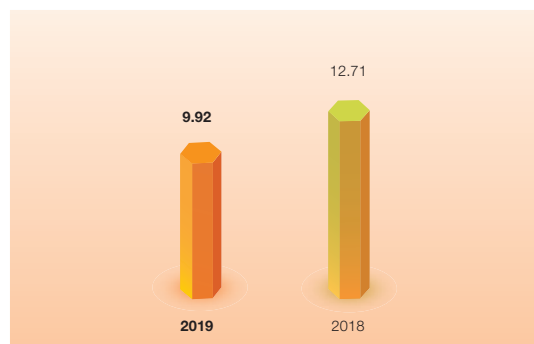
Revenue (HK\$ million)
收入(百萬港元)



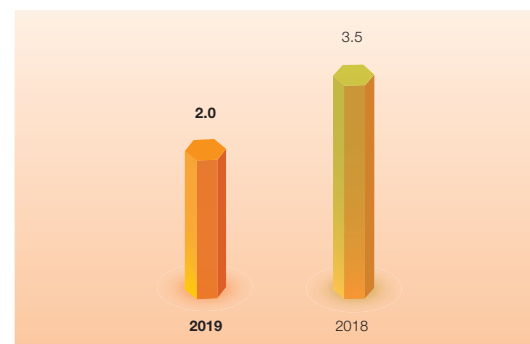
Profit attributable to owners of the Company (HK\$ million)
本公司權益持有人應佔溢利(百萬港元)



Basic earnings per share (HK cents)
每股基本盈利(港仙)

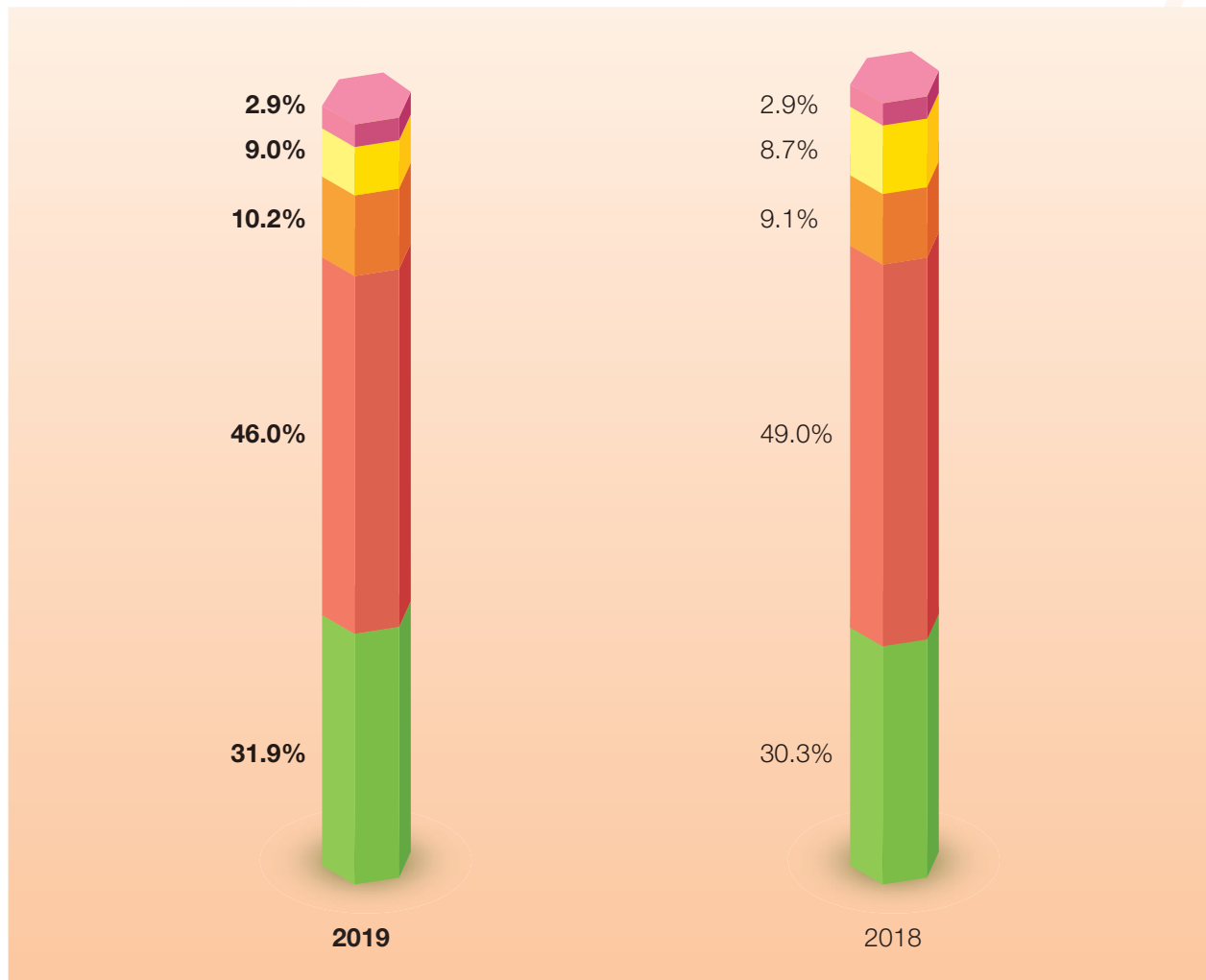


Total dividends per share (HK cents)
每股總股息(港仙)



FINANCIAL HIGHLIGHTS (CONTINUED) 財務概要(續)

Revenue percentage by business segments
按業務分部的收入百分率



Magnesium alloy die casting
鎂合金壓鑄



Plastic injection
塑膠注塑



Zinc alloy die casting
鋅合金壓鑄



Aluminium alloy die casting
鋁合金壓鑄



Others
其他

KEY INFORMATION FOR SHAREHOLDERS

股東主要資料

FINANCIAL CALENDAR

Announcement of 2019 Unaudited Annual Results
30 March 2020

Announcement of 2019 Audited Annual Results
23 April 2020

Annual General Meeting
8 June 2020

Ex-dividend Date for 2019 Final Dividend
11 June 2020

2019 Final Dividend Payment Date
26 June 2020

STOCK CODE

822

BOARD LOT

2,000 Shares

INVESTOR RELATIONS

Ms. Yam Suk Yee, Celia
Company Secretary
Ka Shui International Holdings Limited
Room A, 29/F, Tower B, Billion Centre
1 Wang Kwong Road, Kowloon Bay
Kowloon, Hong Kong
Tel: (852) 3759 8900
Fax: (852) 2412 1743
Email: celia.yam@kashui.com

財務日誌

二零一九年全年未經審核業績公佈
二零二零年三月三十日

二零一九年全年經審核業績公佈
二零二零年四月二十三日

股東週年大會
二零二零年六月八日

二零一九年末期股息除淨日期
二零二零年六月十一日

二零一九年末期股息派發日期
二零二零年六月二十六日

股份代號

822

每手股數

2,000股

投資者關係

任淑儀小姐
公司秘書
嘉瑞國際控股有限公司
香港九龍
九龍灣宏光道一號
億京中心B座29樓A室
電話：(852) 3759 8900
傳真：(852) 2412 1743
電郵：celia.yam@kashui.com



Dear Shareholders,

On behalf of the Board of Directors of Ka Shui International Holdings Limited (the “Company” or “Ka Shui”), I am pleased to present the directors’ report of the Company and the audited annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2019 (the “Year”).

For the Year, the Group recorded a 16.1% year-on-year decrease in revenue to HK\$1,554,364,000 (2018: HK\$1,852,329,000). Profit attributable to owners of the Company dropped by 21.9% year-on-year to HK\$88,705,000 (2018: HK\$113,556,000). The decrease was mainly attributable to (i) a decline in revenue of the Group as a result of prolonged US-China trade dispute that has dampened consumer sentiment and hence demand for the products of the Group’s customers; and (ii) while a drop in the general and administration expenses was recorded when compared with the same period last year, such rate of decrease was lower than that of revenue primarily due to, among other factors, expenses relating to the continuing integration of the Group’s production facilities.

致各位股東：

本人謹代表嘉瑞國際控股有限公司（「本公司」或「嘉瑞」）董事會，欣然向閣下提呈本公司及其附屬公司（統稱為「本集團」）截至二零一九年十二月三十一日止年度（「本年度」）之董事會報告以及經審核全年業績。

於本年度，本集團收入與上年相比錄得減少16.1%至1,554,364,000港元（二零一八年：1,852,329,000港元）。本公司權益持有人應佔溢利與上年相比下降21.9%至88,705,000港元（二零一八年：113,556,000港元）。下降的主要原因是(i)中美貿易爭端持續抑制消費者情緒及引致本集團客戶對產品的需求減少，令本集團收入下跌；及(ii)雖然一般及行政開支對比去年同期錄得下跌，但該跌幅對比收入的減少幅度為小，主要是由於（其中包括）本集團生產設施持續整合所產生的支出所致。

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告(續)

The Board of Directors recommended the payment of a final dividend of HK\$2.0 cents (2018: HK\$3.5 cents) per share for the Year after due consideration of the future business development as well as financial position of the Group. The dividend payout ratio for the Year would be 20.2% (2018: 27.5%).

2019 was nothing short of challenges for the Group, as political tension and trade disputes between the United States and China persisted. The tariff imposed on manufacturing exports from China had certain impact on our business and the affected customers in the United States placed pressure on our selling prices. Overall market demand was weakened as consumer sentiment was clouded by the uncertain global economic outlook. The combined effect from unfavorable market conditions has slowed down the growth of the Group.

In response to the difficult operating environment, the Group remained committed to strict financial discipline along with prudent investment decisions to achieve efficient operation. We also placed continuous continue with our focus on innovations of technology and material to stay at the forefront of the market and we never stopped developing new business areas to expand beyond our current business portfolio and seize growing market opportunities.

For four decades, the Group has been well recognized by the market for its expertise in providing professional solutions including alloy die casting and plastic injection moulding. The Group's capability has given it a broad range of business portfolios ranging from communication devices and accessories, personal care, automotive parts to housewares. In particular, our expertise in light alloy and the application of die casting technologies has helped us to secure businesses with major brand names in the personal computer and automobile industry; our high-precision plastic injection solution has strengthened our collaborations with customers in mobile devices accessories and personal care sectors. In 2019, the rapid development of 5th generation mobile communication technology ("5G") presented a new business opportunities for Ka Shui. In view of the development of 5G communication technology, the demand for large complex die casted parts for 5G communication base stations with light weight and good heat dissipation is expected to increase significantly. Light alloy with high heat dissipation

經詳細考慮本集團之未來業務發展及財務狀況，董事會建議派發本年度之末期股息每股2.0港仙(二零一八年：每股3.5港仙)。本年度之派息比率為20.2%(二零一八年：27.5%)。

由於美國與中國之間的政治緊張局勢和貿易糾紛持續，二零一九年對本集團而言是具挑戰性的。向自中國出口製造業徵收關稅對我們的業務產生若干影響，致使受影響的美國客戶向我們的售價施加壓力。由於不穩定的全球經濟前景籠罩消費者情緒，促使整體市場需求減弱，不利的市場環境帶來的綜合影響使本集團的增長放緩。

為應對艱難的經營環境，本集團繼續遵守其嚴謹的財務守則及審慎的投資決策，以實現高效經營。我們亦重視持續技術和材料創新，以維持市場領先地位。我們從未停止開發新業務範疇以擴展目前的業務組合，並抓住不斷增長的市場機會。

四十年來，本集團向市場提供合金壓鑄及塑膠注塑專業解決方案深獲各方肯定。本集團的能力令我們獲得從通訊裝置及配件、個人護理、汽車零部件以至家庭用品的廣泛業務組合。特別是，我們在輕合金的專門知識及壓鑄技術的應用穩固了我們與在個人電腦及汽車行業中主要品牌的業務；我們的高精密塑膠注塑解決方案加強我們與流動裝置配件及個人護理領域的客戶合作。在二零一九年，第五代行動通訊技術(「5G」)的急速發展為嘉瑞帶來新的商機。鑑於5G通信技術的發展，對於輕量及良好散熱特性的5G通信基站的大型複雜壓鑄零部件的需求預期將顯著增加。本集團自主研發的高導熱輕合金及大型壓鑄設施正好迎合此新興的市場需求。此外，材料之輕量化配合擠壓技術可應用於生產高強度合金汽車零部件，以提高汽車的能源效率。憑藉我們在輕合金應用的豐富經驗，此等新產品的擴展為本集團開拓新市場，並將更鞏固我們在行業內的領先地位。再者，鑒於新型冠狀病毒爆發及其對全球造成大範圍的影響，本集團正積極探索將不含生物

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

efficiency, which was developed by the Group, and large scale die casting facilities are well-suited to cater for this newly developed market demand. In addition, light-weight materials coupled with squeeze die casting technology can be applied to produce high strength alloy auto components in order to enhance energy efficiency of automobiles. Leveraging on our strong experience in light alloy applications, these new product extensions have opened up a new market for the Group with a view to solidifying our leading position in the industry. Furthermore, due to the outbreak of novel coronavirus and its global and far-reaching effect, the Group is actively exploring the application of biocide-free germ-repellent plastic to various fields such as medical and health care. The Group will continue to accelerate the commercialization of its results in research and development so as to create new income stream.

Apart from material innovation, the Group continues to focus on advances in technology. Advanced Out Mold Release ("AOMR") is an environmentally-friendly surface finishing technology to replace passivation and spray painting, which can reduce toxic waste water discharge and Volatile Organic Compounds ("VOCs") emission. To keep itself abreast of the latest market trends, the Group will continue to pursue technological advancements with its over 40 years of accumulated expertise in the industry, and offer customers innovative and cost-effective services solutions.

Our persistent pursuit for technological advancement and innovative solutions has been the foundation of Ka Shui. At the same time, we have been committed to the research and development in new material applications used in large metal parts for automotive and electronic communication industries. In 2019, the Group's subsidiaries, namely Ka Shui Technology (Huizhou) Company Limited and Ka Fung Industrial (Huizhou) Company Limited, were awarded "China Nonferrous Metals Industry Science and Technology Award (First Prize)" and "Guangdong Scientific and Technological Progress Award (Second Prize)" for its key technology and applications in product shape and mechanical performance control for die casting large complex thin-wall magnesium structural parts, including magnesium alloy composition optimization, vacuum die casting for complex thin-wall structural parts, surface finishing treatment of low cost, high efficiency and

殺傷劑的斥菌塑料應用於醫療及個人護理等各個領域。本集團將繼續加快將其研發成果商業化，從而創造新的收入來源。

除了材料創新外，本集團繼續專注技術提升。改進型模外裝飾技術（「AOMR」）是一項環保的表面處理技術，取代鈍化及噴油技術，以減少有毒廢水及揮發性有機化合物（「VOCs」）的排放。為持續了解最新市場動向，本集團將繼續憑藉其在行內逾40年所積累的专业知識追求技術進步，並為客戶提供創新且具成本效益的服務解決方案。

我們一直堅持追求先進技術及創新的解決方案，並以此作為嘉瑞的基礎。與此同時，我們一直致力於汽車及電子通訊行業之大型金屬零部件的新材料應用研發。於二零一九年，本集團的附屬公司嘉瑞科技(惠州)有限公司以及嘉豐工業科技(惠州)有限公司於大型複雜薄壁鎂合金構件控形控性關鍵技術及應用，包括鎂合金成分優化、用於複雜薄壁結構件的真空壓鑄技術、低成本高效環保的鎂合金表面處理及用於壓鑄的電腦輔助工程分析方面，榮獲「中國有色金屬工業科學技術獎(一等獎)」及「廣東省科技進步獎(二等獎)」。

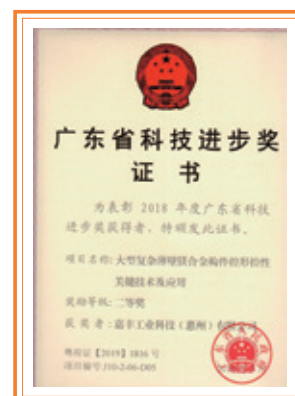
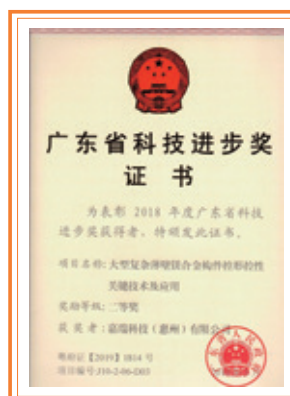
另一方面，這兩間附屬公司於二零一九年八月被廣東省政府評為「高新技術企業」，有效期至二零二一年十一月。此項榮譽不僅表現了當地政府對本集團研發能力和成就的肯定與支持，同時亦代

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告(續)

environment-friendly magnesium alloy and computer-aided engineering analysis for die casting. In addition, these two subsidiaries were also accredited as "New & High Technology Enterprise" by the government of Guangdong Province in August 2019, which will be valid until November 2021. The title not only signifies the recognition and support from the local government on the Group's research capabilities and achievements, but also represents future support from relevant departments including possible tax deductions and financial incentives, which is anticipated to be a competitive advantage of the Group.

表有關部門對本集團未來的支持，包括可能稅務減免和財政激勵措施，並預計將增加本集團的市場競爭力。



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

New challenges arise as we move forward into 2020. The signing of phase one of the Economic and Trade Agreement between the United States and China has lifted the market sentiment but has yet provided noticeable benefits for international trade. More importantly, the novel coronavirus outbreak has seriously disrupted the global supply chain as a lot of businesses and manufacturing units in mainland China were suspended for an extended period of time after the Chinese New Year. The spread of the virus is expected to disarray global business activities and economy worldwide for the first half of 2020. To overcome the market headwinds, the Group will continue to implement stringent cost control measures and at the same time strengthen our core competencies to stay steadfast in the market. We will expedite the development of Industry 4.0 data management over the whole production process to elevate our production efficiency and reduce the impact of rising labor cost. The Group will also devote greater effort into the research and development of technological innovation and material application solutions to further expand into different industries and sectors. On the other hand, maintaining strong client relationship and close contacts with the market will also be essential for the formulation of value-added solutions that assist our customers to succeed. 2020 may be a tough year but Ka Shui will remain resilient with its profound expertise and experience, and with its established and diversified customer base, it will continue to maintain its leadership and market presence in the material solutions sector.

Lastly, on behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt gratitude to the shareholders, business partners, and customers for their unfailing support regardless of the challenges. I would also like to thank my fellow directors for their concerted effort and insights along with the unwavering commitment of our staff. The Group will continue to deliver our promise to improve persistently and pursue technology innovation with an aim to bring fruitful returns to its shareholders.

By order of the Board
Lee Yuen Fat
Chairman

Hong Kong, 23 April 2020

邁進二零二零年，新的挑戰隨之出現。中美貿易第一階段協議的簽訂提高了市場情緒，但尚未對國際貿易帶來顯著的效益。更重要的是，由於新型冠狀病毒的爆發導致農曆新年後中國內地很多業務和製造部門停頓了較長時間，嚴重阻礙全球供應鏈。疫情擴散預期將擾亂二零二零年上半年的全球商業活動和經濟。為克服低迷市況，本集團將繼續實施嚴格的成本控制措施，同時增強我們的核心競爭力以保持穩健的市場地位。我們將加快於整個生產過程中發展工業4.0數據管理，以提高我們的生產效率及降低人工成本上升的影響。本集團亦將於技術創新和材料應用解決方案的研究與開發投入更多努力，以進一步拓展到不同的行業和領域。另一方面，維持穩固的客戶關係和與市場緊密聯繫對我們制定增值解決方案至為重要，以協助客戶達到成功的關鍵。二零二零年可能是艱難的一年，但憑藉其深厚的專業知識和經驗以及其穩定與多元化的客戶群，嘉瑞將保持韌性，並繼續維持其在材料解決方案領域的領先地位和市場佔有率。

最後，我謹代表董事會藉此機會向股東、業務合作夥伴及客戶在面對挑戰時始終如一的支持表示衷心的感謝。我也感謝董事的共同努力和獨到見解以及所有員工的堅定奉獻。本集團將繼續履行我們的承諾，不斷改進及追求技術創新，目標為其股東帶來豐厚的回報。

承董事會命
李遠發
主席

香港，二零二零年四月二十三日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

(A) FINANCIAL REVIEW

As a result of prolonged US-China trade dispute in 2019, which has dampened consumer sentiment and hence demand for the products of the Group's customers, the Group's overall revenue for the year ended 31 December 2019 dropped by approximately 16.1% to HK\$1,554,364,000 (2018: HK\$1,852,329,000) when compared with last year.

While a drop in the general and administrative expenses was recorded when compared with the same period last year, such rate of decrease was lower than that of revenue primarily due to, among other factors, expenses relating to the continuing integration of the Group's production facilities. In this regard, the consolidated profit attributable to owners of the Company for the year ended 31 December 2019 decreased by approximately 21.9% to HK\$88,705,000 (2018: HK\$113,556,000). The Group's EBITDA, computed as profit before tax, depreciation, amortisation of intangible assets and finance costs, amounted to HK\$201,650,000 (2018: HK\$221,115,000).

Amid this difficult operating environment, the Group's gross profit margin was 25.5% (2018: 24.2%) due to increase in operational efficiency, more automation in production and improvement in customer and product mix.

To cope with the challenges ahead, the Group will place high priority on implementation of stringent cost control measures, increasing operational efficiency and development of new products and technology to achieve product diversification, as well as closely monitoring the market situation and making necessary adjustments to its strategies and operations.

(A) 財務回顧

於二零一九年由於中美貿易爭端持續抑制消費者情緒及引致客戶對本集團產品的需求減少，本集團截至二零一九年十二月三十一日止年度之整體收入與上年比較下跌約16.1%至1,554,364,000港元（二零一八年：1,852,329,000港元）。

雖然一般及行政開支金額對比去年同期錄得下跌，但該跌幅對比收入的減少幅度為小，主要是由於（其中包括）本集團生產設施持續整合所產生的支出所致。因此，截至二零一九年十二月三十一日止年度本公司權益持有人應佔綜合溢利減少約21.9%至88,705,000港元（二零一八年：113,556,000港元）。本集團之未計利息、稅項、折舊及攤銷前盈利（以稅項、折舊、無形資產攤銷及融資成本前盈利計算）為201,650,000港元（二零一八年：221,115,000港元）。

儘管營商環境困難，受惠於經營效率增加、生產自動化提升及客戶及產品組合之改善，本集團毛利率為25.5%（二零一八年：24.2%）。

為了應對未來的挑戰，本集團將優先實施嚴緊之成本控制措施、提高營運效率及研發新產品和技術，從而達致產品多樣化，以及密切監察市場形勢，在有需要時調整策略和營運。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

(B) BUSINESS REVIEW

Plastic injection moulding business

In 2019, political tension and trade dispute between the United States and China have affected the consumer sentiment which have led to a decrease in the market demand of mobile devices and automobiles. Therefore, the revenue of plastic injection moulding business segment had recorded a decrease of approximately 21.2% to HK\$714,815,000 (2018: HK\$906,869,000), which accounted for approximately 46.0% (2018: 49.0%) of the Group's overall revenue. In order to expand its market share, the Group is committed to the research and development of new production technology to further enhance its product quality and application.

Magnesium alloy die casting business

As a result of the slowdown in the global shipment of notebook computers due to unfavourable market condition, the revenue of this business segment for the year ended 31 December 2019 dropped by approximately 11.7% to HK\$496,168,000 (2018: HK\$561,695,000), accounting for approximately 31.9% of the Group's overall revenue (2018: 30.3%). Apart from existing products, since light weight components play an important role in the development of new energy vehicle, the Group will increase additional applications of magnesium alloy in automobile such as body and components of new energy vehicles with a view to providing best solutions to customers.

Zinc alloy die casting business

During the year under review, the revenue of the zinc alloy die casting business recorded a 5.7% decrease to HK\$158,745,000 (2018: HK\$168,382,000) when compared with that of 2018. This business segment accounted for approximately 10.2% of the Group's overall revenue (2018: 9.1%). It is expected that the zinc alloy die casting business will continue to act as a relatively stable revenue contributor for the Group in the coming year.

(B) 業務回顧

塑膠注塑業務

二零一九年，中美之間的政治緊張和貿易爭端影響了消費者情緒，導致移動裝置和汽車的市場需求下降。因此，塑膠注塑業務分部收入錄得約21.2%下跌至714,815,000港元(二零一八年：906,869,000港元)，佔本集團整體收入約46.0%(二零一八年：49.0%)。為了擴大市場份額，本集團致力於研發新的生產技術以進一步提高產品質量和應用。

鎂合金壓鑄業務

由於不利的市場情況導致全球筆記本電腦出貨量放緩，截至二零一九年十二月三十一日止年度此業務分部的收入下降約11.7%至496,168,000港元(二零一八年：561,695,000港元)，佔本集團整體收入約31.9%(二零一八年：30.3%)。除現有產品外，由於輕量化零部件在新能源汽車的發展中起著重要的作用，本集團將增加鎂合金在汽車如新能源汽車車身及零部件中的應用，致力為客戶提供最佳解決方案。

鋅合金壓鑄業務

於回顧年度內，鋅合金壓鑄業務的收入與二零一八年相比錄得約5.7%之下跌至158,745,000港元(二零一八年：168,382,000港元)。此業務分部佔本集團整體收入約10.2%(二零一八年：9.1%)。預計鋅合金壓鑄業務在未來一年將繼續是本集團相對穩定的收入來源。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Aluminium alloy die casting business

The revenue of the aluminium alloy die casting business for the year ended 31 December 2019 was approximately HK\$140,665,000 (2018: HK\$161,303,000), representing an approximately 12.8% decrease when compared with that of the previous year. This business segment accounts for approximately 9.0% of the Group's overall revenue (2018: 8.7%). In view of the rapid development of 5th generation mobile communication technology ("5G") network, the Group has been actively exploring collaboration with its partners and business opportunities in providing product or component solutions for building 5G base stations in order to expand its business portfolio.

Others

The revenue of other businesses (trading of lighting products and home appliances) dropped by approximately 18.7% to HK\$43,971,000 (2018: HK\$54,080,000) when compared with that of the previous year.

(C) PROSPECTS

Stepping into 2020, as the phase one of the Economic and Trade Agreement between the United States and China was signed, the Group anticipates less turbulent conditions for international trade as trade tensions subside. However, as resumption of operations after Chinese New Year in 2020 was delayed as a result of the Chinese government's response to control the spread of the novel coronavirus, uncertain market condition has created new challenges for businesses. The interruption of the supply chain in the PRC has affected the business performance in the first half of 2020. Whilst we are not yet in a position to ascertain the impact on the business environment due to outbreak of novel coronavirus, the Group will continue to stay vigilant in the dynamic market, and we will focus on the self-enhancement in material application, precision mould development, technology innovation, product diversification and internal optimisation to gain greater market recognition and prepare for future business opportunities.

鋁合金壓鑄業務

截至二零一九年十二月三十一日止年度鋁合金壓鑄業務收入約為140,665,000港元(二零一八年: 161,303,000港元), 較上年減少約12.8%。此業務分部佔本集團整體收入約9.0%(二零一八年: 8.7%)。鑑於第五代行動通訊技術(「5G」)網絡的急速發展, 本集團一直積極與合作夥伴探索合作及商業機會, 為建設5G基站提供產品或零部件解決方案, 以擴大其業務。

其他

與去年相比, 其他業務(照明產品和家居器具貿易)收入減少約18.7%至43,971,000港元(二零一八年: 54,080,000港元)。

(C) 展望

踏入二零二零年, 隨著美國與中國簽署中美貿易第一階段協議, 本集團預期隨著貿易緊張局勢消退, 國際貿易環境的動盪狀況減少。然而, 由於中國政府針對控制新型冠狀病毒傳播的規定導致二零二零年農曆新年後之營運恢復延遲, 不明朗的市場環境為企業帶來新挑戰。中國供應鏈的中斷影響企業於二零二零年上半年的業績表現。儘管我們尚無法確定新型冠狀病毒爆發對營商環境的影響, 本集團將繼續對市場動態保持警惕, 並將專注於材料應用、精密模具開發、技術創新、產品多樣化及內部優化方面的自我提升, 以獲得更大的市場認可度並為未來的商機作準備。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

To strengthen our market position as a solution provider, the Group has placed strong emphasis on offering value-added products to our customers. The Group's capability of utilising high-precision technique and fast response to provide premium products and accessories for flagship models has made the Group a partner with the globally renowned branded customers in communication devices and accessories. Since the worldwide sales of smartphones to end users is on track to reach 1.57 billion units in 2020 according to Gartner, Inc., and the unveil of more 5G mobile devices is expected to happen within the foreseeable future, the increasing need for replacement of mobile devices and accessories is expected to provide promising business opportunities to the Group. At the same time, the expected rapid development of 5G network has placed a demand on the need of updated infrastructures worldwide. Compared with the 4th generation mobile communication technology ("4G"), the speed of 5G is faster and is more likely to generate more heat. However, high temperature of electronic components in 5G devices will negatively affect their operating efficiencies and their service lives. Therefore, 5G related applications such as base stations, notebook computers and mobile devices will require efficient heat dissipation solutions and hence light alloy with high heat dissipation efficiency, which the Group has self-developed, and large scale die casting facilities can cater for this emerging market demand. As the speed requirement of 5G is higher than 4G, if the same wireless coverage is to be maintained, the number of 5G base stations is expected to be doubled. Currently, there are approximately 4.5 million 4G base stations around the world and it is expected that 13.5 million base stations are required for 5G and the demand for base stations in 2025 will reach 65 million units. The Group has already started to provide solutions for heat sink applications components in 5G base stations, and it is expected that the market potential of 5G related components will be huge in the foreseeable future.

為加強作為解決方案提供者的市場地位，本集團一直非常重視為我們的客戶提供增值產品。本集團具備使用高精密技術及快速反應的能力確保旗艦型號產品及配件質優上乘，致使本集團與通訊裝置及配件的世界知名品牌客戶建立了合作夥伴關係。根據Gartner Inc.的調查，由於最終用戶的智能手機全球銷量預期於二零二零年達15.7億部，及預計在可預見的未來將有更多5G流動裝置推出，更換流動裝置及配件的需求不斷增加，預期能為本集團帶來更廣闊的商機。與此同時，預計5G網絡的急速發展對全球先進基礎配套設施方面帶來需求。相對第四代行動通訊技術（「4G」），5G速度更快且更容易產生高溫。然而，電子零部件溫度過高將會影響其運作效能及使用壽命。因此，5G相關配置如基站、筆記本電腦及移動裝置需要高效率散熱解決方案，本集團自主研發的高導熱輕合金及大型壓鑄設備正好配合此新興的市場需求。由於5G的速度要求高於4G，如需維持相同的覆蓋率，5G基站數量估計需要增加兩倍。現時全球約有450萬座4G基站，預期5G需要1,350萬座，二零二五年的需求量將達6,500萬座。本集團已開始為5G基站散熱器的零部件提供解決方案，預計在可預見的未來5G相關零部件將具有龐大的市場潛力。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Light weight solutions continue to be the focus for the Group for us to ride on the current market trend. In addition to the 5G related configuration, high heat dissipation magnesium alloy can also be applied for automotive components and its fast heat-dissipation feature can enhance the efficiency of electronic components used in automobile applications. Furthermore, the light-weight of the material coupled with squeeze die casting technology can be leveraged to produce high strength alloy auto components. This technology of the Group is expected to enhance the energy efficiency of automobile and therefore increase traveling distances with same energy. Accordingly, the Group will keep its customers informed of its new materials and new technologies, and will keep itself abreast of the latest market trends in order to provide the best solutions in the market to its customers. Apart from supplying high precision auto components, the Group has been trying to tap into the commercial vehicle market to provide technical service solutions and component or system development for commercial vehicles.

In view of the spread of novel coronavirus, the Group is actively exploring the application of biocide-free germ-repellent plastic to various fields such as medical and health care. The biocide-free germ-repellent plastic is an advanced material technology without using biocides. Instead of killing germs, the biocide-free germ-repellent plastic prevents germs from adsorbing and colonising on the surface to avoid cross-transmission of germs when used. This plastic is proven to be leach-free, non-toxic and will not give rise to drug-resistant “Superbugs”. The Group will continue its research and development to provide innovative and practical solutions to its customers, and strive to achieve sustainable growth and continue to be a leading enterprise in the industry.

本集團把握目前市場趨勢，繼續專注輕量化解決方案。除了5G相關配置外，高導熱鎂合金也可應用於汽車零部件，其散熱快之特點能提升汽車內電子零部件的效能。此外，材料之輕量化配合擠壓技術可生產高強度合金汽車零部件，本集團此技術預期可提高汽車的高效節能，更以相同的能量增加續航力。因此本集團將維持向客戶更新新材料及新技術的發展，並持續了解最新市場動向，致力為客戶提供市場上最佳解決方案。除提供高精密汽車零部件外，本集團嘗試涉足商用車市場，提供技術服務解決方案和商用車的零部件或系統開發。

鑑於新型冠狀病毒的傳播，本集團正積極探索將不含生物殺傷劑的斥菌塑料應用於醫療及個人護理等各個領域。不含生物殺傷劑的斥菌塑料是一種不採用生物殺傷劑的先進材料技術。與殺菌不同，不含生物殺傷劑的斥菌塑料透過排斥作用防止微生物附在塑料表面及形成菌落，避免使用後交叉傳播細菌。測試證實，該塑料不含釋出物質或毒性，亦不會引發耐藥性的超級細菌。本集團將繼續研發，為客戶提供創新實用的解決方案，致力實現可持續增長及繼續成為行業領先企業。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

In addition to innovation in materials, the Group has also devoted itself to advances in technology. Advanced Out Mold Release (“AOMR”) is an environmentally-friendly surface finishing technology to replace passivation and spray painting, which can reduce the discharge of toxic waste water and Volatile Organic Compounds (“VOCs”) emission. AOMR combines the benefits of Micro Arc Oxidation (“MAO”) and Out Mold Release (“OMR”) with high production output, cost effectiveness, good performance and highly protective coating. AOMR is also environmentally friendly and has low carbon emission in manufacture. Leveraging on our capability in innovation, the Group can fully utilise its strengths in new material and new technology for industry upgrade and transformation.

With geo-political tension clouding over China over the past years, the Group is preparing for disruption in the manufacturing supply chain in China by trade disputes with other countries. In order to cope with such challenges and diversify business risks, the Group has already started collaborations with local partners in selected ASEAN countries for production capability expansion with a view to securing local support and alternative manufacturing bases outside China to its customers, while at the same time expanding its geographical coverage for new businesses. As for its production in China, the Group will continue its production upgrade towards Industry 4.0 to achieve a higher level of data analysis for management decision to further optimise production efficiency and reduce overheads. The continuous improvement in the Group’s manufacturing process would yield more effective cost management and stronger profitability in the long run.

Despite the challenging business environment, the Group will continue to pursue a prudent approach to explore various investment opportunities and new business lines that are in-line with our business model, bringing in further synergy to the Group’s operation and sustaining long-term business growth.

除了材料創新外，本集團也全力投入技術提升。改進型模外裝飾技術(「AOMR」)是一項綠色環保的表面處理技術，取代鈍化及噴油技術，以減少有毒廢水及揮發性有機化合物排放(「VOCs」)。AOMR結合微弧氧化技術(「MAO」)及模外裝飾技術(「OMR」)的優勢，具有高產量、成本效益、良好的性能和高度保護性塗層。AOMR在生產上也可達至環保和低碳排放。憑藉我們創新的能力，本集團可以充分利用我們在新材料和新技术方面的優勢進行產業升級和轉型。

過去數年，隨著地緣政治緊張局勢籠罩中國，本集團正在與其他國家準備因應貿易糾紛對中國製造供應鏈的干擾。為應對此等挑戰並分散業務風險，本集團已開始與經篩選的東盟國家當地的合作夥伴合作以擴大生產能力，致力確保向其客戶提供當地支援及在中國以外的替代製造基地，與此同時擴大其在地域覆蓋上的新業務。至於其位於中國之生產，本集團將繼續朝著工業4.0的生產升級，達致更高水平的數據分析用於管理決策，以進一步優化生產效率並降低經常性開支。長遠來看，本集團製造過程的持續改善將產生更多有效的成本管理和更強的盈利能力。

雖然營商環境充滿挑戰，本集團將繼續採取審慎的態度尋求與其業務模式一致之投資機遇及新業務，務求為集團業務帶來更多協同效應，以維持業務長期增長。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

The Group will closely monitor the impact and implement necessary measures to mitigate their effects on the Group's business, as a result of trade dispute development and novel coronavirus outbreak. Technological innovation and advancement will remain a vital focus of the Group's future development, as we strive to uphold our leading position as a solution provider with expertise in metal, plastic injection and related areas. On top of that, strong customer relationships, years of experiences along with sound business philosophy will all serve as pillars for a sustainable progression for the Group and create long term values for shareholders.

(D) LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group had restricted bank balances as well as bank and cash balances of approximately HK\$264,087,000 (2018: HK\$256,123,000), most of which were denominated in either US dollars, Renminbi or Hong Kong dollars.

The interest-bearing borrowings of the Group as at 31 December 2019 were all bank loans with an aggregate amount of approximately HK\$259,046,000 (2018: HK\$324,702,000). All of these borrowings were denominated in Hong Kong dollars (2018: Hong Kong dollars) and which were primarily subject to floating interest rates. The bank borrowings with maturities falling due within one year, in the second to fifth year with repayment on demand clause and in the second to the fifth year without repayment on demand clause amounted to HK\$201,532,000, HK\$Nil and HK\$57,514,000 respectively (2018: HK\$221,491,000, HK\$21,363,000 and HK\$81,848,000 respectively).

由於貿易糾紛的發展和新型冠狀病毒爆發，本集團將密切監察其影響並採取必要的措施以減輕其對本集團業務的影響。技術創新和進步將繼續成為本集團未來發展的重點，並致力維持我們在金屬、塑膠注塑及相關範疇專業解決方案提供者的領先地位。更重要的是，穩固的客戶關係、多年的經驗以及健全的經營理念將成為本集團的可持續發展支柱及為股東創造長遠價值。

(D) 流動資金及財務資源

於二零一九年十二月三十一日，本集團擁有有限制銀行存款和銀行及現金結餘約264,087,000港元（二零一八年：256,123,000港元），當中大多數以美元、人民幣或港元計值。

本集團於二零一九年十二月三十一日的計息借款全為銀行貸款，總額約為259,046,000港元（二零一八年：324,702,000港元）。該等借款全部以港元（二零一八年：港元）計值，所採用的利率主要為浮動利率。將於一年內到期以及於第二至第五年到期（包括按要求償還條款）及於第二至第五年到期（不含按要求償還條款）之銀行貸款金額分別為201,532,000港元、零港元及57,514,000港元（二零一八年：分別為221,491,000港元、21,363,000港元及81,848,000港元）。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

As at 31 December 2019, the net gearing ratio (a ratio of the sum of the total bank borrowings less the pledged bank deposits, restricted bank balances (if any) and bank and cash balances divided by the total equity) of the Group was not applicable since the Group had net cash (pledged bank deposits, restricted bank balances (if any) and bank and cash balances less total bank borrowings) of HK\$5,041,000 (2018: net gearing ratio of 7.2%).

As at 31 December 2019, the net current assets of the Group were approximately HK\$351,936,000 (2018: HK\$283,103,000), which consisted of current assets of approximately HK\$889,093,000 (2018: HK\$934,389,000) and current liabilities of approximately HK\$537,157,000 (2018: HK\$651,286,000), representing a current ratio of approximately 1.7 (2018: 1.4).

(E) EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars or Renminbi. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Renminbi and Hong Kong dollars. The Group will closely monitor its overall foreign exchange exposure with a view to safeguarding the Group from exchange rate risks.

(F) CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities.

(G) CHARGE ON ASSETS

As at 31 December 2019, the Group's banking facilities were secured by the following assets: (a) all monies assignment of rental over the property situated in Hong Kong owned by the Group; (b) a property situated in Hong Kong owned by the Group; and (c) corporate guarantees provided by the Company and certain subsidiaries of the Group.

於二零一九年十二月三十一日，由於本集團之現金淨額(已抵押銀行存款、有限制銀行存款(如有)以及銀行及現金結餘減去銀行總借貸)為5,041,000港元(二零一八年：淨資產負債比率為7.2%)，因此，淨借貸比率(以銀行借款總和減已抵押銀行存款、有限制銀行存款(如有)和銀行及現金結餘除以權益總額之比率)不適用於本集團。

於二零一九年十二月三十一日，本集團流動資產淨值約為351,936,000港元(二零一八年：283,103,000港元)，包括流動資產約889,093,000港元(二零一八年：934,389,000港元)及流動負債約537,157,000港元(二零一八年：651,286,000港元)，流動比率約為1.7(二零一八年：1.4)。

(E) 外匯風險承擔

本集團的大部分交易均以美元、港元或人民幣進行。因此，本集團已注意到美元、人民幣及港元匯率的波動可能引起的潛在匯風險承擔。本集團將密切監察其整體外匯風險承擔以避免本集團遭受匯率風險所帶來之影響。

(F) 或然負債

於二零一九年十二月三十一日，本集團並無任何重大或然負債。

(G) 資產抵押

於二零一九年十二月三十一日，本集團的銀行借貸以下列資產作為抵押：(a)本集團擁有的香港物業之一切租金轉讓；(b)本集團擁有的香港物業；及(c)本公司及本集團若干附屬公司提供之企業擔保。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

(H) HUMAN RESOURCES

As at 31 December 2019, the Group had approximately 3,500 full-time employees (2018: 4,100). The Group attributes its success to the hard work and dedication of all staff, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides a competitive salary package, including retirement schemes, medical benefits and bonuses. The Group's remuneration policy and structure are determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme and a share award scheme as incentives and rewards for those qualifying staff who have made contributions to the Group.

The Group provides regular training courses for different level of staff and holds various training programs together with PRC institutes and external training bodies. Apart from academic and technical training, the Group also organises different kinds of recreational activities, including New Year gathering, various sports competitions and interest groups. The aim is to promote interaction among staff, establish a harmonious team spirit and promote a healthy lifestyle.

(H) 人力資源

於二零一九年十二月三十一日，本集團約有3,500名全職僱員（二零一八年：4,100名）。本集團之成功有賴全體僱員的表現和責任承擔，故此本集團把僱員視作為我們的核心資產。為了吸引及保留優秀員工，本集團提供具競爭力的薪酬待遇，包括退休金計劃、醫療福利和花紅獎賞。本集團之薪酬政策及結構乃根據市場趨勢、個人工作表現以及本集團的財務表現而釐定。本集團亦已採納認購股權計劃及股份獎勵計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。

本集團定期舉辦多項針對不同階層員工的培訓課程，並與多間國內專上學院及外間培訓機構合辦各種培訓計劃。除學術和技術培訓外，本集團亦舉辦了不同種類的文娛康樂活動，其中包括新春聯誼活動、各種體育比賽和興趣班等，目的為促進各部門員工之間的關係、建立和諧團隊精神及提倡健康生活。

DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理人員

EXECUTIVE DIRECTORS

Mr. Lee Yuen Fat, aged 64, founded the Group in 1980 and is the Chairman of the Group. Mr. Lee was appointed as an Executive Director of the Company since 2 June 2007 and is a director of certain subsidiaries of the Company. He is also a director of Precisefull Limited, which is the controlling shareholder of the Company. Mr. Lee is responsible for the formulation of the overall business strategies of the Group. He has over 40 years of experience in the die casting industry. Mr. Lee holds a Master of Science Degree in Materials Engineering from the Yanshan University in the PRC. He was conferred an award of Honorary Fellowship and Fellowship of Management and Business Administration by the Professional Validation Council of Hong Kong Industries and is the Vice Chairman of the Professional Validation Council of Hong Kong Industries. Mr. Lee has been appointed by the Foundry Industry Association, Guangdong Province as an Expert of the Casting Industry and is selected for its Expert Database.

Mr. Lee was one of the founding members and was the Chairman of the Hong Kong Diecasting Association (now become the Hong Kong Foundry Association (the “HKFA”)) in 1989. He was elected as the first Chairman of the HKFA and Hong Kong Federation of Innovative Technologies and Manufacturing Industries (formerly known as Federation of Hong Kong Machinery and Metal Industries) in 2008 and 2011 respectively. Mr. Lee is currently the Chairman of Hong Kong Federation of Innovation Technologies and Manufacturing Industries, Vice Chairman of the PRD Council of Federation of Hong Kong Industries, Shenzhen Division, Managing Vice Chairman of Hong Kong Federation of Huichow Associations Limited, a member of the Fourth Industry Training Advisory Committee of Manufacturing Technology (Tooling, Metals & Plastics) and a member of Vocational Training Council Manufacturing Technology Training Board. Mr. Lee is currently the Rotating Chairman of Die Casting Branch of the China Foundry Association, Executive Director of the China Foundry Association, Deputy Director of Semi-Solid Processing Technologies Specialties Committee, Technology of Plasticity Branch of Chinese Mechanical Engineering Society, Managing Vice Chairman of the 4th General Committee of the Guangdong Foundry Industry Association, the Vice-Director General of the Guangdong Mechanical Engineering Association Die Casting Branch.

執行董事

李遠發先生，64歲，於一九八零年創辦本集團及為本集團之主席。李先生於二零零七年六月二日獲委任為本公司執行董事，彼為本公司若干附屬公司之董事。彼亦為Precisefull Limited（本公司控股股東）之董事。李先生負責制定本集團整體業務策略。彼擁有逾40年壓鑄業經驗，持有中國燕山大學材料工程碩士學位。此外，李先生獲香港工業專業評審局頒授榮譽院士及工商院士，並擔任副主席一職。李先生被廣東省鑄造行業協會聘為鑄造行業專家，並入選其專家庫。

李先生為香港壓鑄學會（現時為香港鑄造業總會）創辦人之一，及後於一九八九年出任該會會長。彼分別於二零零八年及二零一一年被選為香港鑄造業總會和香港創新科技及製造業聯合總會（前稱香港機械金屬業聯合總會）首任會長。李先生現任香港創新科技及製造業聯合總會主席、香港工業總會珠三角工業協會深圳分部副主席、香港惠州社團聯合總會常務副主席、資歷架構製造科技業（模具、金屬及塑膠）行業培訓諮詢委員會第四屆諮委會委員及職業訓練局製造科技業訓練委員會委員。李先生現為中國鑄造協會壓鑄分會輪值理事長、中國鑄造協會常務理事、中國機械工程學會塑性工程分會半固態加工技術專業委員會副主任、廣東省鑄造行業協會第四屆理事會常務副會長、廣東省機械工程學會壓鑄分會副理事長。李先生現擔任全國鑄造標準化技術委員會壓

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員(續)

Mr. Lee is currently the Deputy Director of Sub-committee 4 on Die Casting of National Technical Committee 54 on Foundry of Standardization Administration of China, the Deputy Director of the Fifth session of the Die Casting Technical Committee, Foundry Institution, Chinese Mechanical Engineering Society and a member of the Light Alloy Industry Technology Innovative Alliance Expert Committee of Guangdong Province. Mr. Lee is the brother-in-law of Ms. Chan So Wah, the executive director of the Company.

Mr. Wong Wing Chuen, aged 58, joined the Group in 1988 and was appointed as an Executive Director and Vice Chairman of the Company on 2 June 2007 and 1 January 2017 respectively. He is a director of certain subsidiaries of the Company. Mr. Wong is also currently the director of manufacturing of the Group and is responsible for the Group's manufacturing activities. Mr. Wong has over 35 years of experience in die design and manufacturing and the die casting industry. He is an Associate of the Professional Validation Council of Hong Kong Industries.

Ms. Chan So Wah, aged 61, joined the Group in 1999 and was appointed as an Executive Director of the Company on 1 April 2019. She is a director of certain subsidiaries of the Company. Ms. Chan is currently the director of planning and management of the Group and is primarily responsible for assisting the Group's Chairman in formulating development strategies and the Group's business planning. She has over 35 years' experience in sales, marketing and management. She holds a master's degree in business administration obtained through distance learning education from the Centenary College in New Jersey, USA and she is a Fellow of the Professional Validation Council of Hong Kong Industries (Die Casting and Foundry Industry). She is the sister-in-law of Mr. Lee Yuen Fat, the Chairman of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor Sun Kai Lit Cliff BBS, JP, aged 66, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. He is the chairman of the remuneration committee as well as the nomination committee of the Company. Professor Sun has over 40 years of experience in the household products manufacturing industry. Professor Sun was appointed as Justice of the Peace in July 2003 and was awarded the Bronze Bauhinia Star by the Hong Kong Special

力鑄造分技術委員會(SAC/TC54/SC4)副主任委員、中國機械工程學會鑄造分會第五屆壓鑄技術委員會副主任委員及廣東省輕合金產業技術創新聯盟專家委員會委員。李先生為本公司執行董事陳素華女士之大伯。

黃永銓先生，58歲，於一九八八年加入本集團，並分別於二零零七年六月二日及二零一七年一月一日獲委任為本公司執行董事及副主席。彼為本公司若干附屬公司之董事。黃先生現時亦是本集團制作總監及負責本集團之製造業務。黃先生擁有逾35年模具設計與製造及壓鑄業經驗，為香港工業專業評審局的副院士。

陳素華女士，61歲，於一九九九年加入本集團，於二零一九年四月一日獲委任為本公司執行董事。陳女士為本公司若干附屬公司之董事。陳女士現時為本集團策劃及管理總監，主要負責協助本集團主席制定發展策略及本集團的業務規劃。陳女士擁有逾35年銷售、市場推廣及管理經驗。彼持有美國新澤西世紀學院工商管理碩士學位(遙距課程)及為香港工業專業評審局之院士(壓鑄及鑄造業)。彼為本集團主席李遠發先生的弟婦。

獨立非執行董事

孫啟烈教授BBS, JP，66歲，於二零零七年六月二日獲委任為本公司獨立非執行董事。彼為本公司薪酬委員會及提名委員會主席。孫教授於家居用品製造業擁有逾40年經驗。孫教授於二零零三年七月獲頒太平紳士榮譽，並於二零零六年七月獲香港特別行政區政府(「香港特區政府」)頒發銅紫荊星章。彼曾任中國人民政治協商會議深圳市、寧波市及浙江省委員逾20年。彼現時為香港工業總會名譽會長、香港出口商會名譽主席、香港優

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員(續)

Administrative Region Government (“HKSAR Government”) in July 2006. He had been a member of the Chinese People’s Political Consultative Conference of Shenzhen, Ningbo & Zhejiang Committee for over 20 years. He is currently the Honorary President of the Federation of Hong Kong Industries, Honorary Chairman of The Hong Kong Exporters’ Association, Honorary Chairman of the Hong Kong Q Mark Council, the Honorary President of the Hong Kong Plastics Manufacturers Association, Chairman of the ICAC Business Ethics Development Committee, the Supervising President of Guangdong Overseas Chinese Enterprises Association and an Adjunct Professor of the City University of Hong Kong. Professor Sun is currently an independent non-executive director of Wisdom Education International Holdings Company Limited (Stock code: 6068), which is listed on the Hong Kong Stock Exchange. He was a non-executive director of China South City Holdings Limited (Stock code: 1668) from September 2009 to July 2017; and an independent non-executive director of Ming Fai International Holdings Limited (Stock code: 3828) from July 2007 to March 2016.

Ir Dr. Lo Wai Kwok SBS, MH, JP, aged 67, was appointed as an Independent Non-executive Director of the Company on 2 June 2007. Ir Dr. Lo holds a doctoral degree in engineering, master’s degrees in engineering and in business administration respectively and a bachelor’s degree in engineering. He is a Chartered Engineer and Fellow of the Hong Kong Institute of Engineers. Ir Dr. Lo was awarded the “Young Industrial Awards of Hong Kong” and the “Ten Outstanding Young Persons Selection” in 1992, the Medal of Honour of the HKSAR Government in July 2001, and was appointed as Justice of the Peace by the HKSAR Government in July 2004. Ir Dr. Lo was also awarded the Bronze Bauhinia Star and the Silver Bauhinia Star in July 2009 and July 2015 by the HKSAR Government respectively. Ir Dr. Lo is currently a member of the Legislative Council of Hong Kong, representing the Engineering functional constituency. He has over 40 years of experience in the electronic and power supply industry and is an Adjunct Professor of the City University of Hong Kong. Ir Dr. Lo is currently an independent non-executive director of Glory Mark Hi-Tech (Holdings) Limited (Stock code: 8159) which is listed on the Hong Kong Stock Exchange.

質產品標誌局名譽主席、香港塑膠業廠商會名譽會長、廉政公署商業道德發展諮詢委員會主席、廣東省僑商投資企業協會監事長及香港城市大學兼任教授。孫教授現為香港聯交所上市之睿見教育國際控股有限公司(股份代號：6068)的獨立非執行董事。彼於二零零九年九月至二零一七年七月期間出任華南城控股有限公司(股份代號：1668)的非執行董事及二零零七年七月至二零一六年三月期間出任明輝國際控股有限公司(股份代號：3828)的獨立非執行董事。

盧偉國博士 SBS, MH, JP，67歲，於二零零七年六月二日獲委任為本公司獨立非執行董事。盧博士持有工程學博士學位、工程及工商管理碩士學位與工程學士學位，並為特許工程師及香港工程師學會資深會員。盧博士為一九九二年「香港青年工業家獎」及「十大傑出青年選舉」與二零零一年七月香港特區政府榮譽勳章的得獎者，更於二零零四年七月獲香港政府委任為太平紳士。盧博士分別於二零零九年七月及二零一五年七月獲香港特區政府頒發銅紫荊星章及銀紫荊星章。盧博士現為香港立法會議員，代表工程功能界別。彼於電子及電源供應業積累超過40年經驗及於香港城市大學出任兼任教授。盧博士現時為香港聯交所上市公司輝煌科技(控股)有限公司(股份代號：8159)的獨立非執行董事。

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員(續)

Mr. Andrew Look, aged 55, was appointed as an Independent Non-executive Director of the Company on 16 December 2009. Mr. Look holds a bachelor's degree in commerce from the University of Toronto, Canada and has over 30 years of experience in the equity investment analysis of Hong Kong and China stock markets. From 2000 to 2008, Mr. Look served in Union Bank of Switzerland ("UBS") as the head of Hong Kong research, strategy and product. He was rated as the best Hong Kong strategist and best analyst by the Asiamoney magazine, a leading monthly financial and capital markets publication for corporate and finance readers and investors, in 2001, 2002, 2003, 2005, 2006 and 2007. Mr. Look is currently an independent non-executive director of Hung Fook Tong Group Holdings Limited (Stock code: 1446), CITIC Resources Holdings Limited (Stock code: 1205) and Union Medical Healthcare Limited (Stock code: 2138), all of which are listed on the Hong Kong Stock Exchange. He was an independent non-executive director of TCL Communication Technology Holdings Limited (a company delisted on the Hong Kong Stock Exchange on 30 September 2016) from September 2010 to September 2016. He was also an independent non-executive director of Man Sang Jewellery Holdings Limited (now known as Affluent Partners Holdings Limited) (Stock code: 1466) and Cowell e Holdings Inc. (Stock code: 1415) from September 2014 to December 2016 and from April 2017 to December 2018 respectively.

Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie), aged 56, was appointed as an Independent Non-executive Director of the Company on 11 May 2015. He is the chairman of the audit committee of the Company. Mr. Kong is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants (the United Kingdom). He has accumulated over 27 years' experience in accounting, auditing, corporate finance and project administration mostly from Hong Kong listed companies and multinational business conglomerates. Mr. Kong is currently a consultant of a company providing company secretarial, risk management and financial advisory services and is an independent non-executive director of Auto Italia Holdings Limited (Stock code: 720), a company listed on the Hong Kong Stock Exchange.

陸東先生，55歲，於二零零九年十二月十六日獲委任為本公司獨立非執行董事。陸先生持有加拿大多倫多大學商科學士學位，於香港及中國股票市場資產投資分析累積逾30年經驗。由二零零零年至二零零八年，陸先生於瑞士銀行（「瑞士銀行」）出任香港研究、策略及產品部主管。陸先生曾於二零零一、二零零二、二零零三、二零零五、二零零六及二零零七年獲得《亞洲貨幣》雜誌（一本以企業及財經讀者及投資者為對象之著名財經及資本市場月刊）頒發「香港最佳策略員」及「最佳分析師」殊榮。陸先生現為香港聯交所上市公司鴻福堂集團有限公司（股份代號：1446）、中信資源控股有限公司（股份代號：1205）及香港醫思醫療集團有限公司（股份代號：2138）的獨立非執行董事。彼於二零一零年九月至二零一六年九月期間出任TCL通訊科技控股有限公司（已於二零一六年九月三十日於香港聯交所除牌）的獨立非執行董事。彼亦分別於二零一四年九月至二零一六年十二月期間及二零一七年四月至二零一八年十二月期間出任民生珠寶控股有限公司（現稱錢唐控股有限公司）（股份代號：1466）及高偉電子控股有限公司（股份代號：1415）的獨立非執行董事。

江啟銓先生（前稱江道揚），56歲，於二零一五年五月十一日獲委任為本公司獨立非執行董事。彼為本公司審核委員會主席。江先生是香港會計師公會會員及英國特許公認會計師公會資深會員。彼於香港上市公司及國際商業綜合企業累積了超過27年的會計、審計、企業融資及項目管理的經驗。江先生現時為一間提供公司秘書、風險管理與財務顧問服務之公司的顧問及香港聯交所上市公司意達利控股有限公司（股份代號：720）的獨立非執行董事。

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員(續)

SENIOR MANAGEMENT

Mr. Leung King Kwok, Godfrey SBS, aged 56, joined the Group in 2019 and is currently the Chief Executive Officer (“CEO”) of the Group. He is primarily responsible for the overall management and supervision of the execution of the overall business strategies of the Group. Mr. Leung holds a master’s degree in science (urban planning) from the University of Hong Kong and a bachelor’s degree in social sciences from the Chinese University of Hong Kong. Mr. Leung was awarded the Silver Bauhinia Star in June 2017 by the HKSAR. Prior to joining the Group, he worked as a manager in various departments within the Hong Kong Trade Development Council for over 15 years, and he was appointed as the CEO of Construction Workers Registration Authority and Director – Workers Registration of Construction Industry Council from April 2008 to December 2012 and from January 2013 to October 2013 respectively. Mr. Leung was appointed as the Under Secretary for Commerce and Economic Development of the HKSAR Government from October 2013 to June 2017.

Dr. Wan Shu Kwan, aged 62, joined the Group in 2018 and is the chief operating officer of the Group. He is primarily responsible for overall operational management and execution of business strategies of the Group. Dr. Wan holds a doctorate degree in engineering from the University of Huddersfield, the United Kingdom and has over 35 years of work experience in engineering and project management.

Mr. Lo Hin Fai, aged 57, joined the Group in 2012 and is currently the director of finance and corporate strategy of the Group. He is primarily responsible in overseeing the Group’s finance, investment, strategic development and capital market financing activities. Mr. Lo holds a M.B.A degree in finance, corporate accounting and organisation from the University of Rochester, USA. He has over 25 years of experience in banking, corporate finance and investment. Prior to joining the Group, he has served finance, investment and management functions within both financial institutions and corporate businesses, working closely with different multinational and local companies in Asia, covering mergers and acquisitions, equity and project investments.

高級管理人員

梁敬國先生SBS，56歲，於二零一九年加入本集團，現為本集團行政總裁，主要負責本集團的整體管理及監督整體業務策略的執行。梁先生持有香港大學理學碩士學位(城市規劃)及香港中文大學社會科學學士學位。梁先生於二零一七年六月獲香港特區政府授予銀紫荊星章(SBS)。加入本集團前，彼曾擔任香港貿易發展局不同部門之經理超過15年，並分別於二零零八年四月至二零一二年十二月及二零一三年一月至二零一三年十月獲委任為建造業工人註冊管理局行政總裁以及建造業議會工人註冊總監。梁先生於二零一三年十月至二零一七年六月獲委任為香港特別行政區政府商務及經濟發展局副局長。

溫樹坤博士，62歲，於二零一八年加入本集團，為本集團營運總裁，主要負責本集團的整體營運及執行集團的業務策略。溫博士持有英國哈德斯菲爾德大學工程學博士學位，並在工程及項目管理方面累積逾35年經驗。

羅顯輝先生，57歲，於二零一二年加入本集團，現為本集團財務及企業策略總監，主要負責監督集團財務、投資、策略發展及資本市場融資事宜。羅先生持有美國羅徹斯特大學工商管理碩士(財務、企業會計及組織)學位，在銀行、企業財務及投資範疇累積超過25年經驗。加入本集團前，彼曾於金融機構和企業專事財務、投資及管理工作，在亞洲與不同的跨國公司及當地企業緊密協作，涵蓋合併收購、股權及項目投資。

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員(續)

Ir Mr. Chan Sin Wing, aged 47, joined the Group in 2004 and is the director of enterprise development of the Group. He is primarily responsible for overseeing the research and development as well as new business development of the Group. Mr. Chan holds a master degree in industrial engineering and industrial management and a bachelor degree in engineering from the University of Hong Kong. He is currently a Fellow of the Hong Kong Institution of Engineers. Prior to joining the Group, he worked as a senior consultant of the Hong Kong Productivity Council for over 9 years.

Mr. Chan Man Fu, aged 48, joined the Group in 2016 and is currently the financial controller of the Company. Prior to joining the Company, Mr. Chan has held senior financial positions in different listed companies in Hong Kong and has over 20 years of experience in the areas of audit, finance and treasury management. He holds a master's degree in business administration from the Hong Kong Baptist University and is a member of the Hong Kong Institute of Certified Public Accountants.

Ir Mr. Lee Kwok Keung, aged 57, has joined the Group since 2019 and is the chief technology officer of the Group. He is primarily responsible for overseeing the technological research and development of the Group. Mr. Lee holds a master's degree in industrial engineering and a bachelor's degree in mechanical engineering from the University of Hong Kong. He is a Chartered Engineer, a Fellow of the Hong Kong Institution of Engineers and the Institution of Mechanical Engineers, the United Kingdom. Prior to joining the Group, Mr. Lee had worked in the Hong Kong Productivity Council for almost 27 years with the last seven years being the General Manager in Smart Manufacturing Division. He has total over 34 years of experience in engineering and manufacturing technology.

陳善榮先生，47歲，於二零零四年加入本集團，為本集團企業拓展總監，主要負責監督本集團的研發工作及新業務發展。陳先生持有香港大學工業工程及工業管理碩士學位和工程學士學位。彼現時為香港工程師學會資深會員。加入本集團前，陳先生曾任香港生產力促進局高級顧問逾九年。

陳文賦先生，48歲，於二零一六年加入本集團，現為本集團之財務總監。於加入本公司前，陳先生曾於多間香港上市公司擔任高級財務職位及於審計、財務與財資管理範疇擁有超過20年經驗。彼持有香港浸會大學工商管理碩士學位及為香港會計師公會會員。

李國強先生，57歲，於二零一九年加入本集團，為本集團技術總監。彼主要負責監督本集團的技術研發工作。李先生持有香港大學工業工程碩士學位和機械工程學士學位。彼為特許工程師、香港工程師學會及英國機械工程師學會資深會員。加入本集團前，李先生曾於香港生產力促進局工作接近二十七年，最後七年任智能製造技術部總經理。李先生於工程及製造技術領域擁有超過三十四年經驗。

The board of directors of the Company (the "Board") have the pleasure in submitting its report together with the audited consolidated financial statements of Ka Shui International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture and sale of zinc, magnesium and aluminium alloy die casting and plastic injection products and components, which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products, automotive parts and precision components and trading of lighting products and housewares. The principal activities of the subsidiaries are set out in note 20 to the financial statements.

BUSINESS REVIEW

A fair review of the business of the Group, together with a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Group that had occurred since the end of the financial year 2019, as well as indication of likely future developments in the business of the Group are set out in the sections "Business Review" on pages 13 to 14, "Principal Risks and Uncertainties facing the Company" on page 57 and "Prospects" on pages 14 to 18 of this report respectively. An analysis using financial key performance indicators is set out in the sections "Segment Information" on pages 200 to 204 and "Five-Year Financial Summary" on page 268 in this report.

As an innovative high-tech enterprise, the Group is committed to offering one-stop solutions and professional services to meet the various needs of our customers, while building an environmentally-friendly corporation that pays close attention to conserving natural resources. The management will review the Group's environmental practices from time to time and will consider implementing further ecology friendly measures and practices in the operation to enhance environmental protection and sustainability.

本公司董事會（「董事會」）欣然提呈嘉瑞國際控股有限公司（「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之董事會報告及經審核綜合財務報表。

主要業務

本集團以生產及銷售鋅、鎂及鋁合金壓鑄、塑膠注塑產品及零部件，主要售予從事家居用品、3C（通訊、電腦及消費者電子）產品、汽車零部件及精密部件的客戶及照明產品及家居器皿貿易為主。附屬公司之主要業務載於財務報表附註20。

業務回顧

本集團中肯業務回顧，連同本公司所面對主要風險及不明朗因素之描述、自二零一九年財政年度終結後發生並對本集團有影響之重大事項以及本集團業務日後可能出現之發展，分別載於本年報第13至14頁之「業務回顧」、第57頁之「本公司所面對主要風險及不明朗因素」及第14至18頁之「展望」內。使用關鍵財務績效指標作出之分析載於本年報第200至204頁之「分部資料」及第268頁之「五年財務概要」內。

作為創新及高科技企業，本集團致力提供一站式解決方案及專業服務以迎合我們客戶之不同需求，同時關注保護自然資源以創建環保型的工作環境。管理層將不時檢討本集團的環保常規，並將考慮在營運中進一步實施對環境有益的措施及常規，以促進環境保護及可持續發展。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

During the year, as far as the Board is aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

The Board recognises that our employees are valuable assets contributing to the Group's future success. The Group provides competitive remuneration package to attract, motivate and retain our employees. The Board also regularly reviews the remuneration package of our employees and makes necessary adjustments to conform to the prevailing market practices. The Board also recognises that maintaining good relationships with our customers and suppliers is vital to achieve the Group's long-term goals.

Detailed discussions on the environmental policies and performance, compliance with the relevant local laws and regulations that have a significant impact on the Group and the account of the key relationships of the Group with employees, customers and suppliers are set out in the section headed "Environmental, Social and Governance Report" on pages 61 to 95 of this annual report.

EMOLUMENT POLICY AND RETIREMENT BENEFITS SCHEME

The Group's emolument policy, including salaries and bonuses, is in line with the local practices where the Company and its subsidiaries operate. The Group has also adopted a share option scheme and share award scheme as incentive and reward for those qualifying staff who have made contribution to the Group. The Remuneration Committee of the Company makes recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management. It also reviews and determines the terms of remuneration packages, the award of bonuses and other compensation payable to directors and senior management of the Group, having regard to the Group's financial performance, individual performance and comparable market statistics.

年內，就董事會所知，本集團並無重大違反適用法律及法規，而對本集團業務及營運造成重大影響。

董事會認同僱員為貢獻本集團日後成功的無價資產。本集團提供具競爭力的薪酬待遇，以吸引、激勵及留聘僱員。董事會亦定期審閱僱員的薪酬待遇，並按現時市場慣例進行必要調整。本集團亦重視與客戶及供應商維持良好關係，認為此對達成本集團之長遠目標而言至關重要。

有關環境政策及表現之詳細討論、對本集團構成重大影響之地方相關法律法規之遵守情況及本集團與僱員、客戶及供應商之主要關係之詳細論述載於本年報第61至95頁之「環境、社會及管治報告」一節。

薪酬政策及退休福利計劃

本集團之薪酬政策(包括薪金及花紅)合符本公司及其附屬公司經營當地之一般慣例。本集團亦已採納購股權計劃及股份獎勵計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。本公司之薪酬委員會就本公司董事及高級管理人員之薪酬政策及架構向董事會推薦意見，並經考慮本集團之財務表現、個人表現及可供比較之市場數據資料，以審閱及釐定本集團董事及高級管理人員之薪酬待遇、花紅獎賞及其他報酬。

The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees (including the executive directors of the Company) in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules of the MPF Scheme. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. No forfeited contribution is available to reduce the contribution payable under the above schemes.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 103.

FINAL DIVIDEND

The Board had recommended the payment of a final dividend of HK2.0 cents per share for the year ended 31 December 2019 to the shareholders whose names appear on the register of members of the Company on Thursday, 18 June 2020. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on Monday, 8 June 2020, the final dividend will be paid on or about Friday, 26 June 2020.

The register of members of the Company will be closed from Wednesday, 3 June 2020 to Monday, 8 June 2020, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 June 2020.

本集團為所有香港僱員(包括本公司之執行董事)參與強制性公積金計劃(「強積金計劃」)。強積金計劃是根據強制性公積金計劃條例向強制性公積金計劃管理局登記。根據強積金計劃，僱主及僱員在強積金計劃下都須作相應數額之供款，供款率為強積金計劃之規則而規定。本公司於中國成立之附屬公司為由中國政府營運之國營退休計劃之成員。該等附屬公司需按薪酬成本之一定比率貢獻至該退休計劃。並無已沒收的供款可用以削減須根據上述計劃支付的供款。

業績及分派

本集團於年內之業績載於第103頁之綜合損益表內。

末期股息

董事會已建議向於二零二零年六月十八日(星期四)名列本公司股東名冊之股東派付截至二零一九年十二月三十一日止年度之末期股息每股2.0港仙。待本公司股東在二零二零年六月八日(星期一)舉行之應屆股東週年大會批准後，末期股息將於二零二零年六月二十六日(星期五)或前後派付。

本公司將於二零二零年六月三日(星期三)至二零二零年六月八日(星期一)(包括首尾兩日)暫停辦理股份過戶登記手續，於此期間將不會辦理股份過戶登記。為符合資格出席應屆股東週年大會並於會上投票，所有股份過戶文件連同有關股票及過戶表格須於二零二零年六月二日(星期二)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司辦理登記手續，地址為香港灣仔皇后大道東183號合和中心17M樓。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

The register of members will be closed from Monday, 15 June 2020 to Thursday, 18 June 2020, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 June 2020.

RESERVES

Movements in reserves during the year are set out in the consolidated statement of changes in equity on page 107.

As at 31 December 2019, the Company's reserve available for distribution amounted to approximately HK\$215,977,000 (2018: HK\$248,451,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of the Group's major customers and suppliers attributable to the Group's total sales was as follows:

Sales	
— the largest customer	36.1%
— five largest customers combined	76.8%
Purchase	
— the largest supplier	10.2%
— five largest suppliers combined	33.4%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the Group's five largest customers and suppliers.

本公司將於二零二零年六月十五日(星期一)至二零二零年六月十八日(星期四)(包括首尾兩日)暫停辦理股份過戶登記手續,於此期間將不會辦理股份過戶登記。為符合資格獲派末期股息,所有股份過戶文件連同有關股票及過戶表格須於二零二零年六月十二日(星期五)下午四時三十分前送交本公司之香港股份過戶登記分處香港中央證券登記有限公司辦理登記手續,地址為香港灣仔皇后大道東183號合和中心17M樓。

儲備

本年度內,儲備之變動情況載於第107頁之綜合權益變動表。

於二零一九年十二月三十一日,本公司之可供分派儲備約為215,977,000港元(二零一八年:248,451,000港元)。

物業、機器及設備

本集團物業、機器及設備於本年度內之變動詳情載於綜合財務報表附註19。

主要客戶及供應商

於本年度內,本集團之主要客戶及供應商應佔總營業額之百分比如下:

銷售	
— 最大客戶	36.1%
— 五大客戶合計	76.8%
採購	
— 最大供應商	10.2%
— 五大供應商合計	33.4%

概無任何本公司董事、聯繫人士或據董事所知擁有本公司股本5%以上權益之任何股東於本集團首五大客戶及供應商擁有權益。

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years ended 31 December 2019 and assets and liabilities of the Group as at 31 December 2015, 2016, 2017, 2018 and 2019 are set out on page 268.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in note 34 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme and share award scheme described below, the Group has not entered into any equity-linked agreements during the year.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$55,000 (2018: HK\$185,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF AND EXEMPTION

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

財務概要

本集團於截至二零一九年十二月三十一日止過往五個財政年度之業績以及本集團於二零一五年、二零一六年、二零一七年、二零一八年及二零一九年十二月三十一日之資產及負債的概要載於第268頁。

股本

本公司之股本於本年度內之變動詳載於財務報表附註34。

股票掛鈎協議

除下文所述之購股權計劃及股份獎勵計劃外，本集團於年內並無訂立任何股票掛鈎協議。

捐款

於本年度，本集團作出之慈善及其他捐款合共約為55,000港元(二零一八年：185,000港元)。

股份優先購買權

本公司之組織章程細則及開曼群島之公司法中並無股份優先購買權之條文，規定本公司必須按比例發售新股予現有股東。

稅項減免

就本公司所知，概無本公司股東因持有本公司證券而獲得任何稅務減免。

購買、出售或贖回本公司之上市證券

於本年度內，本公司及其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

THE BOARD

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Lee Yuen Fat ("Mr. Lee") (*Chairman*)
(stepped down as Chief Executive Officer with effect from 23 July 2019)

Mr. Wong Wing Chuen (*Vice Chairman*)

Ms. Chan So Wah
(appointed with effect from 1 April 2019)

Independent non-executive directors

Professor Sun Kai Lit, Cliff BBS, JP

Ir Dr. Lo Wai Kwok SBS, MH, JP

Mr. Andrew Look

Mr. Kong Kai Chuen, Frankie
(formerly known as Kong To Yeung, Frankie)

The biographical details of the directors are set out on pages 21 to 26 of this annual report.

During the year under review, no director resigned from his office or refused to stand for re-election to his office due to reasons relating to the affairs of the Company.

In accordance with the Company's Articles of Association, Mr. Lee, Mr. Wong Wing Chuen and Mr. Kong Kai Chuen, Frankie will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors is currently in force and was in force throughout the financial year.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the directors of the Group.

董事會

於本年度內及截至本報告日期止，本公司之董事為：

執行董事

李遠發先生(「李先生」)(主席)
(退任行政總裁於二零一九年七月二十三日起生效)

黃永銓先生(副主席)

陳素華女士
(委任於二零一九年四月一日生效)

獨立非執行董事

孫啟烈教授BBS, JP

盧偉國博士SBS, MH, JP

陸東先生

江啟銓先生
(前稱江道揚)

董事之履歷詳情載列於本年報之第21至第26頁。

於回顧年度內，概無董事因本公司事務相關的理由辭職或拒絕參選連任。

根據本公司組織章程細則，李先生、黃永銓先生及江啟銓先生於即將舉行之股東週年大會上退任，惟彼等均符合資格並願意膺選連任。

獲准許之彌償條文

為董事訂立之獲准許彌償條文於整個財政年度一直生效且現時正在生效。

本公司於年內辦理董事責任保險及續保有關保險，為本集團董事提供適當保障。

DIRECTORS' SERVICE CONTRACTS

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There were no transactions, arrangements or contracts of significance (inclusive of provision of services to the Company or any of its subsidiaries), to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a director and the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

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

董事之服務合約

擬於即將召開之股東週年大會上膺選連任之董事，概無與本公司訂立本集團不可於一年內毋須賠償（法定補償除外）而終止之服務合約。

董事及控股股東於重大交易、安排或合約之權益

本公司、其控股公司、其任何附屬公司或同系附屬公司概無參與訂立本公司董事及控股股東直接或間接擁有重大權益，而於年內或年終仍屬有效之重大交易、安排或合約（包括向本公司或其任何附屬公司提供服務）。

管理合約

本年度內，本公司並無訂立或進行任何與本公司全部或重要業務有關之管理及行政合約。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Board reported the following details of loan facilities which exist at any time during the year ended 31 December 2019 and up to the date of this report and include covenants requiring specific performance obligations of the controlling shareholder of the Company.

- (i) On 21 December 2018, Ka Shui Manufactory Co., Limited (the "Borrower"), the indirect wholly owned subsidiary of the Company, entered into a facility agreement with a bank, under which a term loan facility for an aggregate amount of up to HK\$100 million was extended to the Borrower (the "2018 Facility Agreement"). Any draw-down of the loan under the said facility would be repayable by eight quarterly instalments commencing the 15th month after its own draw-down date. The Borrower may drawdown the 2018 Facility Agreement for a period of 18 months from the date of the Facility Agreement. The 2018 Facility Agreement contains a specific performance obligation that Mr. Lee, a controlling shareholder (as defined in the Listing Rules) and an executive director of the Company, shall at all times beneficially own (whether directly or indirectly) not less than 50% of the shareholding and equity interest in the Borrower and the Company and maintain management control over both the Borrower and the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the 2018 Facility Agreement. If an event of default under the 2018 Facility Agreement occurs and is not remedied in accordance with the terms of the Facility Agreement, the bank may (among other things) cancel its further commitments under Facility Agreement, and/or declare that all or part of the loans together with accrued interests under the 2018 Facility Agreement would become immediately due and payable.

根據上市規則第13.21條之披露

根據上市規則第13.21條之規定，董事會匯報下列於截至二零一九年十二月三十一日止年度及截至本報告日期止任何時間存在並附帶對本公司控股股東施加特定履約責任契諾之貸款融資詳情。

- (i) 於二零一八年十二月二十一日，本公司之間接全資附屬公司嘉瑞製品有限公司（「借方」）與一間銀行訂立一份融資協議（「2018 融資協議」）。根據此融資協議，借方取得定期貸款融資金額達100,000,000港元。按此融資之任何提取貸款將由各自提取日期起計第15個月開始分八期按季償還。借方可以訂立2018融資協議的18個月期限內提取貸款。2018融資協議載有對本公司控股股東（定義見上市規則）及執行董事李先生須履行之特定責任，李先生須於任何時候於借方及本公司實益擁有（無論直接或間接）不低於50%之股權和權益及維持於借方和本公司之管理控制權。違反上述須履行之特定責任將構成2018融資協議項下之違約事件。若2018融資協議項下之違約事件出現及未有根據2018融資協議的條款予以補救，銀行可根據2018融資協議（其中包括）取消其作出的進一步承諾，及／或宣布全部或部分貸款連同2018融資協議項下的應計利息將隨即到期支付。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

(ii) On 22 September 2017, the Borrower entered into the facility agreement with a bank comprising the following facilities up to an overall limit of HK\$160 million to the Borrower (the "First Facility Agreement"). On 30 November 2018, the Borrower and the bank agreed to revise the First Facility Agreement (the "Revised First Facility Agreement"). Under the Revised First Facility Agreement:

- (a) Trade related facility and revolving loan facility up to an aggregate maximum amount of HK\$80 million, with a sub-limit of (i) HK\$20 million for the revolving loan facility; (ii) HK\$40 million for the aggregate outstanding amount for the utilisation of import invoice financing by PRC value added tax invoices; (iii) HK\$10 million for the aggregate outstanding amount of letter of guarantee/standby letter of credit; and (iv) a treasury credit limit up to HK\$5 million for the purpose of hedging the Borrower's foreign exchange rate, shall be made available. The life of these facilities are not specified, but is subject to the bank's overriding right of repayment on demand; and
- (b) Term loan facility of HK\$40 million remains unchanged. The purpose of the 2nd TL Facility is to finance the Group's working capital expenditures with a loan period of 36 months from the date of the 2nd TL Facility being made available.

The Revised First Facility Agreement contains a specific performance obligation that Mr. Lee, a controlling shareholder (as defined in the Listing Rules) and an executive director of the Company, shall remain as the single largest shareholder of the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the Revised First Facility Agreement. If an event of default under the Revised First Facility Agreement occurs, liabilities payable under the Revised First Facility Agreement and the relevant security documents shall become immediately due and payable.

(ii) 於二零一七年九月二十二日，借方與一間銀行訂立融資協議，當中包括下列向借方提供整體限額為160,000,000港元之融資（「第一份融資協議」）。於二零一八年十一月三十日，借方與該銀行同意修訂第一份融資協議（「經修訂第一份融資協議」）。根據經修訂第一份融資協議：

- (a) 貿易相關融資及循環貸款融資總額最高為80,000,000港元，另有以下列次限額：(i) 20,000,000港元為循環貸款融資；(ii) 使用以中國增值稅發票作為進口發票融資之未償還總額40,000,000港元；(iii) 保證函／備用信用證之未償還總額10,000,000港元；及(iv) 為對沖借方的外匯匯率而提供的最高達5,000,000港元的資金交易信貸限額。該等融資並無特定期限，惟銀行有權要求隨時償還；及
- (b) 定期貸款融資40,000,000港元維持不變。第二項定期貸款融資之目的是為本集團營運資本支出提供資金，貸款期限由取得第二項定期貸款融資日期起計為期36個月。

經修訂第一份融資協議載有須履行之特定責任，規定本公司控股股東（定義見上市規則）及執行董事李先生須繼續為本公司之單一最大股東。違反上述特定責任將構成經修訂第一份融資協議項下之違約事件。如經修訂第一份融資協議違約事件出現，經修訂第一份融資協議及相關擔保文件項下之應付貸款隨即到期支付。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

(iii) On 2 January 2015, the Borrower entered into the facility agreement with a bank to finance the Group's capital expenditures for a term loan facility up to HK\$150 million consisting of two tranches, both repayable by sixteen equal quarterly instalments commencing the 15th month after the first utilisation date. The facility agreement contains a specific performance obligation that Mr. Lee must at all times maintain substantial shareholdings (directly or indirectly) interest in the Borrower. A breach of the aforesaid specific performance obligation will constitute an event of default under the facility agreement. If an event of default under the facility agreement occurs, the bank may terminate the facility agreement and liabilities payable under the facility agreement and the relevant security documents shall become immediately due and payable.

(iv) On 20 June 2017, the Borrower entered into the facility agreement with a bank to finance its working capital for a term loan facility up to HK\$130 million repayable by 36 months after the first utilisation date. The facility agreement contains a specific performance obligation that Mr. Lee (including shares under his family trust) must maintain as the major shareholder (with at least 50% shareholding) of the Company. A breach of the aforesaid specific performance obligation will constitute an event of default under the facility agreement. If an event of default under the facility agreement occurs, the bank may terminate the facility agreement and liabilities payable under the facility agreement and the relevant security documents shall become immediately due and payable.

Save as disclosed above, the directors are not aware of any circumstances which would give rise to a disclosure obligation pursuant to the requirements under Rule 13.18 of the Listing Rules as at 31 December 2019 and as at the date of this report.

(iii) 於二零一五年一月二日，借方與一間銀行訂立融資協議，取得定期貸款融資達至150,000,000港元，就本集團之資本支出提供資金。有關融資包括兩期，均由首次提取日期起計第15個月開始分十六期按季等額償還。融資協議載有須履行之特定責任，規定李先生須於任何時候維持於借方之主要控股權益(直接或間接)。違反上述特定責任將構成融資協議項下之違約事件。如融資協議違約事件出現，銀行可終止融資協議，而融資協議及相關擔保文件項下之應付貸款隨即到期支付。

(iv) 於二零一七年六月二十日，借方與一間銀行訂立融資協議，取得定期貸款融資金額達至130,000,000港元，就其營運資金提供資金。有關融資須於首次提取日期起計36個月內償還。融資協議載有須履行之特定責任，規定李先生(包括其家族信託下之股份)須維持成為本公司之主要股東(即持股量為50%或以上)。違反上述特定責任將構成融資協議項下之違約事件。如融資協議違約事件出現，銀行可終止融資協議，而融資協議及相關擔保文件項下之應付貸款隨即到期支付。

除上文披露者外，於二零一九年十二月三十一日及於本報告日期，董事並不知悉有任何其他事項須根據上市規則第13.18條之規定作出披露。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the directors and the top five highest paid individuals of the Group are set out in notes 15 and 16 to the consolidated financial statements.

董事及五名最高薪酬人士之薪酬

本集團董事及五名最高薪酬人士之薪酬詳情載於綜合財務報表附註15及16。

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

As at 31 December 2019, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 to 9 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing on Securities on the Stock Exchange (the "Listing Rules") were as follows:

董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零一九年十二月三十一日，本公司董事及主要行政人員，於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7至第9分部須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及短倉（包括根據證券及期貨條例該等條文被當作或被視為擁有之任何權益及短倉）；或根據證券及期貨條例第352條須記錄在該條所述登記冊之權益及短倉；或根據聯交所證券上市規則（「上市規則」）上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及短倉如下：

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Long Positions in the Shares

股份之長倉

Name	Capacity	Number of Shares	Approximate percentage of interest in the Company
名稱	身份	股份數目	佔本公司權益概約百分比

Executive Directors

執行董事

Mr. Lee 李先生	Interest in controlled company ⁽¹⁾ 受控制公司權益 ⁽¹⁾	480,000,000	53.71%
	Founder of a discretionary trust ⁽²⁾ 全權信託之創立人 ⁽²⁾	127,980,000	14.32%
Mr. Wong Wing Chuen 黃永銓先生	Beneficial owner 實益擁有人	11,050,000	1.24%

Independent Non-Executive Directors

獨立非執行董事

Mr. Andrew Look 陸東先生	Beneficial owner 實益擁有人	8,800,000	0.98%
Ir Dr. Lo Wai Kwok SBS, MH, JP 盧偉國博士SBS, MH, JP	Beneficial owner 實益擁有人	1,000,000	0.11%

Notes:

- Mr. Lee holds the entire issued share capital of Precisefull Limited ("Precisefull"). As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
- The 127,980,000 shares, in which 77,980,000 shares and 50,000,000 shares are held by Beautiful Crystal Development Limited ("Beautiful Crystal") and Beautiful Colour Assets Limited ("Beautiful Colour") respectively (both companies are wholly-owned by YF Lee Family Trust). YF Lee Family Trust is a discretionary trust set up by Mr. Lee as settlor and UBS TC (Jersey) Limited ("UBS TC") as trustee on 20 February 2014. The discretionary objects are family members of Mr. Lee. Mr. Lee is the settlor of YF Lee Family Trust and is deemed to be interested in the 127,980,000 shares held by Beautiful Crystal and Beautiful Colour under the SFO.

附註:

- 李先生持有Precisefull Limited (「Precisefull」)全部已發行股本。因此，李先生被視為擁有Precisefull的控制性權益，並因此而被視為擁有Precisefull於本公司所持有之權益。
- 該127,980,000股股份分別由 Beautiful Crystal Development Limited (「Beautiful Crystal」)及Beautiful Colour Assets Limited (「Beautiful Colour」)持有77,980,000及50,000,000股股份，此等公司由YF Lee Family Trust全資擁有。YF Lee Family Trust乃由李先生作為信託委託人及UBS TC (Jersey) Limited (「UBS TC」)作為受託人於二零一四年二月二十日成立之全權信託，其受益對象為李先生之家族成員。李先生作為YF Lee Family Trust之信託委託人，根據證券及期貨條例，彼被視為於Beautiful Crystal及Beautiful Colour所持有之127,980,000股股份中擁有權益。

Save as disclosed above, as at 31 December 2019, none of the directors and chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 to 9 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code in the Listing Rules. In addition, save as disclosed above, at no time during the year ended 31 December 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the following persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 to 5 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

除上文所披露者外，於二零一九年十二月三十一日，概無本公司董事及主要行政人員於本公司及其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有任何根據證券及期貨條例第XV部第7至第9分部須知會本公司及聯交所之權益或短倉（包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益及短倉）；或根據證券及期貨條例第352條須記錄於該條所述之登記冊之權益及短倉；或根據標準守則須知會本公司及聯交所之權益及短倉。此外，除上述披露外，本公司或其任何附屬公司於截至二零一九年十二月三十一日止整年內概無訂立任何安排，令本公司董事或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他法團之股份或債權證而獲益。

主要股東於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零一九年十二月三十一日，下列人士（本公司董事或主要行政人員除外）於本公司股份或相關股份中，擁有根據證券及期貨條例第XV部第2至第5分部須向本公司披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上之權益或短倉，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉：

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Long Positions in the Shares

股份之長倉

Name	Capacity	Number of Shares	Approximate percentage of interest in the Company
名稱	身份	股份數目	佔本公司權益 概約百分比
Precisefull	Beneficial owner ⁽¹⁾ 實益擁有人 ⁽¹⁾	480,000,000	53.71%
Beautiful Crystal	Beneficial owner ⁽²⁾ 實益擁有人 ⁽²⁾	77,980,000	8.73%
Beautiful Colour	Beneficial owner ⁽²⁾ 實益擁有人 ⁽²⁾	50,000,000	5.59%
UBS TC	Trustee ⁽²⁾ 受託人 ⁽²⁾	127,980,000	14.32%

Notes:

1. Mr. Lee holds the entire issued share capital of Precisefull. As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
2. 77,980,000 shares and 50,000,000 shares are held by Beautiful Crystal and Beautiful Colour respectively (both companies are wholly owned by YF Lee Family Trust). The YF Lee Family Trust is a discretionary trust set up by Mr. Lee as settlor and UBS TC as trustee on 20 February 2014.

Save as disclosed above, at no time during the year, the directors and the chief executive of the Company were aware of any other persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 to 5 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

附註:

1. 李先生持有Precisefull全部已發行股本。因此，李先生被視為擁有Precisefull的控制性權益，並因此視為擁有Precisefull所持有的本公司權益。
2. Beautiful Crystal及Beautiful Colour分別持有77,980,000及50,000,000股股份，此等公司由YF Lee Family Trust全資擁有。YF Lee Family Trust乃由李先生作為信託委託人及UBS TC作為受託人於二零一四年二月二十日成立之全權信託。

除上文所披露者外，於本年度內，本公司董事及主要行政人員並不知悉任何其他人士（本公司董事或主要行政人員除外）於本公司之股份及相關股份中擁有須根據證券及期貨條例第XV部第2至第5分部披露之權益或短倉，或直接及間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上權益，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉。

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 19 May 2017.

The purpose of the Share Option Scheme is to provide incentives and rewards to selected eligible persons for their contributions to the Group. The Share Option Scheme will remain valid until 18 May 2027 and each option will be granted at a consideration of HK\$10.

The participants of the Share Option Scheme may include directors, employees, consultants, professionals, customers, suppliers, agents, partners, advisors and contractors of the Group or a company in which the Group holds an interest or a subsidiary of such company.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and under any other share option scheme(s) adopted by the Company must not in aggregate exceed 10% of the shares in issue as at the date of approval of the Share Option Scheme. In addition, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes involving the issue or grant of share options by the Company must not, in aggregate, exceed 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options already granted or to be granted to each participant under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised and outstanding share options) in any 12-month period up to and including the date of such grant should not exceed 1% aggregate of the shares in issue as at the date of such grant. Any grant of further options above this 1% limit shall be subject to approval of the shareholders of the Company at general meetings, with such participant and his associates abstaining from voting.

購股權計劃

於二零一七年五月十九日舉行的本公司股東週年大會上，本公司股東以普通決議案方式採納購股權計劃（「購股權計劃」）。

股權計劃旨在向選定人士提供作為彼等對本集團所作出貢獻之獎勵或獎賞。購股權計劃將一直有效至二零二七年五月十八日及每一購股權將以代價10港元授出。

購股權計劃之參與者包括本集團或本集團持有權益公司或該公司的附屬公司之董事、僱員、顧問、專業人士、客戶、供應商、代理商、合作伙伴、諮詢人及承辦商。

根據購股權計劃及本公司所採納之其他購股權計劃將予授出之購股權獲悉數行使時可能發行之股份數目，最高不得超過批准新購股權計劃當日已發行股份之10%。此外，根據購股權計劃及任何涉及發行或授出本公司購股權的購股權計劃已授出但尚未行使或將予行使之購股權獲行使時可能發行之股份數目，合共不得超過本公司不時已發行股本之30%。

根據購股權計劃及本公司所採納之其他購股權計劃向各參與者已授出或將予授出之購股權（包括已行使及尚未行使之購股權）獲行使而於任何12個月期間（包括授予當日）已發行及將予發行之股份總數，不得超過授出日期已發行股份總數之1%。任何進一步授予超過1%上限之購股權必須於股東大會上獲股東批准，而有關參與者及其聯繫人士須放棄投票。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

The total number of shares in respect of which options may be granted under the Share Option Scheme shall be 89,376,140 shares, representing 10.0% of the issued share capital of the Company as at the date of this annual report.

The period within which the options must be exercised will be specified by the Board at the time of the offer of grant, and must expire no later than 10 years from the date of grant. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

The subscription price for any share under the Share Option Scheme will be a price determined by the Board and will be not less than the highest of:

- (i) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day;
- (ii) an amount equivalent to the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and
- (iii) the nominal value of a share on the date of the grant.

There were no options granted under the Share Option Scheme since its adoption on 19 May 2017.

根據購股權計劃可能授出的購股權所涉及的股份總數為89,376,140股，相當於本年報日期本公司已發行股本10.0%。

董事會將於授出購股權要約時指明購股權須予行使的期限，必須不遲於購股權授出起計十年。購股權計劃之條款下並無有關必須持有購股權之最短期限或可行使購股權而必須達到之表現目標之一般規定。

購股權計劃項下股份的認購價將由董事會決定，惟該價格不得低於以下最高者：

- (i) 授出有關購股權日期(須為營業日)聯交所每日報價表所列股份收市價；
- (ii) 緊接授出有關購股權日期前五個營業日聯交所每日報價表所列股份平均收市價；及
- (iii) 授出日期股份之面值。

自購股權計劃於二零一七年五月十九日獲採納以來，並無授出購股權。

SHARE AWARD SCHEME

On 10 January 2013 (the "Adoption Date"), the Board adopted a share award scheme (the "Share Award Scheme") under which the shares of the Company (the "Awarded Shares") may be awarded to selected persons to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The Share Award Scheme will be valid and effective for a term of ten years commencing on the Adoption Date until 9 January 2023.

The participants of the Share Award Scheme may include executives, officers, employees, directors of the Company or any of its subsidiary, any business or joint venture partner, investor, consultant, adviser or agent of any member of the Group.

The Share Award Scheme shall be subject to the administration of the Administration Committee in accordance with the rules of the Share Award Scheme and the terms of the Trust Deed.

Pursuant to the Share Award Scheme, the Board shall select the eligible persons for participation in the Share Award Scheme and determine the number of shares to be awarded. Shares will be acquired by an independent trustee at the cost of the Company or shares will be allotted to the independent trustee under the general mandate granted or to be granted by the shareholders of the Company at general meetings from time to time and be held in trust for the awarded persons until the end of each vesting period. Vested shares will be transferred at no cost to the awarded persons.

Where any Awarded Shares are proposed to be offered to a connected person of the Company (as defined under Chapter 14A of the Listing Rules), such offer of Awarded Shares has to be first approved by the independent non-executive directors of the Company and the Company will comply with the applicable requirements of Chapter 14A of the Listing Rules in respect of such offer (including but not limited to the obtaining of independent Shareholders' approval if necessary).

股份獎勵計劃

於二零一三年一月十日(「採納日期」)，董事會採納股份獎勵計劃(「股份獎勵計劃」)。據此，本公司股份(「獎勵股份」)可授予經甄選人士以表彰本集團若干僱員及人士之貢獻，並給予獎勵以挽留該等僱員及人士為本集團之持續經營和發展而努力，亦為本集團進一步發展吸引合適之人才。股份獎勵計劃將由採納日期起生效，有效期為十年至二零二三年一月九日。

股份獎勵計劃之參與者包括本公司或其任何附屬公司之行政人員、高級職員、僱員、董事、本集團之任何業務或合營夥伴、投資者、顧問、諮詢人或代理。

股份獎勵計劃會依據股份獎勵計劃之規則及信託契據之條款，由行政管理委員會管理。

根據股份獎勵計劃，董事會將甄選合資格人士參與股份獎勵計劃，並釐定予以獎勵股份之數目。股份將由獨立受託人購入，成本由本公司支付，或股份將根據於股東大會上不時由本公司股東授予或將授予的一般授權分配予獨立受託人，並以信託方式為獲獎勵人士持有，直至各歸屬期完結止。歸屬股份將無償轉讓予獲獎勵人士。

倘擬向本公司之關連人士(定義見上市規則第14A章)授予任何獎勵股份，該授予獎勵股份之建議須事先經本公司獨立非執行董事批准，且本公司將就有關建議遵守上市規則第14A章之適用規定(包括但不限於在需要時取得獨立股東批准)。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

Based on the 890,435,400 Shares in issue as at the adoption date, the maximum number of Awarded Shares under the Share Award Scheme would be 44,521,770 shares and the maximum number of shares which may be awarded to an awarded person under the Share Award Scheme would be 8,904,354 shares.

For the year ended 31 December 2019, no Awarded Share was granted pursuant to the Share Award Scheme.

COMPETING BUSINESS

None of the directors of the Company had any interest in any competing business with the Company or any of its subsidiaries during the year under review. Each of Mr. Lee and Precisefull (the controlling shareholders (within the meaning of the Listing Rules) of the Company) has provided a written confirmation, which has been reviewed and confirmed by the independent non-executive directors of the Company, confirming that they have complied with the terms of a Deed of Non-competition entered into between them and the Company for the year ended 31 December 2019.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions are set out in note 41 to the consolidated financial statements. Save for the purchase of machinery and machinery parts from and maintenance cost to a related company, Chit Shun Machinery Limited, in prior years, the related party transactions set out therein do not fall within the definition of connected transactions under Chapter 14A of the Listing Rules.

根據於採納日期已發行890,435,400股股份計算，股份獎勵計劃可授出之獎勵股份數目上限為44,521,770股股份及股份獎勵計劃可獎勵予每名獲獎勵人士之股份數目上限為8,904,354股股份。

於截至二零一九年十二月三十一日止年度，概無按股份獎勵計劃授出獎勵股份。

競爭業務

於回顧年度，本公司董事概無於與本公司或其任何附屬公司競爭的任何業務中擁有任何權益。本公司控股股東(定義見上市規則)李先生及Precisefull各自已提供書面確認，並由本公司獨立非執行董事審閱及確認，彼等於截至二零一九年十二月三十一日止年度內已遵守本公司與彼等所訂立之不可競爭契據之條款。

公眾持股量

於本報告日，根據本公司可以得悉之公開資料及本公司董事亦知悉之情況下，本公司已按上市規則之要求，維持足夠公眾持股量。

關聯方交易

本集團關聯方交易詳情載於綜合財務報表附註41。除過往年度從關聯方公司捷迅機械設備有限公司購買機器、機器零部件及維修成本外，載於該附註的關聯方交易不屬於上市規則第14A章項下的關連交易。

EVENTS AFTER THE REPORTING PERIOD

1. After the outbreak of novel coronavirus in early 2020, the Group has taken and is continuing to implement a series of precautionary and control measures. The Group had gradually resumed its manufacturing operations since mid-February 2020. Given that the impact of the novel coronavirus outbreak on the Group and its customers remains uncertain, the Group is not yet able to accurately evaluate its impact on the Group's financial position and operating results as at the date of this announcement. The Group will closely monitor to the development of the novel coronavirus epidemic and evaluate its impact on the financial position and operating results of the Group. The Group will take appropriate measures as necessary and will make further announcements in accordance with the Listing Rules.
2. On Thursday, 23 April 2020, the Board has recommended the payment of a final dividend of HK2.0 cents per share (2018: HK3.5 cents per share) for the year ended 31 December 2019 to the shareholders whose names appear on the register of members of the Company on Thursday, 18 June 2020. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on Monday, 8 June 2020, the final dividend will be paid on or about Friday, 26 June 2020.

AUDITOR

At the last annual general meeting of the Company, RSM Hong Kong was re-appointed as the auditor of the Company.

The consolidated financial statement has been audited by RSM Hong Kong who retire and, being eligible, offer themselves for re-appointment.

The Company will propose a resolution in relation to the re-appointment of RSM Hong Kong at the forthcoming annual general meeting.

報告期間完結後事項

1. 在二零二零年初新型冠狀病毒爆發後，本集團已採取並將繼續實施一系列預防和控制措施。自二零二零年二月中旬起，本集團已逐漸恢復其製造業務。鑑於新型冠狀病毒爆發對本集團及其客戶的影響處於不確定狀況，本集團於此公佈日期尚未能準確評估其對本集團財務狀況和經營業績之影響。本集團將密切監察新型冠狀病毒疫情的發展，並評估其對本集團財務狀況及經營業績之影響。本集團將於有需要時採取適當措施，並將根據上市規則另行發出公佈。
2. 於二零二零年四月二十三日(星期四)，董事會建議向於二零二零年六月十八日(星期四)名列本公司股東名冊之股東派付截至二零一九年十二月三十一日止年度之末期股息每股2.0港仙(二零一八年：每股3.5港仙)。待本公司股東在二零二零年六月八日(星期一)舉行之應屆股東週年大會批准後，末期股息將於二零二零年六月二十六日(星期五)或前後派付。

核數師

於本公司上屆股東週年大會上，羅申美會計師事務所獲續聘為本公司核數師。

綜合財務報表已由退任且合資格並願意膺選連任之羅申美會計師事務所審核。

本公司將於應屆週年股東大會提呈續聘羅申美會計師事務所之決議案。

DIRECTORS' REPORT (CONTINUED)

董事會報告(續)

OTHER CHANGE IN DIRECTORS' INFORMATION

Other change in directors' information for the year ended 31 December 2019 is set out below:

1. Mr. Andrew Look, an independent non-executive director of the Company, resigned as the Chief Investment Officer of the asset management business of Tou Rong Chang Fu Group Limited (Stock code: 850), a company listed on the Hong Kong Stock Exchange on 3 July 2019.

Save as the information disclosed above, there is no change in directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By order of the Board
Lee Yuen Fat
Chairman

Hong Kong, 23 April 2020

董事資料的其他變更

截至二零一九年十二月三十一日止年度的董事資料其他變更載列如下：

1. 本公司之獨立非執行董事陸東先生於二零一九年七月三日辭任於香港聯交所上市公司投融長富集團有限公司(股份代號：850)之資產管理業務首席投資總監。

除上文所披露資料外，概無任何董事變更資料須根據上市規則第13.51B(1)條之規定予披露。

承董事會命
李遠發
主席

香港，二零二零年四月二十三日

The board of directors of the Company (the “Board”) believes that good corporate governance practices are essential for promoting investors’ confidence and maximising shareholders’ returns. The Board is committed to maintaining a high standard of corporate governance and reviews its corporate governance practices on a regular basis.

With the above in mind, the Company has applied the principles and adopted corporate governance practices as set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in its corporate governance. In accordance with the requirements of the Listing Rules and also to enhance its corporate governance practices, the Company has also adopted a number of corporate governance policies, including but not limited the board diversity policy, the shareholders’ communication policy, the director nomination policy and the dividend policy.

Save for the matters discussed in the paragraph headed “Chairman and Chief Executive Officer” in this section, for the year ended 31 December 2019, the Board is of the view that Company is in compliance with all the applicable code provisions of the CG Code, which is explained in the relevant paragraphs below.

THE BOARD

The Board is collectively responsible for formulating the Group’s overall business strategies, monitoring and evaluating its operating and financial performance and reviewing the corporate governance standard of the Company. The day-to-day management, administration and operation of the Company are all led by the chief executive officer of the Company. The Board has delegated a series of responsibilities to the senior management of the Company, which include the implementation of decisions of the Board, the coordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems. The Board has the full support of the senior management to discharge its responsibilities.

本公司董事會（「董事會」）相信良好之企業管治守則對於提高投資者的信心和增加股東的回報至為重要。董事會一向致力維持高水平的企業管治及定期檢討本公司之企業管治守則。

基於上述情況，本公司已應用此等原則並採納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《企業管治守則》（「企業管治守則」）所載之企業管治守則於其企業管治。為符合上市規則的要求並增強公司企業管治水準，本公司還採用了許多企業管治政策，包括但不限於董事會成員多元化政策、股東溝通政策、董事提名政策以及股息政策。

除本節「主席及行政總裁」段落中討論的事項外，於截至二零一九年十二月三十一日止年度，董事會認為本公司已遵守企業管治守則中所載適用的守則條文，詳情載於下文有關段落。

董事會

董事會共同負責制訂本集團之整體業務策略，監管和評估本集團其營運與財務上之表現，並檢討本公司之企業管治水平。本公司的日常管理、行政及營運均由本公司行政總裁領導。董事會已將一系列職責轉授予本公司高級管理層，包括執行董事會的決策、依照董事會批准的管理策略及計劃對本公司日常運作及管理作出協調及指揮、制定及監察生產和營運計劃及預算，以及監督及監察監控制度。董事會亦獲高級管理層全力支持履行其職責。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

As at 31 December 2019, the Board comprises seven members as follows:

Executive Directors

Mr. Lee Yuen Fat (*Chairman*)

(stepped down as Chief Executive Officer with effect from 23 July 2019)

Mr. Wong Wing Chuen (*Vice Chairman*)

Ms. Chan So Wah

(appointed with effect from 1 April 2019)

Independent Non-executive Directors

Professor Sun Kai Lit Cliff, BBS, JP

Ir Dr. Lo Wai Kwok, SBS, MH, JP

Mr. Andrew Look

Mr. Kong Kai Chuen, Frankie

(formerly known as Kong To Yeung, Frankie)

Biographical details of the directors of the Company ("Directors") as at the date of this report are set out on pages 21 to 26 of this annual report.

Save as disclosed in the section headed "Directors and Senior Management" in this annual report, the Board members have no financial, business, family or other material/relevant relationships with each other as at 31 December 2019.

Each of the independent non-executive Directors has confirmed in writing his independence from the Company in accordance with Rule 3.13 of the Listing Rules. On this basis, the Company considers all such Directors to be independent.

All the independent non-executive Directors were appointed for a term of two years and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company. To further strengthen the standard of corporate governance, the Company follows the CG Code and requires any re-appointment of an independent non-executive Director who has served on the Board for over nine years to be subject to a separate resolution to be approved by shareholders. In such cases, the Board will set out in the annual report or circular the reasons why it considers such Director to continue to be independent and should be re-elected.

於二零一九年十二月三十一日，董事會包括下列七名成員：

執行董事

李遠發先生(主席)

(退任行政總裁於二零一九年七月二十三日起生效)

黃永銓先生(副主席)

陳素華女士

(委任於二零一九年四月一日生效)

獨立非執行董事

孫啟烈教授BBS, JP

盧偉國博士SBS, MH, JP

陸東先生

江啟銓先生

(前稱江道揚)

於本報告日，本公司董事(「董事」)之個人資料詳情載於本年報第21至第26頁。

除本年報中「董事和高級管理人員」一節中披露的內容外，於二零一九年十二月三十一日，各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係。

各獨立非執行董事已根據上市規則第3.13條就其獨立性以書面作出確認。因此，本公司認為該等董事確屬獨立人士。

所有獨立非執行董事之任期為兩年。彼等須按照本公司組織章程細則的條文在本公司之股東週年大會上輪值告退及膺選連任。為進一步提高企業管治水平，本公司依照企業管治守則，已要求凡服務董事會超過九年之獨立非執行董事，須獲得股東以獨立決議案方式批准，方可連任。如有此情況，董事會將在年報或通告函中向股東列明其認為該董事仍屬獨立人士以及應獲重選之原因。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

The Board conducts four regular scheduled meetings a year on a quarterly basis generally and ad hoc meetings are convened when circumstances require. Notice of at least 14 days is given to all Directors for all regular Board meetings and all Directors are given opportunity to include matters for discussion in the agenda. Draft minutes of Board meetings are circulated to all Directors for comments. Minutes of Board meetings with details of matters considered by the Board and decisions reached are kept by the Company Secretary and open for inspection by the Directors.

During the year, four Board meetings and one annual general meeting were held and details of attendance of Directors are set out in the table on page 54 of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to Code Provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Currently, the roles of chairman and CEO of the Company are separate and are not performed by the same individual.

After the appointment of Mr. Leung King Kwok, Godfrey SBS ("Mr. Leung") as the CEO of the Company with effect from 23 July 2019, Mr. Lee stepped down from his role as the CEO of the Company on the same date but he remains as an executive director and the chairman of the Board. Through Mr. Leung's appointment, the Company has recompiled with Code Provision A.2.1 of the CG Code. Mr. Lee, the chairman of the Company, is responsible for the leadership and effective running of the Board while Mr. Leung, the CEO of the Company, is responsible for the overall management and supervision of the execution of the overall business strategies of the Group.

董事會於年內一般舉行四次定期會議，約每季度一次，並於情況需要時召開特別會議。董事會的所有定期會議通知最少在會議前十四天發給所有董事，所有董事均可提出討論事項列入會議議程。董事會會議紀錄初稿會發送予全體董事以發表意見。董事會會議紀錄詳細紀錄董事局考慮之事項及達致的決定，由公司秘書備存，董事可隨時查閱。

於本年度內，本公司已舉行四次董事會會議及一次股東週年大會，個別董事之出席資料詳載於本年報第54頁。

主席及行政總裁

根據企業管治守則之守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。現時，本公司之主席及行政總裁之角色已分開及不是由同一人出任。

於二零一九年七月二十三日，梁敬國先生SBS（「梁先生」）獲委任為本公司行政總裁後，李先生於當日退任彼於本公司所擔任之行政總裁職位，惟李先生將繼續擔任執行董事和董事會主席。透過梁先生的委任，本公司已重新遵守企業管治守則之守則條文第A.2.1條。李先生為本公司之主席，負責領導及有效地管理董事會；而梁先生為本公司之行政總裁，負責本集團的整體管理及監督整體業務策略的執行。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has in force appropriate insurance coverage on Directors' and officers' liabilities arising from the Group's business. The Company reviews the extent of insurance coverage on an annual basis.

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors are regularly briefed on the amendments to or updates on the Listing Rules, corporate governance practices, applicable regulatory regimes and the business development of the Group. To keep abreast of the responsibilities of the Directors and infuse them with new knowledge, an in-house seminar was conducted during the year and all Directors attended the seminar. Apart from what the Company had arranged, some of the Directors also attended other external training seminars.

AUDIT COMMITTEE

The Company established the Audit Committee in June 2007. The primary duties of the Audit Committee are to review the Company's financial reports, make recommendations on the appointment, removal and remuneration of independent auditor, approve audit and audit-related services, supervise the Company's internal financial reporting procedures and management policies, review the Company's risk management and internal control systems as well as the internal audit function, and other duties under the CG code. The Audit Committee comprises four independent non-executive directors, namely Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie), Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok SBS, MH, JP and Mr. Andrew Look and is chaired by Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie), a qualified accountant with extensive experience in financial reporting and controls.

During 2019, the Audit Committee held two meetings to review the interim and annual results of the Group, risk management and internal control systems of the Group, the effectiveness of the Company's internal audit function and to make recommendation to the Board on the re-appointment of the auditors of the Company.

董事責任保險

本公司已就董事及行政人員因本集團業務而引起之責任購買適當保險，本公司每年檢討保險所保障之範圍。

持續專業發展

董事亦定期獲簡介有關上市規則、企業管治常規、相關法例之修訂及本集團的業務發展。為使董事瞭解其職責及灌輸新的知識，於本年度內已舉行了一次內部研討會，所有董事均有參加。除由本公司作出之安排外，若干董事亦有參加其他外部培訓研討會。

審核委員會

本公司於二零零七年六月成立審核委員會。審核委員會之主要職責為審閱本公司之財務報告、就委任及罷免獨立核數師以及其薪酬提供推薦建議、批准審計及審計相關服務、監管本公司之內部財務匯報程序及管理政策，檢討本公司之風險管理及內部監控系統以及內部審核職能，以及其他在企業管治常規下的職責。審核委員會由四名獨立非執行董事組成，分別為江啟銓先生（前稱江道揚）、孫啟烈教授BBS, JP、盧偉國博士SBS, MH, JP及陸東先生，而江啟銓先生（前稱江道揚）為審核委員會之主席，彼為合資格會計師，於財務報告及控制擁有豐富經驗。

於二零一九年，審核委員會舉行了兩次會議，審閱本集團之中期及全年業績、本集團之風險管理與內部監控系統、本公司內部審核功能之有效性及就本公司核數師之重新委任向董事會提供推薦建議。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

NOMINATION COMMITTEE

The Nomination Committee was set up in June 2007 and is mainly responsible for reviewing the structure, size and the composition of the Board and making recommendations on any proposed change to the Board to complement the Company's corporate strategy; assessing the independence of independent non-executive Directors; making recommendations to the Board on the appointment of Directors and succession planning for Directors. The members of the Nomination Committee are Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok SBS, MH, JP, Mr. Andrew Look and Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie). Professor Sun Kai Lit, Cliff BBS, JP is the Chairman of the Nomination Committee.

During 2019, the Nomination Committee held two meetings to make recommendations to the Board on the appointment of an executive director and the chief executive officer of the Company, and also review the structure, size and the composition of the Board and the Company's board diversity policy.

DIRECTOR NOMINATION POLICY

The Board has adopted a director nomination policy (the "Director Nomination Policy") as required by the CG Codes which sets out selection criteria in evaluating and selecting candidates for directorships. The Nomination Committee shall consider various factors, including but not limited to objectives of nomination committee, the character and integrity, qualifications, ability and independency requirements of the selecting candidates, the board diversity policy and the needs of the Company.

The Nomination Committee shall evaluate and assess whether such candidate is qualified for directorship based on the selection criteria upon receipt of the proposal on appointment of new director. It may engage external service provider(s) as it considers appropriate in making the determination and recommend to the Board to appoint the appropriate candidate for directorship. The Nomination Committee shall also evaluate candidates based on the selection criteria to determine whether such candidate that is nominated by a shareholder is qualified and appropriate for election as a director at the general meeting of the Company.

提名委員會

提名委員會於二零零七年六月成立，主要負責檢討董事會的架構、規模及組成與就任何為配合本公司企業策略而擬對董事會作出的變動提供推薦建議、評核獨立非執行董事的獨立性、就委任董事及董事繼任計劃向董事會提供意見。提名委員會之成員包括孫啟烈教授BBS, JP、盧偉國博士SBS, MH, JP、陸東先生及江啟銓先生(前稱江道揚)，而孫啟烈教授BBS, JP為提名委員會之主席。

於二零一九年，提名委員會舉行了兩次會議，就委任執行董事及行政總裁向董事會提供意見、並檢討董事會之架構、規模及組成以及本公司之董事會成員多元化政策。

董事提名政策

根據企業管治守則要求，董事會已採納董事提名政策(「董事提名政策」)，該政策載列在評估及挑選候選人擔任董事的甄選準則。提名委員會將考慮若干因素，包括但不限於提名委員會之目的、候選人之品格與誠信、資格、能力及獨立性要求、董事會成員多元化政策及本公司之需要。

提名委員會在收到委任新董事建議時將根據甄選準則評價和評估該候選人是否合資格擔任董事。提名委員會會因應需要委聘外部服務供應商以提供協助及向董事會就委任適當候選人為董事提出建議。提名委員會亦根據甄選準則評價候選人是否合資格及適當就股東提名於本公司股東大會上選舉為董事。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

The Nomination Committee shall review the overall contribution and service to the Company of the retiring director and determine whether the retiring director continues to meet the selection criteria. The Board, with the recommendation from Nomination Committee, shall then make recommendation to shareholders in respect of the proposed re-election of the retiring director at the general meeting. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee will continue to review the Director Nomination Policy from time to time and may adopt changes as appropriate at the relevant time.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") as required by the Listing Rules which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity when selecting candidates from a number of perspectives through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time.

The Nomination Committee will review and monitor the implementation of the Board Diversity Policy to ensure its effectiveness as appropriate.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in June 2007. The major duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management. It also reviews and determines the terms of remuneration packages, the award of bonuses and other compensation payable to individual Directors and senior management with reference to the Board's corporate goals and objectives. The Remuneration Committee consists of Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok SBS, MH, JP, Mr. Andrew Look and Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie). The Chairman of the Remuneration Committee is Professor Sun Kai Lit, Cliff BBS, JP, an independent non-executive director.

提名委員會將檢討退任董事對本公司的整體貢獻及服務及確定退任董事是否符合甄選準則。董事會就提名委員會之建議於股東大會上就擬重選董事向股東提出建議。董事會將對於其推薦候選人在任何股東大會上參選的所有事宜擁有最後決定權。

提名委員會將持續不時檢討董事提名政策，並可能於相關時間採納適當變動。

董事會成員多元化政策

根據上市規則要求，董事會已採納董事會成員多元化政策（「董事會成員多元化政策」），該政策載列達致董事會成員多元化之途徑。本公司了解董事會層面日益多元化將為達成本公司策略目標和可持續發展提供支持。在遴選董事候選人時，本公司藉考慮多項因素，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技術、知識及任職年期，務求達致董事會成員多元化。本公司在決定董事會最佳成員組合時，亦會考慮其本身之業務模式及具體需要。

提名委員會會適時檢討及監察董事會成員多元化政策的執行以確保其有效性。

薪酬委員會

本公司於二零零七年六月成立薪酬委員會。薪酬委員會之主要職責為就本公司董事及高級管理人員之薪酬政策及架構向董事會推薦意見，並因應董事會之企業方針及目標而檢討及釐定個別董事及高級管理人員之薪酬待遇、花紅獎賞及其他報酬。薪酬委員會由孫啟烈教授BBS, JP、盧偉國博士SBS, MH, JP、陸東先生及江啟銓先生（前稱江道揚）組成。薪酬委員會之主席為獨立非執行董事孫啟烈教授BBS, JP。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

During 2019, the Remuneration Committee held two meetings to approve the remuneration of an executive director and the chief executive officer of the Company.

於二零一九年，薪酬委員會舉行了兩次會議，批准執行董事及行政總裁之薪酬。

The remuneration of the members of the senior management (excluding directors) by band for the year ended 31 December 2019 is set out below:

於截至二零一九年十二月三十一日止年度按薪酬組別劃分之高級管理人員(董事除外)薪酬載列如下：

		Number of individuals 人數
HK\$500,001 — HK\$1,000,000	500,001港元 — 1,000,000港元	3
HK\$1,000,001 — HK\$1,500,000	1,000,001港元 — 1,500,000港元	1
HK\$1,500,001 — HK\$2,000,000	1,500,001港元 — 2,000,000港元	2

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance functions with the following duties:

企業管治職能

董事會負責企業管治職能，並有下列職責：

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
 - to review and monitor the training and continuous professional development of Directors and senior management;
 - to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
 - to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
 - to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.
- 制訂及檢討本公司的企業管治政策及常規，並就變動及更新提出建議；
 - 檢討及監察董事與高級管理層的培訓及持續專業發展；
 - 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
 - 制訂、檢討及監察適用於僱員及董事的操守守則及合規手冊(如有)；及
 - 檢討本公司遵守企業管治守則的情況及於企業管治報告中作出的披露。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

ATTENDANCE OF MEETINGS

A summary of attendance of Board meetings, committee meetings and general meetings in 2019 are detailed in the following table:

出席會議

下表載列於二零一九年董事會會議、委員會會議及股東大會之出席率摘要：

	Board meeting 董事會會議	Number of attendance/Number of meetings 出席次數／會議次數				Annual General Meeting 股東週年大會
		Audit Committee meeting 審核委員會會議	Nomination Committee meeting 提名委員會會議	Remuneration Committee meeting 薪酬委員會會議		

Executive Directors

執行董事

Mr. Lee Yuen Fat 李遠發先生	4/4	—	—	—	1/1
Mr. Wong Wing Chuen 黃永銓先生	4/4	—	—	—	1/1
Ms. Chan So Wah ⁽¹⁾ 陳素華女士 ⁽¹⁾	3/3	—	—	—	1/1

Independent Non-Executive

Directors

獨立非執行董事

Professor Sun Kai Lit, Cliff BBS, JP 孫啟烈教授BBS, JP	4/4	2/2	2/2	2/2	1/1
Ir Dr. Lo Wai Kwok SBS, MH, JP 盧偉國博士SBS, MH, JP	4/4	2/2	2/2	2/2	1/1
Mr. Andrew Look 陸東先生	4/4	2/2	2/2	2/2	1/1
Mr. Kong Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie) 江啟銓先生(前稱江道揚)	4/4	2/2	2/2	2/2	1/1

Note:

- Ms. Chan So Wah was appointed as an executive director of the Company with effect from 1 April 2019.

註：

- 陳素華女士獲委任為本公司的執行董事，於二零一九年四月一日生效。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the year under review.

DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2019. The statement of the external auditor of the Company in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor’s Report on pages 96 and 102.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining and reviewing the effectiveness of the risk management and internal control systems of the Group in order to safeguard the Group’s assets and shareholders’ investments. The systems of risk management and internal control of the Group are designed to manage rather than eliminate the risk of failure to achieve corporate objectives and only provide reasonable but not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board in fulfilling its role in reviewing the Group’s financial, operational and compliance controls and reviewing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group’s accounting, internal audit and financial reporting functions, and the adequacy and effectiveness of the Group’s internal control procedures on the continuing connected transactions.

The management assists the Board regularly in the implementation of the Group’s policies, procedures and limits within the Board’s approved risk appetite by identifying and assessing the risks faced and monitoring the design and operation of the relevant internal control measures to mitigate and control these risks.

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之董事進行證券交易的標準守則(「標準守則」)。經向全體董事作出具體查詢後確認，彼等於回顧年度內一直全面遵守標準守則所載規定準則。

董事就財務報表所承擔之責任

董事確認彼等對編制本公司截至二零一九年十二月三十一日止年度財務報表之責任。本公司之外聘核數師就其對本集團財務報表之申報責任而發出之聲明，載於第96至第102頁之獨立核數師報告內。

風險管理及內部監控

董事會全權負責維持及檢討本集團風險管理及內部監控系統之成效，以保障本集團資產及股東之投資。本集團之風險管理及內部監控系統旨在管理而非消除未能達成業務目標之風險，並只提供合理而非絕對保證無重大錯誤陳述或損失。

審核委員會協助董事會履行其於本集團財務、營運及合規監控方面之監察職責，並檢討本集團會計、內部審核及財務匯報職能方面之資源、員工資歷及經驗、培訓課程及預算之充足性，以及本集團內部監控系統就持續關連交易的監控的足夠性及有效性。

管理層通過定期識別及評估所面對之風險，協助董事會執行本集團之政策、程序以及董事會批准之風險消納範圍內之限制，並監察相關內部監控措施之設計及運作，以減少及控制此等風險。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

During the year, the Group has engaged an external independent professional firm to review its internal control system covering all relevant financial, operational and compliance control functions within an established framework. Reports prepared by this firm are submitted to the Audit Committee of the Company twice a year for review to ensure that an effective and adequate internal control system is in place.

The Group has also engaged an independent professional consultant to identify, evaluate, manage and prioritise the significant risks exposed to the Group through reviewing the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. In addition, the Group has adopted a risk management policy which contains a structured approach to risk management and a risk-based three-year internal audit plan was introduced through restructuring of internal control system in order to address the significant risks identified and assessed by the Group.

During the year, the Board has conducted a review on the effectiveness of risk management and internal control systems through the Audit Committee and the outsourced internal auditor. The scope of review was previously determined and approved by the Audit Committee.

For the year ended 31 December 2019, the Board considered that the Company's internal control and risk management systems are adequate and effective and the Company has complied with the code provisions on internal control and risk management of the CG Code.

年內，本集團已聘用外間獨立專業機構檢討其內部監控系統，包括已建立的架構內的所有相關財務、營運及依從規例監控效能。該機構每年兩次把所編制之報告提呈本公司之審核委員會審閱，以確保有效及足夠之內部監控系統已存在。

本集團已經聘用獨立專業顧問透過檢討已實行的制度及程序，範圍涵蓋財務、營運及法律合規監控及風險管理功能方面，以識別、評估、管理及排序本集團面對之重大風險。再者，本集團已採納載有具結構化風險管理方法的風險管理政策，並透過重組內部監控系統引入以風險為導向的內部審核三年規劃，以應對本集團已被識別和評估之重大風險。

年內，董事會透過審核委員會及外聘內部審計師對本集團的風險管理及內部監控系統之成效完成相關檢討。檢討範圍事先由審核委員會決定及批准。

截至二零一九年十二月三十一日止年度，董事會認為本公司的內部監控及風險管理制度乃充足及有效，而本公司亦已遵守企業管治守則有關內部監控及風險管理的守則條文。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

Business Risk

Political tension and trade disputes between the United States and China resulting in the increased tariff imposed on manufacturing exports from China had certain impact on our business and the affected customers in the United States placed pressure on our selling prices. The signing of phase one of the Economic and Trade Agreement between the United States and China in January 2020 seems to alleviate the pressure temporarily. However, after the outbreak of novel coronavirus in early 2020, resumption of operations after Chinese New Year was delayed as a result of the Chinese government's response to control the spread of the novel coronavirus and hence the supply chain in the PRC was interrupted for a certain period. The Group will closely monitor the development of the aforesaid issues and evaluate its impact on the financial position and operating results of the Group, and to implement stringent cost control measures and to make necessary adjustments to its strategies and operations so as to mitigate their effects to the Group and our customers.

Foreign Exchange Risk

Most of the Group's transactions were conducted in US dollars, Renminbi or Hong Kong dollars. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Renminbi and Hong Kong dollars. The Group will closely monitor its overall foreign exchange exposure with a view to safeguarding the Group from exchange rate risks.

Competition Risk

Competition risk arises from the emergence of a number of competitors in the industry. Price cut from competitors intensifies the risk. The Group believes that the provision of quality products and after sales service to customers are the only way to gain and maintain customer confidence and loyalty.

本公司所面對主要風險及不明朗因素

業務風險

中國及美國之間的政治緊張局勢和貿易糾紛導致對中國出口製造業徵收的關稅增加，對我們的業務產生若干影響，受影響的美國客戶對我們的售價施加了壓力。二零二零年一月簽署的中美貿易第一階段協議似乎暫時緩解了壓力。此外，在二零二零年初新型冠狀病毒爆發後，由於中國政府針對控制新型冠狀病毒傳播的規定導致農曆新年後恢復營業延遲，因此中國的供應鏈中斷了一段時間。本集團將密切監察上述事件的發展，並評估其對本集團財務狀況及經營業績的影響，以及實施嚴緊之成本控制措施及在有需要時調整策略和營運以緩和有關因素對本集團及其客戶之影響。

外匯風險

本集團的大部分交易均以美元、人民幣或港元進行。因此，本集團已注意到美元、人民幣及港元匯率的波動可能引起的潛在外匯風險。本集團將密切監察其整體外匯風險以避免本集團遭受匯率風險所帶來之影響。

競爭風險

競爭風險來自行業湧現大量競爭對手。競爭對手降價令風險加劇。本集團相信，向客戶提供優質產品及售後服務乃獲得及維持客戶信心及忠誠之唯一途徑。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

PROCEDURES AND INTERNAL CONTROLS FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The handling and dissemination of inside information of the Group is strictly controlled to avoid unauthorised use of inside information. All staff are required to sign the employee confidentiality agreement and access to inside information is restricted to employees on a need to-know basis. In addition, the Group has adopted an inside information policy to set out the procedures of inside information identification, reporting and disclosure. The Group will review the effectiveness of the policy from time to time to ensure the compliance of the relevant regulatory requirements.

AUDITOR'S REMUNERATION

The total auditor's remuneration in relation to statutory audit work and non-audit services of the Group payable to the Company's external independent auditor, RSM Hong Kong, is set out as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Statutory audit	法定審核	1,800	1,770
Non-audit services ⁽¹⁾	非審核服務 ⁽¹⁾	357	353
Total	總數	2,157	2,123

Note:

1. Non-audit services mainly include agreed-upon procedures on interim results and tax advisory services.

處理及發佈內幕消息的程序及監控措施

本集團嚴格控制處理及發佈本集團內幕消息，以避免未經授權使用內幕消息。所有員工均需要簽署僱員保密協議及限制員工按須知基準取得內幕消息。再者，本集團已採納內幕消息政策以制定內幕消息識別、報告及披露程序。本集團將不時檢討目前程序的有效性，以確保遵守相關監管規定。

核數師之酬金

本集團應付予外聘獨立核數師羅申美會計師事務所所有關法定審核及非審核服務的核數師酬金如下：

附註：

1. 非審核服務主要包括中期業績之約定程序及稅務諮詢服務。

COMPANY SECRETARY

The Company Secretary of the Company is a full time employee of the Company. For the year ended 31 December 2019, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

公司秘書

本公司之公司秘書為本公司之全職僱員。截至二零一九年十二月三十一日止年度，公司秘書已遵守上市規則第3.29條的相關專業培訓規定。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

DIVIDEND POLICY

The Company has adopted a dividend policy (“Dividend Policy”), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the “Shareholders”), provided that the declaration and payment of dividend shall remain to be recommended by the Board and any final dividend for the financial year will be subject to shareholders’ approval.

In proposing any dividend payout, the Board shall take into account, among other things, the Company’s current and future operations, corporate development plans, liquidity position, capital requirements and future expected capital needs, as well as dividends received from the Company’s subsidiaries and associates. Any payment of the dividend by the Company is also subject to any requirements under the Cayman Islands law, the Listing Rules of Stock Exchange and the Company’s Articles of Association.

The Board will continue to review the Dividend Policy from time to time and may adopt changes as appropriate at the relevant time as part of its commitment to maximizing shareholder value, taking into consideration the financial performance of the Company and market conditions.

SHAREHOLDERS’ RIGHTS

Procedures for convening extraordinary general meeting on requisition

Pursuant to Article 64 of the Company’s Articles of Association, an extraordinary general meeting 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 Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

股息政策

本公司已採納股息政策(「股息政策」)，據此本公司可向本公司股東(「股東」)宣佈及派發股息，惟宣佈及派發股息應由董事會提出建議及每一財政年度的任何末期股息將取決於股東的批准。

在提議派發任何股息時，董事會將考慮(其中包括)本公司當前及未來運作、企業發展計劃、流動資金狀況、資本要求及未來預期資本需求，以及從本公司之附屬公司及聯營公司收取的股息決定。股息的派發亦同時視乎開曼群島法律、聯交所上市規則以及本公司之組織章程細則的要求。

董事會將持續不時檢討股息政策，並可能於相關時間採納適當變動，作為其致力達到股東利益最大化的承諾，並同時考慮本公司之財務表現及市場情況。

股東權利

請求召開股東特別大會之程序

根據本公司組織章程細則第64條，股東特別大會亦可由一名或多名持有股東要求召開，該等股東於提出要求當日須持有本公司實繳股本不少於十分之一併有權在股東大會上投票。有關要求須以書面形式向董事會或公司秘書提出，藉以要求董事會就處理有關要求所指明之任何事務而召開股東特別大會。有關會議須在遞交該請求書後兩個月內召開。如董事會在請求書遞交日期起計二十一日內未有進行安排召開有關會議，則請求人(或多名請求人)可用相同方式自行召開會議，且請求人因董事會未有妥為召開會議而招致的所有合理費用，須由本公司償還請求人。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

Procedure for putting forward proposals at general meeting

A shareholder shall make a written requisition to the Board or the Company Secretary at the Company's office in Hong Kong, specifying the shareholding information of the shareholder, contact details and the proposal he/she intends to put forward at the general meeting regarding any specified business and its supporting documents.

Shareholders' enquiries

The Company has a Shareholders' Communication Policy to enable shareholders to engage actively with the Company and exercise their rights as shareholders in an informed manner. The Board will review Shareholders' Communication Policy on a regular basis to ensure its effectiveness.

The Company's Shareholders Communication Policy has set out, amongst other things, shareholders should direct their questions in relation to their shareholdings to the Company's share registrar. Shareholders may make a request by writing to the Company Secretary for the Company's information to the extent that such information is publicly available. Shareholders may also send written enquiries to the Board by writing to the Company Secretary at the Company's Hong Kong office at Room A, 29th Floor, Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

Constitutional Documents

There has been no change in the Company's constitutional documents during the year ended 31 December 2019.

於股東大會上提呈建議之程序

股東須致函本公司香港辦事處向本公司之董事會或公司秘書提出書面要求，當中須列明該股東的股權資料、其詳細聯絡資料，以及擬就任何具體的事務而於股東大會上提呈的建議及其有關文件。

股東查詢

本公司制定了股東通訊政策，旨在讓股東可與本公司有效建立密切關係及在知情情況下行使作為股東的權利。董事會將定期審查股東通訊政策，以確保行之有效。

本公司的股東通訊政策，當中說明股東應向本公司股份過戶登記處提出有關其股權之疑問。股東可向公司秘書提出書面要求索取有關本公司之公開資料。股東亦可致函公司秘書向董事會作出查詢，本公司香港辦事處之地址為香港九龍九龍灣宏光道一號億京中心B座29樓A室。

組織章程文件

於截至二零一九年十二月三十一日止年度，本公司之組織章程文件並無任何變動。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會與管治報告

Ka Shui International Holdings Limited (“Ka Shui” or the “Company”) is delighted to publish its environmental, social & governance (“ESG”) report, covering the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”).

REPORTING SCOPE

The report focuses the ESG management approaches, environmental and social performance of the Company and its major manufacturing facilities (collectively, the “Group”) in Guangdong Province, the PRC, as listed below:

- Ka Fung Industrial Technology (Huizhou) Co., Ltd. (“Ka Fung”)
- Ka Yi Technology (Huizhou) Co., Ltd. (“Ka Yi”)
- Ka Shui Technology (Huizhou) Co., Ltd. (“Ka Shui Technology”)

It covers the principal operations of the Company — die casting and plastic injection. The reporting scope is in line with the 2018 ESG report which was included in 2018 Annual Report of the Company.

REPORTING STANDARD

The report has been prepared in accordance with the “Comply or Explain” provisions of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It has been reviewed and approved by the board of directors of the Company. The board of directors has acknowledged its responsibility to oversee the Company’s sustainable development and review the truthfulness, accuracy and completeness of the ESG report.

CONTACT AND FEEDBACK

The Group values your feedback and opinion on this report or our sustainability performance. If you have any comments or suggestions, please feel free to contact us via enquiry@kashui.com.

嘉瑞國際控股有限公司(「嘉瑞」或「本公司」)欣然刊發其環境、社會與管治(「環境、社會與管治」)報告，涵蓋二零一九年一月一日至二零一九年十二月三十一日期間(「報告期間」)。

報告範圍

本報告集中於本公司及其在中國廣東省的主要生產設施(統稱「本集團」)的環境、社會與管治管理方式、環境及社會表現，如下所列：

- 嘉豐工業科技(惠州)有限公司(「嘉豐」)
- 嘉宜科技(惠州)有限公司(「嘉宜」)
- 嘉瑞科技(惠州)有限公司(「嘉瑞科技」)

本報告涵蓋本公司的主要業務 — 壓鑄及塑膠注塑。報告範圍與載列於二零一八年年報的二零一八年環境、社會與管治報告一致。

報告準則

本報告已根據香港聯合交易所有限公司證券上市規則附錄二十七《環境、社會與管治報告指引》「不遵守就解釋」的規定編制。此乃經本公司董事會審閱及批准。董事會已確認其責任監督本公司的可持續發展，以及審閱此報告的真實性、準確性及完整性。

聯絡及回饋

本集團重視您對本報告或我們的可持續表現的回饋及意見。若有任何意見或建議，敬請透過電郵 enquiry@kashui.com 與我們聯繫。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Ka Shui always gives top priority to stakeholder interests and value their view as we believe that the participation of stakeholders is crucial for corporate social responsibility ("CSR") implementation and continued success in ESG management. To understand our stakeholders' insights and concerns, we have conducted the stakeholder engagement exercise. After identifying our key stakeholders, we communicate with them on an ongoing basis through various channels. During the Reporting Period, we have engaged our key stakeholders, both internal and external, to hear their voices. The summary of stakeholder engagement is presented below:

持份者參與及重要性評估

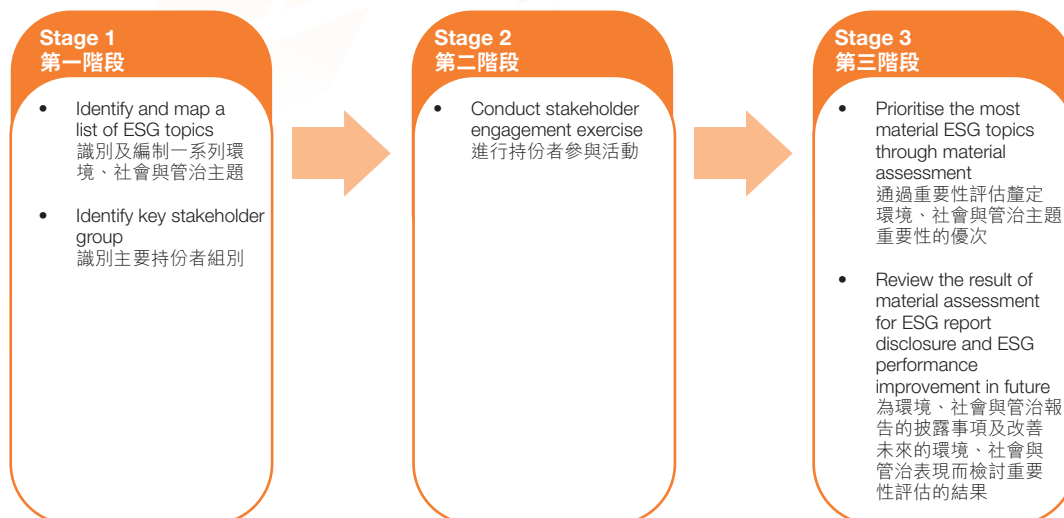
嘉瑞最優先考慮持份者利益，並重視他們的意見，因為我們認為持份者的參與對企業社會責任（「企業社會責任」）的實施及環境、社會與管治管理的持續成功至關重要。為了解持份者的見解及關注事項，我們已進行持份者參與活動。於確定主要持份者後，我們會通過各種渠道與他們持續溝通。在報告期間內，我們已接觸內部及外部的的主要持份者，以聽取其意見。持份者參與概要呈列如下：



Types of stakeholder group 持份者組別類型	Communication channel 溝通渠道
Investors and shareholders 投資者及股東	<ul style="list-style-type: none">Company website 公司網站Company's announcements 公司公佈Annual general meeting 股東週年大會Annual and interim reports 年報及中期報告
Customers 客戶	<ul style="list-style-type: none">Company website 公司網站Customer satisfaction surveys 客戶滿意度調查Customer service hotlines 客戶服務熱線
Employees 僱員	<ul style="list-style-type: none">Training and orientation 訓練及培訓Intranet 內聯網Opinion box 意見箱Annual appraisal 年度評估Relationship building activities 建立關係的活動Whistle-blowing mechanism 舉報機制
Suppliers and business partners 供應商及業務夥伴	<ul style="list-style-type: none">Monthly and annual assessments 月度及年度評估Tendering and procurement processes 招標及採購流程
Non-governmental organizations 非政府組織	<ul style="list-style-type: none">Charity donations 慈善捐款Voluntary services 義工服務
Communities 社區	<ul style="list-style-type: none">Company website 公司網站Community activities 社區活動
Media 媒體	<ul style="list-style-type: none">Company website 公司網站Company's announcements 公司公佈

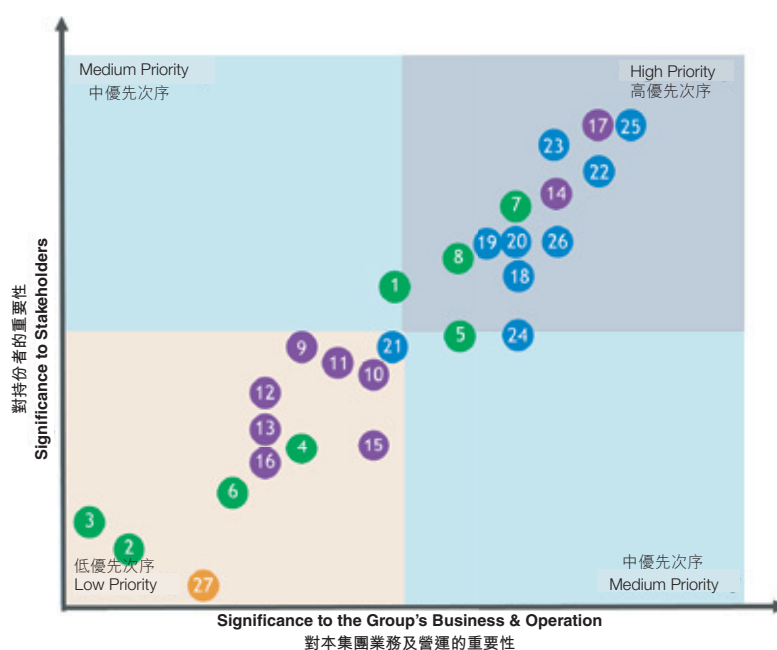
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)



To identify material sustainability-related topics to Ka Sui, we have conducted a materiality assessment by means of online survey which consists of 27 ESG topics, covering areas in operational practices, employment, environmental protection and community investment. Stakeholders are invited to rate the importance of those topics from the stakeholder and business perspective. Based on the materiality of each of the ESG issues expressed by the stakeholders, the ESG topics are prioritised and shown in the materiality assessment matrix below:

為識別與嘉瑞可持續發展相關的重要主題，我們以網上問卷方式進行重要性評估，當中包括27個環境、社會與管治主題，涵蓋營運常規、就業、環境保護及社區投資領域。持份者獲邀從持份者及業務角度評估該等主題的重要性。基於持份者所示各環境、社會與管治議題的重要性，各項環境、社會與管治主題得以釐定優先次序，並於以下的重要性評估矩陣中呈列：



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Environment 環境

- 1 Air emission
氣體排放
- 2 Greenhouse gas emissions
溫室氣體排放
- 3 Climate change
氣候變化
- 4 Energy efficiency
能源效益
- 5 Water & effluents
水及污水
- 6 Use of materials
物料使用
- 7 Waste management
廢物管理
- 8 Environmental compliance
環境合規

Employment 就業

- 9 Labour rights
勞工權利
- 10 Labour-management relations
勞工管理關係
- 11 Employee retention
僱員留任
- 12 Diversity and equal opportunity
多元化及平等機會
- 13 Non-discrimination
反歧視
- 14 Occupational health and safety
職業健康及安全
- 15 Employee training
僱員訓練
- 16 Employee development
僱員發展
- 17 Prevention of child labour & forced labour
預防童工及強迫勞工

Operation 營運

- 18 Customer satisfaction
客戶滿意度
- 19 Customer service quality and complaints handling
客戶服務質素及投訴處理
- 20 Customer health and safety
客戶健康及安全
- 21 Marketing and product and service labelling compliance
營銷以及產品及服務標籤合規
- 22 Intellectual property rights
知識產權
- 23 Customer privacy and data protection
客戶私隱及數據保護
- 24 Responsible supply chain management
負責任的供應鏈管理
- 25 Business ethics
商業道德
- 26 Socio-economic compliance
社會經濟合規

Community 社區

- 27 Community support
社區支援

We prioritised those ESG topics into 3 categories: high, medium and low, for better strategic planning and resource allocation. The issues which fell in the upper right corner of the matrix were defined as the topics that matter most on the Group's business operation and concerned by our stakeholders.

我們將該等環境、社會與管治主題依優先次序劃分為三類：高、中及低，以便進行更好的戰略規劃及資源分配。矩陣右上角的議題被界定為與本集團業務營運最為相關及持份者最為關注的主題。

OUR SUSTAINABILITY APPROACH

As a leading one-stop service provider specialised in zinc, magnesium and aluminium alloys die casting, and plastic injection moulding for 40 years, Ka Shui recognises CSR as an integral part of our business sustainability and success. Responding to the call of the 2030 Agenda for Sustainable Development, Ka Shui is committed to contributing our efforts in achieving the Sustainable Development Goals (“SDGs”) as well.

Striving to develop a more strategic corporate governance framework, conduct business activities in highest standard of business ethics and embed socially responsible management practices throughout the Group, we have formulated the Corporate Social Responsibility Policy Statement, endorsed by the Chairman of Ka Shui Group. In line with our core values — “pursuit of excellence, creation of values, unity and mutual trust, harmonious development, green production and giving back to the community”, it is a group-wide policy implemented at all levels of staff.

We focus on four key areas to foster the well-being of our employees, customers, environment and community through leveraging our technology, innovation and expertise. Guided by this management framework, we incorporate these corporate values with positive impacts into our day-to-day operations.

我們的可持續方法

作為專注於鋅、鎂及鋁合金壓鑄以及塑膠注塑的領先一站式服務供應商40年，嘉瑞認為企業社會責任為我們業務可持續發展及成功不可或缺的一部分。為響應《2030年可持續發展議程》的呼籲，嘉瑞致力於為實現可持續發展目標（「可持續發展目標」）作出貢獻。

我們致力發展更具戰略性的企業管治框架、以最高商業道德標準進行業務活動及把社會責任的管理常規納入本集團，因此我們已制定《企業社會責任政策聲明》，並獲得嘉瑞集團主席的支持。企業社會責任政策聲明符合我們「追求卓越、創造價值、團結互信、和諧發展、綠色製造及回饋社會」的核心價值觀，乃本集團內各級員工執行的政策。

我們專注於四個主要領域，透過利用科技、創新及專業知識以促進僱員、客戶、環境及社區的福祉。在此管理框架下，我們將此等帶來正面影響的企業價值融入日常營運中。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

A Responsible Producer 盡責的生產商

- Uphold the highest standards of governance with core ethical values
秉承最高道德標準及核心道德價值觀
- Integrate sustainability concepts into our product designs
將可持續發展概念融入我們的產品設計中
- Invest in new technology research and development
投資新技術研發
- Take environmental and social considerations in managing our supply chain
在管理我們的供應鏈時考慮環境和社會因素

A Responsible Employer 盡責的僱主

- Foster a dynamic, supportive and safe workplace for our people
為我們的員工營造一個充滿活力、支持及安全的工作場所
- Ensure our employee practices are strictly abided by local labour laws and regulations, and international standards such as SA8000 Standard
確保我們的僱員行為嚴格遵守當地勞工法律法規及國際標準，例如SA8000標準
- Support employee wellness and family obligations
支持僱員健康及家庭責任
- Treat our people fairly with no discrimination
不帶歧視地公平對待我們的員工
- Offer diversified programmes for employees' growth and advancement
提供多樣化的計劃以促進僱員成長及發展

Responsible for Our Environment 對環境盡責

- Improve and refine our environmental management system
改善及完善我們的環境管理體系
- Maximise energy and natural resources efficiency
盡量提高能源及自然資源效益
- Achieve low-carbon manufacturing
實現低碳製造
- Minimise negative impact on the environment
減少對環境的負面影響

Responsible for Our Community 對社區盡責

- Make positive contributions to the community
為社區作出正面貢獻
- Focus on supporting local education projects for youth development
重點支持地區青年發展的教育項目
- Collaborate with local charities on poverty and disaster relief initiatives
與當地慈善機構合作進行扶貧及救災行動

A. RESPONSIBLE PRODUCER

A. 盡責的生產商

"Respecting people, honouring customers, fostering innovation, and supporting continuous improvement"
「以人為本、以客為尊、科技創新及持續改善」



We firmly believe conducting business ethically and creating sustainable values for our customers and the community are the keys to guide us through the evolving business world. In addition to complying with all applicable laws and regulations during our operation, we strive to pursue excellence in our businesses.

我們深信，從道德角度開展業務，為我們的客戶及社區創造可持續的價值，乃引導我們走過不斷發展的商業世界的關鍵。除了在經營過程中遵守所有適用的法律及法規，我們還致力在業務上追求卓越。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Product Responsibility

產品責任



Ka Shui upholds excellence in products as its top priority. To satisfy customers' expectations and to build trust, we have established robust internal control processes with reference to international and industry-specific standards, as well as customers' requirements. Our manufacturing facility, Ka Shui Technology, is certified with ISO 9001:2015 and IATF 16949:2016 Quality Management System.

Internal and external audits are performed to ensure full compliance with applicable laws and regulations. Corrective and preventive procedures are in place to handle any product non-conformity to our quality standards. All of our employees are devoted to working according to their job responsibilities defined in the Group Quality Policy and do the best to satisfy our customers. We are also committed to providing accurate and complete information about our products and services, marketing, advertising and labelling to protect the interests of our customers.

嘉瑞將提供優質產品視為首要任務。為滿足客戶的期望及建立信任，我們已參照國際及行業的特定標準以及客戶要求建立穩健的內部監控流程。我們的生產設施嘉瑞科技獲得ISO 9001:2005及IATF 16949:2016品質管理體系認證。

我們已進行內部及外部審核，確保完全遵守適用的法律及法規，並已制定糾正及預防程序，以處理任何不符合品質標準的產品。我們所有的僱員均致力按照集團品質政策中界定的工作職責工作，並盡力滿足客戶。我們也致力提供與產品及服務、營銷、廣告及標籤有關的準確及完整的信息，以保障客戶的利益。

Group Quality Policy 集團品質政策

- Provision of adequate training to our employees
為員工提供充足的培訓
- Advance planning to prevent occurrence of quality matters
提前計劃以防止品質問題發生
- Good relationship with our customers and suppliers
與客戶及供應商保持良好關係
- Continuous improvement on customer satisfaction
不斷改善客戶滿意度

In addition, we have an ISO/IEC17025 accredited Research and Development (“R&D”) laboratory, which is specialised in research and testing of high performance nonferrous light alloy. With the laboratory, authoritative testing services, such as mechanical testing, photoelectric property testing, hazardous substances testing, are available to offer effective technical supports for product quality control.

We ensure our products do not impose any safety or health issues by identifying and evaluating risk factors of our services and products; and thus effectively controlling those risks. All raw materials and ancillary products procured should be complied with industrial and international standards such as the Restriction on Hazardous Substances Directive (“RoHS”) and the Registration, Evaluation, Authorization and Restriction of Chemicals (“REACH”), as well as customers’ requirements. Suppliers are required to declare that all products supplied to Ka Shui conform to the requirements of REACH and RoHS. If our products are found to have any safety or health issues, we will recall the products immediately and stop the related production. We will also carry out a comprehensive investigation in order to avoid similar occurrence in the future.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising and labelling matters of products and services in Hong Kong and Mainland China.

此外，我們擁有一個獲得ISO/IEC17025認證的研究開發（「研發」）實驗室，專門從事高性能有色輕合金的研究及測試。我們透過此實驗室提供機械檢測、光電效能檢測、有害物質檢測等權威檢測服務，為產品品質監控提供有效的技術支援。

我們通過識別及評估服務及產品的風險因素，確保產品不會構成任何安全或健康問題，從而有效控制該等風險。所有採購的原材料及輔助產品應符合工業及國際標準（例如使用有害物質限制指令（「使用有害物質限制」）以及化學品註冊、評估、授權及限制法規（「化學品註冊、評估、授權及限制」）以及客戶要求。供應商須聲明所有供應予嘉瑞的產品均符合化學品註冊、評估、授權及限制及使用有害物質限制的要求。倘發現產品有任何安全或健康問題，我們將立即回收產品及停止有關生產。此外，我們將進行全面調查，以避免日後發生類似事件。

於報告期間，本集團並不知悉任何重大違反與香港及中國大陸產品及服務的健康及安全、廣告及標籤事宜有關的法律及法規情況。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Ethical Business

Ka Shui upholds the principle of “Compliance, Integrity, Fairness, and Anti-corruption” seriously. We hold a zero tolerance attitude towards any form of bribery. With the strong commitment of conducting business ethically and responsibly, all employees are strictly prohibited from receiving, directly or indirectly, any form of benefits such as presents and money, which are stated clearly in our Group Anti-Corruption Policy and Staff Handbook.

We also require our business partners and suppliers to follow our strict rules on anti-corruption, which are detailed in our Code of Conduct and Group Anti-Corruption Policy. We require all suppliers to follow the content stated in the declaration of integrity; otherwise, they will be blacklisted and may be subject to legal prosecution.

Whistle-blowing mechanism is also established for reporting any suspected or actual events of misconduct and malpractices. Staff and our business partners are encouraged to report anonymously through suggestion box, email, QQ or by face-to-face communication. The identity of the whistle-blower and the reporting details are kept highly confidential to protect the whistle-blower from reprisal. Having received any reporting case, we promise to handle the issue timely and fairly through investigation within three working days.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering in Hong Kong and Mainland China. There was no legal case regarding corrupt practices brought against the Group or our employees.

商業道德

嘉瑞認真貫徹「奉公守法、誠信廉潔、公平公正、禁止腐敗」原則。我們對任何形式的賄賂採取零容忍態度。為堅定履行商業道德及責任，我們在集團反腐敗政策及員工手冊中清楚列明，嚴禁所有僱員直接或間接收取任何形式的利益，如禮物及金錢。

我們亦要求業務夥伴及供應商遵從我們嚴格的反腐敗規則，該等規則詳列於我們的行為守則及集團反腐敗政策。我們要求所有供應商遵守誠信聲明所述的內容；否則，他們將被列入黑名單，並可能受到法律起訴。

我們亦已建立舉報機制，以舉報任何可疑或實際發生的不當行為及舞弊。我們鼓勵員工及業務夥伴匿名透過建議箱、電子郵件、QQ或面對面溝通舉報。舉報人的身份及舉報詳情高度保密，以保障舉報人免遭報復。倘接獲任何舉報個案，我們承諾在三個工作日內進行調查，及時公正地處理有關問題。

於報告期間，本集團並不知悉任何重大違反與香港及中國大陸的賄賂、勒索、欺詐及洗黑錢有關的法律及法規情況。概無針對本集團或我們僱員有關貪腐行為的法律案件。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Intellectual Property Rights

We understand the importance of intellectual property (“IP”) (trademarks, patents, technologies and copyrights etc.) to business. Therefore, we strictly adhere to our confidentiality policy, by clearly specifying in our Staff Handbook and the employment contract. We have set up strict working procedures for our staff to follow when handling confidential and sensitive information. Adequate training on IP right protection is also organised for all employees to strictly follow all the rules and regulations, striving to best protect the Group and our customers’ interests.

In addition to protecting our own rights, we also value and respect the rights of other personnel and parties. We will not use third party’s IP in our business without prior authorisation.

Customer Satisfaction and Privacy

We strive to deliver the best product and experience to our customers by listening to our customer feedback closely and satisfy their expectations. To keep abreast of customer needs, we conduct customer satisfaction surveys twice a year to help us understand how our customers perceive our products and services. Survey results are then analysed for continuous improvement. In case of any dissatisfaction or return of product from customers, we will investigate the reasons and set up improvement plans on our production and service. Constant follow-up procedures are implemented to prevent recurrence of the same deficiency.

In addition, we take customer privacy seriously. Strict rules are set up to ensure proper handling of any confidential information of clients and the Group. Clear guidelines and procedures are in place to regulate how to collect and handle customers’ information. Only authorised staff can access and handle the information for operational purposes. We also sign confidentiality and non-disclosure agreements with our clients to protect all customers’ confidential business information and product information.

知識產權

我們明白知識產權(「知識產權」)(商標、專利、技術及版權等)對一個企業的重要性。因此，我們在員工手冊及僱傭合約中清楚列明保密政策，以嚴格遵守我們的保密政策。我們已就處理保密及敏感信息制定嚴謹的工作程序讓員工跟從。我們亦舉辦充足的保護知識產權培訓，使所有僱員嚴格遵守所有規則及規例，盡力保護本集團及客戶的利益。

除保護自身權利外，我們也重視和尊重其他人員和當事方的權利。未經事先授權，我們不會在業務中使用第三方知識產權。

客戶滿意度及私隱

通過密切聽取客戶回饋並滿足他們的期望，我們致力向客戶提供最優質的產品及體驗。為緊貼客戶需求，我們每年進行兩次客戶滿意度調查，以幫助我們了解客戶對產品及服務的看法。調查結果經分析後用作持續改進。客戶如有任何不滿或退貨，我們將調查原因，並制定改善我們生產及服務的計劃。我們實施持續跟進流程，以防止再次出現相同的缺陷。

此外，我們認真對待客戶私隱。我們訂立了嚴格的規則，確保客戶及本集團的任何保密信息得到妥善處理。我們已制定明確的指導方針及程序，以規範收集及處理客戶信息的方法。只有獲授權的員工能因經營目的接觸及處理信息。此外，我們與客戶簽署保密及不披露協議，以保護所有客戶的機密商業信息及產品信息。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to privacy matters of products and services in Hong Kong and Mainland China.

Supplier Management

We have been maintaining a long-term relationships with our suppliers. In order to deliver high quality products to our customers, we strive to convey our CSR values along the supply chain to align with our standards and requirements.

於報告期間，本集團並不知悉任何重大違反與香港及中國大陸產品及服務的私隱事宜有關的法律及法規情況。

供應商管理

我們一直與供應商維持長遠合作關係。為將優質產品交付予客戶，我們致力於供應鏈中傳達我們的企業社會責任價值，以符合我們的標準及要求。



When selecting new suppliers, they are required to go through a thorough supplier assessment which consists of not only criteria linked to product quality, but also a wide range of CSR-related aspects, such as environmental protection, occupational health and safety ("OHS"), intellectual property rights, privacy, and labour standard and welfare. To meet raising customer expectations and demands, we have developed detailed policies and procedures to effectively manage the product quality of our suppliers through the monthly and annual performance assessments based on product quality, delivery time, customer complaint (if any) and other CSR-related aspects. Our production site at Ka Yi is certified with ISO 28000:2007 Supply Chain Security Management System for the manufacture of die-casting product.

在挑選新供應商時，他們須經過全面的供應商評估，不僅包括與產品品質有關的標準，也包括與企業社會責任相關的許多方面，如環境保護、職業健康與安全（「職業健康與安全」）、知識產權、私隱以及勞工標準及福利。為滿足客戶不斷提升的期望及需求，我們已制定詳細的政策及程序，根據產品品質、交付時間、客戶投訴（如有）及其他與企業社會責任有關方面，透過每月及年度表現評估有效管理供應商的產品質量。我們在嘉宜的生產設施已就生產壓鑄產品獲得ISO 28000:2007供應鏈安全管理體系認證。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Apart from managing our suppliers, we also look closely at the ethicality of our procurement activities. For example, we do not source minerals such as tantalum, tin, tungsten and gold from those suppliers who perform extraction and trade in unstable regions affected by armed groups such as the Democratic Republic of Congo or adjoining countries, which have been known for perpetrating human right abuses.

除管理我們的供應商外，我們也密切關注我們採購行為是否合乎道德。例如，我們不會採購在受到武裝團體影響的不穩定地區（如剛果民主共和國或毗鄰國家）開採及交易的礦物（如鈹、錫、鎢及黃金），因為那些地區踐踏人權。

B. RESPONSIBLE EMPLOYER

B. 盡責的僱主

"Respect, Passion, Integrity, Teamwork, and Initiative"
「尊重、熱情、廉正、團結及主動」

Our employees are whom we profoundly respect as they are the backbone supporting the sustainable growth of Ka Shui. With our people-oriented human resource management philosophy, we are committed to creating a pleasant and secure workplace.

我們極為尊重我們的僱員，因為他們是支持嘉瑞可持續發展的骨幹。憑藉我們以人為本的人力資源管理哲學，我們致力創建愉悅安全的工作場所。

Labour Practices

Employee is a crucial part of our continuous success and thus we offer competitive remuneration packages to our staff, which are in line with national regulations and also other international standards including SA8000 Social Accountability International Standard and Responsible Business Alliance ("RBA") code of conduct. We have a set of comprehensive policies in place to provide guidance for management of our human resources to ensure our people are remunerated with competitive wages, fixed working hours, comprehensive insurance coverage and mandatory provident fund. In addition to statutory holidays and annual leaves, all employees are entitled to paid leaves such as maternity leave, paternity leave, sick leave, work injury leave, marriage leave and funeral leave.

勞工慣例

僱員是我們取得持續成功不可或缺的一部分，因此我們為員工提供具競爭力的薪酬待遇，此符合國家法規以及其他國際標準（包括SA8000社會責任國際標準及責任商業聯盟（「責任商業聯盟」）行為準則）。我們已制定全面的政策，為我們的人力資源管理提供指引，確保我們的員工享有具競爭力的工資、固定的工作時間、全面的保險及強積金。除法定假期及年假外，所有僱員均享有有薪假期，如產假、陪產假、病假、工傷假、婚假及喪假。

At Ka Shui, deduction of wages as a means of disciplinary action is prohibited. Instead, we provide incentives to employees with outstanding achievements and performances to recognise their efforts throughout the year. Employees with excellent performance will be rewarded by the "Excellent Staff Award" based on their efforts on showing responsible attitude, maintaining high level of ethics, getting along well in a team or demonstrating other outstanding abilities.

在嘉瑞，我們禁止扣除工資作為紀律處分的手段。相反，我們獎勵有傑出成就及表現的僱員，以表揚他們全年的努力。表現優秀的僱員將基於其負責任的態度、保持良好的職業道德、與團隊相處良好或於其他方面的能力突出而獲得「優秀員工獎」。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Creating a fair and harassment-free working environment, as well as setting an example for our employees and industry peers, are our long-term goals. All employees and job applicants are treated equally, regardless of race, sex, marital status, pregnancy, disability status or other forms of difference that is unrelated to the job requirements. All decisions on recruitment, promotion, performance evaluation and salary adjustment are made solely based on qualifications, experiences, capabilities and performances. Female employees will not be dismissed and their wages will not be deducted due to pregnancy, maternity, breastfeeding etc.

We respect diversity and freedom of association, and we prohibit any forms of discrimination, harassment, and victimisation at the workplace. At the same time, to build unity and mutual trust, we operate an anonymous whistle-blowing system to encourage the reporting of misconduct while respecting the privacy of the whistle-blowers.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare in Hong Kong and Mainland China.

Labour Standard

Ka Shui cares about children's health, safety, education and development. Therefore, we strictly prohibit child labour, who is under the age of 16, in all our subsidiaries. Under the "Prohibition of Child Labour and Remedy Guidelines", comprehensive recruitment procedures are in place to verify the age, identity and employment eligibility of applicants before work commencement. Regular investigations are conducted to ensure that no underaged persons are hired.

創建公平及不受騷擾的工作環境以及成為我們的僱員及行業同儕的楷模乃我們的長期目標。不論種族、性別、婚姻狀況、懷孕、殘疾狀況或與工作要求無關的其他形式的差異，所有僱員及求職者均受公平對待。所有招聘、晉升、表現評估及薪金調整的決策僅按資格、經驗、能力及表現作出。女性僱員不會因懷孕、產假、哺乳等原因被解僱，其工資也不會被扣減。

我們尊重多樣性及結社自由，禁止工作場所內任何形式的歧視、騷擾及傷害。同時，為了建立團結及互信關係，我們建立一個匿名舉報制度，鼓勵舉報不當行為，同時尊重舉報人的私隱。

於報告期間，本集團並不知悉任何重大違反與香港及中國大陸的賠償及解僱、招聘及晉升、工作時間、休息時間、平等機會、多樣性、反歧視及其他福利及福祉有關的法律和法規情況。

勞工標準

嘉瑞關心兒童的健康、安全、教育及發展，因此，我們嚴禁所有附屬公司僱用未滿16歲的童工。根據《禁止童工及補救指引》，我們設有全面招聘程序，於工作開始前確認申請人的年齡、身份及僱傭資格。我們定期進行調查，確保不會僱用未成年人士。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

If any child labour is found at Ka Shui, remedy procedures will be implemented by sending the children back home, followed by providing medical health check and sufficient living expenses until they are 16 years old. We aim to offer as much assistance as possible and alleviate potential negative impacts on them. For juvenile workers who are under the age of 18, they are not allowed to engage in certain positions with potential safety and health hazards. We will register with the local labour authority and provide physical health examinations before on board. In addition, we also ensure our staff work consensually, and are free from any forced labour in the workplace.

Externally, we require our suppliers and subcontractors to follow the same labour practice by adding the requirement of child and forced labour prohibition in partnership agreements. It is also one of the criteria of the selection and evaluation processes. If the suppliers and subcontractors are found to employ child or forced labour, they are required to undergo the remedy procedures and make improvement plans.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to preventing child and forced labour.

Staff Training and Development

Ka Shui always views the talents of our employees as the most valuable asset. To let our staff grow professionally and achieve their career goals, we provide a series of internal training programmes and encourage them to participate in external training opportunities.

倘嘉瑞發現任何童工，我們將實施補救措施，把孩子送回家，然後提供醫療及健康檢查以及足夠的生活費用，直到他們16歲為止。我們旨在盡可能提供協助，減輕對他們的潛在負面影響。就未滿18歲的未成年工人而言，他們不得從事若干可能危及安全和健康的工作。我們將向當地勞動部門登記，並在正式工作前提供身體健康檢查。此外，我們也確保員工在雙方同意下工作，在工作場所沒有任何強迫勞工。

對外而言，我們要求供應商及分包商遵守相同勞工慣例，在合作夥伴協議中加入禁止童工及強迫勞工的要求。此也是選擇及評估過程的準則之一。倘發現供應商及分包商僱用童工或強迫勞工，他們須進行補救程序並制定改進計劃。

於報告期間，本集團並不知悉任何重大違反與防止童工及強迫勞工有關的法律及法規情況。

員工培訓與發展

嘉瑞視僱員的才能為最寶貴的資產。為了讓員工專業成長並達成其職業目標，我們提供一系列內部培訓計劃，並鼓勵他們把握外部培訓機會。

New staff orientation
新員工培訓

- company overview 公司概覽
- staff responsibilities and obligations 員工職責及義務
- Ka Shui's requirements on environmental protection, health and safety, product quality etc.
嘉瑞對環境保護、健康及安全、產品質量等的要求

On-job training
在職培訓

- personal competencies 個人能力
- management skills 管理技能
- industry-wide standard RBA requirements
行業標準責任商業聯盟行為準則要求

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

We have set up the Ka Shui Enterprise Academy in 2005, which is responsible to leverage learning opportunities and promote corporate culture exchange. The academy collects the training demands from each department and formulates an annual training plan. Through lectures and relationship-building activities, our people at different job positions and levels have chances to nurture our rich corporate culture and develop in both personal and professional domains. Training records are well kept and feedback is collected for continuous improvement and future planning.

我們於二零零五年成立嘉瑞企業學院，學院負責利用學習機會，促進企業文化交流。學院收集各部門的培訓需求及制定年度培訓計劃。透過講座及建立關係的活動，我們不同職位和級別的員工均有機會培養豐富的企業文化，並在個人及專業領域發展。我們妥善保存培訓記錄，並收集回饋信息，以便持續改進及供未來規劃。



2019 Die Casting Technology Training Course
2019壓鑄技術培訓班



Legal Seminar
法制班



2019 Marketing Communication Skills Training
2019行銷溝通技巧培訓班



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

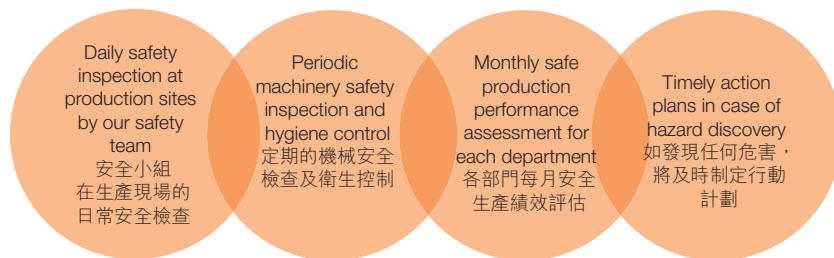
環境、社會與管治報告(續)

The apprenticeship programme is also in place to train and develop our technical personnel, as well as strengthening the sense of belonging among employees. Experienced mentors are assigned to help and guide new employees in terms of job skills, professional ethics, and personal development.

We have a clear career path to provide employees guidance on pursuing their career goals. Through ongoing evaluations and annual performance reviews, employees' performance is assessed in an objective and fair manner to guide every employee's career path and enable them to perform to their utmost potentials. It is also an opportunity for employees to reflect their opinions to the management so as to achieve an effective two-way communication.

Occupational Health & Safety

Ka Shui attaches high importance in maintaining a workplace free from occupational hazards. We are committed to providing a healthy and safe workplace for our employees by protecting them from work-related injuries or accidents. We have set up our health and safety policy and a safety management system to identify, control and evaluate these OHS risk to ensure employees are following the safety procedures. Management controls to safeguard our employees from accidents and occupational risks include:



To raise employees' safety awareness, a wide range of safety training programme are organised. For example, all newly-joined staff receive safety induction training on how to encounter emergencies and the correct ways of using protective equipment such as safety glasses and protective gloves. Based on employees' job natures and needs, we provide extra training to ensure their acknowledgment to all the potential hazards and dangers in workplace, and are competent to perform their duties safely.

我們也設立學徒計劃以培訓及發展技術人員，並增強僱員的歸屬感。新僱員在工作技能、職業道德及個人發展方面均獲經驗豐富的導師幫助和指導。

我們有一條明確的職業道路，為僱員提供實現職業目標的指引。我們通過持續評估及年度表現檢討，客觀公正地評估僱員的表現，以指導每名僱員的職業道路，並使其發揮最大潛能。此也是僱員向管理層反映意見的機會，從而實現有效的雙向溝通。

職業健康及安全

嘉瑞高度重視維持遠離職業危害的工作場所。我們致力為僱員提供健康及安全的工作場所，保護他們免受工傷或發生事故。我們已制定健康安全政策及安全管理體系，以識別、控制及評估此等職業健康與安全風險，確保僱員遵守安全程序。保護僱員不受事故及職業風險的管理監控包括：

為提升僱員的安全意識，我們舉辦各類安全培訓計劃。例如，所有新入職員工都會接受安全入門訓練，學習如何應對緊急狀況及使用防護工具（如安全眼鏡及防護手套）的正確方法。基於僱員的工作性質及需要，我們提供額外培訓，以確保他們在工作場所對所有潛在的危害物和危險有完整的認知，並能安全地執行職責。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

In spite of the above preventive measures, first-aiders are stationed in our production sites as required by relevant laws and regulations for any immediate first-aid support. An emergency procure plan is also developed to cope with emergency situations. Drills for fire and other emergency situations are periodically conducted and reviewed to increase staff's safety awareness and response efficiency in case of emergency events.

Externally, suppliers are required to sign the Safety Responsibility Agreement to show their commitments in safeguarding worker's working conditions. For example, all workers have to be provided with sufficient protective equipment and trained before on-boarding.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards in Hong Kong and Mainland China.

Pleasant Workplace

We strive to maintain a harmonious working environment and good relationship with our employees by setting up a multi-channel communication system for staff, union, and the management. We are committed to maintaining an open dialogue among employees, the union and the management, and to improving employee satisfaction by means of meetings, forums, sports competitions and other activities. Employees are also encouraged to express their opinions or complaints via the internal opinion box. We promise to respect their feedback and to handle them timely and impartially.

即使實施上述預防措施，我們仍根據有關法律法規規定派急救員駐守在我們的生產場地，以提供即時的急救支援。為了應付緊急情況，我們已制定緊急程序計劃。我們也定期進行消防及其他緊急情況演習及檢討，以提高員工的安全意識及在發生緊急事件時的反應。

對外而言，供應商須簽署安全責任協議，以表明他們在保護工人工作條件方面的承諾。例如，所有工人均須配備足夠的防護設備，並在正式工作前接受培訓。

於報告期間，本集團並不知悉任何重大違反與香港及中國大陸提供安全工作環境及保護僱員免受職業危害有關的法律及法規情況。

愉快的工作場所

我們致力維持和諧的工作環境及與僱員的良好關係，為員工、工會及管理層建立多渠道的溝通系統。透過會議、討論區、運動比賽及其他活動，我們致維持僱員、工會與管理層之間的公開對話，並改善僱員的滿意度。我們透過內部意見箱鼓勵僱員表達意見或投訴。我們承諾尊重他們的回饋，並及時公平地處理有關意見。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

A wide range of recreational and relationship building activities are organised to strengthen the bonding among our employee and build a sense of belonging to the Group. Our workplace is also equipped with physical fitness rooms, library, Internet rooms, and badminton courts to foster a healthy work-life balance.

我們舉辦各類康樂及建立關係的活動，以加強僱員之間的聯繫及培養他們對本集團的歸屬感。我們還在工作場所設置健身室、圖書館、互聯網室及羽毛球場，以提倡健康的工作與生活平衡。



Tug of War Competition
拔河比賽



Calligraphy Training Course
書法培訓班



Badminton Competition
羽毛球比賽



Table Tennis Competition
乒乓球比賽

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

C. RESPONSIBLE FOR OUR ENVIRONMENT

Regarding environmental protection as our own duty, we strive to be an advanced and leading green high-tech enterprise. Responding to SDG 12 – Responsible Consumption and Production, we have the Group Environmental Policy in place, endorsed by our Chief Executive Officer. It outlines our environmental commitments to minimise environmental impacts, supported by the ISO 14001:2015 certified Environmental Management System at Ka Fung and Ka Yi.

C. 對環境盡責

我們視保護環境為我們的義務，致力成為一家先進領先的綠色及高科技生產商。為響應可持續發展目標12 – 負責任消費和生產，我們已制定集團環境政策，並獲行政總裁支持。此概述我們盡量減少對環境造成影響的環境承諾，嘉豐及嘉宜更獲得ISO 14001:2015環境管理體系認證的支持。

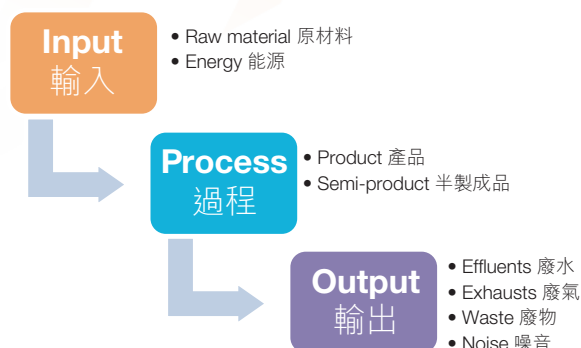
Group Environmental Policy 集團環境政策

- Observe all applicable national and local laws and regulations strictly
嚴格遵守所有適用的國家及地方的法律及法規
- Establish, implement and strengthen our environmental management system, as well as setting of goals for environmental achievements
建立、實施及加強環境管理體系，並制定環境成果目標
- Introduce cleaner production in steps, striving to conserve resource uses and reduce waste or effluent
逐步推行清潔生產、努力節約資源的使用及減少廢物或廢水
- Provide training and education to promote the idea of sustainable development across the supply chain
提供培訓及教育，以在整個供應鏈宣揚可持續發展的理念
- Provide channels for relevant interested parties and the public to get access to our environmental performance tracking
為相關利益方及公眾人士提供獲取環境績效跟蹤的渠道

To ensure strict compliance with all applicable environmental laws and regulations, we conduct regular internal and external inspections on wastewater discharges, air emissions, hazardous waste disposals and noise generation. All emissions and discharges are only carried out with valid permits and licenses. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of waste and use of resources in Hong Kong and Mainland China.

為確保嚴格遵守所有適用的環境法律及法規，我們對廢水排放、氣體排放、危險廢物處理及噪音產生進行定期內部及外部檢查。所有排放僅在獲得有效許可證及執照下進行。於報告期間，本集團並不知悉任何重大違反與香港及中國大陸氣體及溫室氣體排放、對水及土地的排放、廢物產生以及資源使用有關的法律及法規情況。

Life-cycle analysis 生命週期分析



Ka Shui places high importance on reducing the environmental footprints of our products to create values for our customers and stakeholders. By taking our product's life-cycle into consideration and using the "cradle to grave" approach, we fully understand the impacts of our products on the environment during its entire life process, from raw material input to final disposal. Findings from the life-cycle analysis enable us to control our footprint in an integrated manner.

We actively promote the practice of environmental protection in daily office and factory operation, develop the environmental awareness of our employees by training and encourage them to participate in different green activities. Apart from implementing green measures at our offices and factories, we proactively explore opportunities to achieve our environmental goals.

嘉瑞高度重視減少產品對環境的污染，從而為我們的客戶及持份者創造價值。透過考慮產品的生命週期，採用「從搖籃到墳墓」的方法，我們充分了解從原材料輸入到最終處置的整個生命週期中產品對環境的影響。生命週期分析的結果使我們能以全面的方式控制我們的環境足跡。

我們也透過培訓及鼓勵僱員參與各種綠色活動，以積極推廣日常辦公室及工廠營運中的環保實踐及培養他們的環保意識。除在辦公室及工廠實施綠色措施外，我們也積極探索實現環境目標的機會。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Emission Control

The major sources of our air emissions are stationary machineries, motor vehicles and our manufacturing processes such as die casting, moulding and scrapping. To reduce the level of air pollutants in our emissions, several mitigation initiatives are introduced:

- Install filtering devices for our major air pollutants, such as volatile organic compound and particulate matter ("PM")
- Maintain exhaust gas generating equipment and exhaust gas control equipment regularly according to the maintenance instructions
- Appoint third parties to conduct annual air quality testing to ensure air pollutants are controlled properly and the level of emissions does not exceed the threshold limit
- Inspect company vehicles annually to control exhausts from motor vehicles
- Turn off vehicle engines when they are idling

During the Reporting Period, the Group's total air emissions generated by company vehicles and stationary fuel usage were as follows:

排放控制

我們氣體排放的主要來源為固定機器、汽車及生產過程，例如壓鑄、注塑及銷毀。為減少我們排放的空氣污染物水平，已推出多項減緩措施：

- 安裝過濾設備以處置我們的主要空氣污染物，如揮發性有機化合物及顆粒物（「顆粒物」）
- 根據維護指示定期維護產生廢氣的設備及廢氣控制設備
- 聘請第三方每年進行空氣品質監測，以確保空氣污染物適當地受控及排放水平不超過限值
- 每年檢查公司車輛以控制汽車的廢氣排放
- 發動機空轉時應關閉

於報告期間，本集團的公司車輛所產生的總氣體排放量及固定燃料使用量如下：

Air Emission 氣體排放	Unit 單位	2019
Nitrogen oxides 氮氧化物	kg 公斤	267.79
Sulphur oxides 硫氧化物	kg 公斤	2.61
PM 顆粒物	kg 公斤	24.53

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

In view of global warming and climate change, we strive to reduce our greenhouse gas (“GHG”) emissions by conserving our energy and resources, which will be detailed in the later section of this report. We have conducted a GHG emission assessment¹ to understand the Group’s emission pattern which the Group’s GHG emissions are mainly contributed by use of purchased electricity, fuels and refrigerant. During the Reporting Period, the Group’s total GHG emission was 40,776.54 tCO₂e, with an intensity of 63.25 tCO₂e per million pieces of product.

鑑於全球暖化及氣候變化，我們致力通過節約能源及資源以減少溫室氣體（「溫室氣體」）的排放，詳情將載列於本報告後面分節。我們已進行溫室氣體排放評估¹，以了解本集團的排放模式，本集團的溫室氣體排放主要來自使用已購買的電力、燃料及製冷劑。於報告期間，本集團的總溫室氣體排放量為40,776.54公噸二氧化碳當量，密度為每百萬件產品63.25公噸二氧化碳當量。

Greenhouse Gas Emission 溫室氣體排放	Unit 單位	2019
Scope 1 — Direct GHG emissions ² 範圍一 — 直接溫室氣體排放 ²	tCO ₂ e 公噸二氧化碳當量	2,628.93
Scope 2 — Energy indirect GHG emissions ³ 範圍二 — 能源間接溫室氣體排放 ³	tCO ₂ e 公噸二氧化碳當量	38,147.61
Total GHG emissions 溫室氣體排放總量	tCO ₂ e 公噸二氧化碳當量	40,776.54
GHG Intensity 溫室氣體排放密度	tCO ₂ e/million pieces of product 公噸二氧化碳當量／每百萬件產品	63.25

¹ The carbon assessment is conducted based on the “How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx and international standards such as ISO 14064 and GHG Protocol.

² Scope 1 represents direct GHG emissions generated by the use of refrigerant and fuels for stationary and mobile sources.

³ Scope 2 represents energy indirect GHG emissions generated by the use of electricity.

¹ 碳評估乃根據香港聯交所刊發的《如何編備環境、社會及管治報告？附錄二：環境關鍵績效指標匯報指引》及ISO 14064及溫室氣體議定書等國際標準進行。

² 範圍一指固定及移動源頭使用製冷劑及燃料所產生的直接溫室氣體排放。

³ 範圍二指用電所產生的能源間接溫室氣體排放。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Waste Management

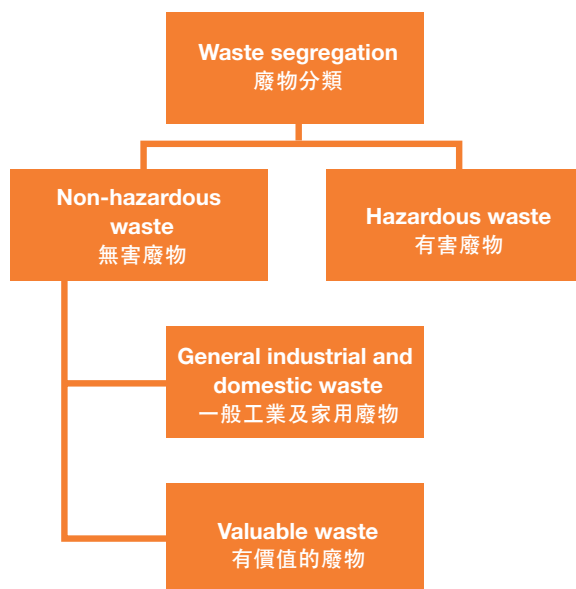
We reduce our raw and office material consumption by improving the efficiency of the production process in order to cut raw material inputs and minimise product failures, which in turn lower the amount of waste generated.

We exercise waste segregation to isolate hazardous waste which requires different approaches to handle, and to divert valuable waste for recycling. Waste is separated into non-hazardous and hazardous waste, with respective dedicated collection bins. In the meantime, Ka Shui Enterprise Academy organises regular training sessions on waste handling to ensure all employees are familiar with the practices.

廢物管理

我們透過改善生產流程的效率以減少原材料及辦公室材料的消耗，從而減少原材料的投入，盡量減少產品故障，以降低所產生的廢物量。

我們進行廢物分類，分開需要採用不同方法來處理的有害廢物，以及回收有價值的廢物。廢物分為無害廢物及有害廢物，放入各自的專用垃圾桶。同時，嘉瑞企業學院定期舉辦廢物分類培訓班，以確保所有僱員熟悉有關做法。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Hazardous wastes, such as waste oil residue, paint, sludge, chemicals and their containers, are disposed of in strict compliance with relevant laws and regulations. Hazardous wastes are sorted, collected, labelled, stored and transported with special cares. Each department logs its monthly generation records, for effective management control and continuous improvement planning. A contingency plan is established to cope with emergency circumstances such as chemical leakage, fire, explosion or other accidents that may occur when handling hazardous waste. The plan provides our staff with timely and appropriate response action to minimise the potential environmental and health impacts incurred under such circumstances.

For valuable waste such as metals from the leftover in production, we will recycle back into the production cycle. For waste which inevitably ends up with being disposed of, which is the least preferable option, will only be handled by qualified collectors. We require our collectors to comply with our environmental and safety agreement, to avoid inflicting potential harms to the environment and our staff.

During the Reporting Period, the Group disposed of a total of 589.53 tonnes of hazardous waste and 77.92 tonnes of non-hazardous waste:

有害廢物(如廢油殘渣、油漆、污泥、化學品及其容器)嚴格按照相關法律及法規進行處置。有害廢物的分類、收集、標籤、儲存及運輸均特別審慎處理。為有效管理控制及持續改善計劃,各部門每月均記錄其廢物產生的記錄。我們亦制定應急計劃,以應對處理危險廢物時可能發生的緊急情況,如化學品洩漏、火災、爆炸或其他事故。該計劃為我們的員工提供及時及適當的回應行動,以盡量減低在有關情況下產生的潛在環境及健康影響。

就生產過程中剩餘的金屬等有價值的廢棄物而言,我們將回收並再次投入生產週期。就不可避免最終會被棄置的廢物而言,此乃最不可取的選擇,將由合資格的收集商處理。我們要求收集商遵守環境及安全協議,避免對環境及員工造成潛在傷害。

於報告期間,本集團共處置589.53公噸有害廢物及77.92公噸無害廢物:

Waste Generation 廢物產生	Unit 單位	2019
Hazardous waste 有害廢物		
Chemical waste 化學廢料	Tonnes 公噸	424.39
Other 其他	Tonnes 公噸	165.14
Total 總計	Tonnes 公噸	589.53
Intensity 密度	Tonnes/million pieces of product 公噸/每百萬件產品	0.91
Non-hazardous waste 無害廢物		
Domestic waste 家用廢物	Tonnes 公噸	77.92
Total 總計	Tonnes 公噸	77.92
Intensity 密度	Tonnes/million pieces of product 公噸/每百萬件產品	0.12

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Use of Resources

In our operational activities, we consumer various types of resources such as energy, water and materials. Reducing our consumption of resources not only conserves the environment, but also lowers our operation cost and creates values to our stakeholders. To effectively manage our use of resources, we have set up the Energy and Resource Consumption Control Procedure, which clearly outlines the responsibility of each department on managing each resource type. Through the metering system at our production sites, we can understand our consumption patterns and identify areas for further improvement.

Energy Consumption

The Group's major types of energy consumed are purchased electricity, natural gas for stationary machineries, as well as gasoline and diesel oil for vehicles. We are committed to utilising energy efficiently and thus reducing corresponding greenhouse gas emissions.

In addition to monitoring, we have put substantial effort in cutting energy consumption and improving energy efficiency. The followings are some energy-saving initiatives adopted at our factories and offices:

- Adjust production processes to enhance energy efficiency
- Purchase machineries and electrical appliances which are certified with energy-saving labels through green procurement practices
- Promote energy saving behaviour among staff by reminding them to switch off electrical equipment, such as computers, printers, and shredders when not in use
- Place "energy-saving" signs next to power switches to remind staff of avoiding unnecessary consumption of electricity

資源利用

於營運活動中，我們消耗各種資源，例如能源、水及物料。減少我們的資源消耗不僅可保護環境，也可降低我們的營運成本，為持份者創造價值。為有效管理資源的使用，我們已制定《能源及資源消耗控制程序》，該程序清楚概述各部門管理每種資源類型的責任。通過我們生產場所的計量系統，我們能了解我們的消耗模式並識別進一步改進的方面。

能源消耗

本集團消耗的能源主要種類有已購買的電力、用於固定機器的天然氣以及用於汽車的汽油及柴油。我們致力於有效利用能源，從而減少相應的溫室氣體排放。

除了監察外，我們於削減能源消耗及改善能源效益方面作出很大努力。以下為我們在工廠及辦公室採取的若干節能措施：

- 調整生產流程以提升能源效益
- 通過綠色採購常規購買有節約能源標籤的機器和電器
- 推動員工的節能行為，提醒他們在不使用電力設備時關閉電腦、打印機和碎紙機等電力設備
- 在電掣旁邊張貼「節能」標示，提醒員工避免不必要的電力消耗

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

- Conduct regular vehicle maintenance and annual inspection to ensure they are always operating in good condition to increase fuel efficiency

- 定期進行車輛維護和年度檢查，以確保車輛處於良好狀態，以提高燃油效率

During the Reporting Period, the Group consumed a total of 45,647.58 MWh of electricity, 1,402,958 m³ of natural gas, 91,524.88 litres of gasoline and 78,724.49 litres of diesel oil. Their respective intensities are as follows:

於報告期間，本集團消耗了總共45,647.58兆瓦小時電力、1,402,958立方米天然氣、91,524.88升汽油及78,724.49升柴油，其相關密度如下：

Type of Energy 能源消耗	Unit 單位	2019
Electricity 電力	MWh 兆瓦小時	45,647.58
Intensity 密度	MWh/million pieces of product 兆瓦小時／每百萬件產品	70.80
Natural gas 天然氣	m ³ 立方米	1,402,958.00
Intensity 密度	m ³ /million pieces of product 立方米／每百萬件產品	2,176.08
Gasoline 汽油	Litres 升	91,524.88
Intensity 密度	Litres/million pieces of product 升／每百萬件產品	141.96
Diesel oil 柴油	Litres 立方米	78,724.49
Intensity 密度	Litres/million pieces of product 立方米／每百萬件產品	122.11

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Water Resources

Freshwater is a precious resource in the planet that we should conserve so thus Ka Shui is committed to conserving our water resources by using it responsibly and efficiently. Our daily water consumption is mainly due to production processes and domestic use. We strive to reduce our water consumption by the following measures:

- Inspect water pipes regularly to prevent water leakage
- Promote water-saving behaviour to all staff
- Conduct timely maintenance to avoid waste in case of water leakage
- Place “water-saving” signs near water taps to remind our staff to treasure water resources
- Reuse and recycle our water resources as much as possible such that employees are encouraged to propose water-saving initiatives

During the Reporting Period, there was no issue in sourcing water and the total water consumption was 258,744.23 m³, with an intensity of 401.33 m³ per million pieces of product.

水資源

淡水是地球上珍貴的資源，我們應節約用水，因此嘉瑞致力節約水資源，負責任且有效地使用水資源。我們的日常水消耗主要用於生產流程及生活用水。我們致力通過以下措施減少水消耗：

- 定期檢查水管以防止任何漏水
- 向所有員工宣傳節約用水行為
- 在漏水的情況下，將會進行適時維修以免造成浪費
- 在水龍頭附近貼上「節約用水」的標誌，提醒我們的員工珍惜水資源
- 盡量重用和回收水資源，以鼓勵員工提議節水方案

於報告期間，我們在取得水方面並無出現問題，總耗水量為258,744.23立方米，密度達每百萬件產品401.33立方米。

Water Use 用水	Unit 單位	2019
Freshwater 淡水	m ³ 立方米	258,744.23
Intensity 密度	m ³ /million pieces of product 立方米／每百萬件產品	401.33

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Our major effluents include industrial and domestic wastewater from canteen, toilet and septic tanks. Through strict control of sewage discharge management, we ensure the discharge of all effluents complies with relevant laws and regulations, as well as the requirements of local environmental protection authorities. All discharge activities are monitored by the implementation of the Water Pollution Control Procedure. Chemicals and oils are also kept away from the inlet of water pipes to prevent contamination of water bodies.

To further lower our amount of wastewater, we made efforts on water reclamation by installing a wastewater treatment system at Ka Shui Technology. Industrial wastewater is processed and 60% of the treated water is successfully recycled in our manufacturing processes. The sludge remained is then collected and disposed of by a qualified recycler. During the Reporting Period, the total amount of wastewater discharged was 64,300.92 m³.

我們的主要廢水包括食堂、廁所及化糞池的工業廢水及生活廢水。通過嚴格控制污水排放管理，我們確保所有廢水的排放均符合相關法律及法規以及當地環保機關的要求。通過實施水污染控制程序，所有排放活動均受監控。化學品及油亦要遠離水管入口，以防污染水體。

為進一步減少污水量，我們在嘉瑞科技安裝污水處理系統，致力於水的回收利用。工業廢水經過處理，而60%經處理的水在我們的生產過程中成功回收。剩餘的污泥由合資格的回收商收集及處置。於報告期間，廢水的排放總量為64,300.92立方米。

Effluent 廢水	Unit 單位	2019
Wastewater 廢水	m ³ 立方米	64,300.92
Intensity 密度	m ³ /million pieces of product 立方米／每百萬件產品	99.74

Use of Materials

We aim to use sustainable materials which bring less harm to the environment and human throughout the entire product life cycle. Therefore, we carefully select our raw materials in compliance with international standards, including RoHS and REACH to govern the use of the regulated hazardous substances and chemicals in production. In addition, we also follow the Forest Stewardship Council standard as requested by our clients to ensure the wooden materials are sustainably sourced.

物料利用

我們的目標是利用可持續發展的材料，在整個產品週期減少對環境及人類的傷害。因此，我們根據國際標準（包括使用有害物質限制及化學品註冊、評估、授權及限制）小心挑選原材料，從而在生產中管理使用有害物質及化學品。此外，我們還應客戶請求，按照森林管理委員會的標準，確保我們的木質材料均來自可持續來源。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Plastic, magnesium alloy, aluminium alloy, and zinc alloy are the major types of raw materials consumed during our manufacturing processes. Through upgrading manufacture equipment, optimising the production process, offering training to our employees, recycling scrapped products, and better strategic planning to control and minimise the occurrence of unqualified products, we are able to lower our raw material usage. During the Reporting Period, the Group consumed a total of 3,745.14 tonnes of raw materials, with an intensity of 5.81 tonnes per million pieces of product and details are as follows:

塑膠、鎂合金、鋁合金及鋅合金為我們生產過程消耗的主要原材料種類。我們通過提升生產設備、優化生產過程、向僱員提供培訓、回收已報廢的產品，以及訂立更佳的策略計劃，以控制及盡量減少不合格產品，從而減少原材料使用量。於報告期間，本集團共消耗3,745.14公噸原材料，密度為每百萬件產品5.81公噸。詳情如下：

Raw Material 原材料	Unit 單位	2019
Plastic 塑膠	Tonnes 公噸	1,124.68
Magnesium alloy 鎂合金	Tonnes 公噸	1,748.40
Aluminum alloy 鋁合金	Tonnes 公噸	509.66
Zinc alloy 鋅合金	Tonnes 公噸	362.40
Total 總計	Tonnes 公噸	3,745.14
Intensity 密度	Tonnes/million pieces of product 公噸／每百萬件產品	5.81

Packaging materials are also used for product containment and protection in order to deliver excellent products to our customers. Major types of packaging materials used are carton box, plastic, sticker and wood. During the Reporting Period, the Group consumed a total of 749.13 tonnes of packaging materials, with an intensity of 1.16 tonnes per million pieces of product. The amount of packaging materials consumed is summarised as follows:

包裝材料也被用於盛載及保護產品，以向我們的客戶交付優質的產品。使用的包裝材料主要種類有紙箱、塑膠、貼紙及木材。於報告期間，本集團共消耗749.13公噸包裝材料，密度為每百萬件產品1.16公噸。包裝材料消耗量概述如下：

Packaging Material 包裝材料	Unit 單位	2019
Carton box 紙箱	Tonnes 公噸	409.73
Plastic 塑膠	Tonnes 公噸	50.99
Sticker 貼紙	Tonnes 公噸	1.91
Other 其他	Tonnes 公噸	15.66
Wood 木材	Tonnes 公噸	270.84
Total 總計	Tonnes 公噸	749.13
Intensity 密度	Tonnes/million pieces of product 公噸／每百萬件產品	1.16

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Green office

While our operations in offices do not pose significant emissions and pollution impacts to the environment, certain amount of resources such as paper, stationary and electricity are unavoidably consumed. To promote a green culture in offices, we set up the following green office initiatives:

- Advocate the concept of a “paperless office” to encourage our employees to make full use of e-communication channels such as the intranet to use paper as least as possible
- Encourage double-sided printing and reuse single-sided paper
- Maintain the room temperature at 25 °C
- Practice green procurement such as opting for refillable ball pens, recyclable paper for printing purpose and energy-efficient appliances

During the Reporting Period, a total of 15.72 tonnes of paper was consumed, with an intensity of 0.02 tonnes per million pieces of product.

Noise Mitigation

During our manufacturing processes, noise is inevitably generated from machineries such as generators and compressors. With an aim to reduce the noise level and nuisance to the surroundings, high-efficient machineries are opted to reduce the operation time. Regular maintenance is performed to ensure the equipment is in good condition. We are also committed to strictly adhering noise level standards according to the relevant laws and regulations.

綠色辦公室

儘管我們的辦公室運作對環境並不構成重大排放及污染影響，我們無可避免地消耗若干數量的紙張、文具及電力等資源。為了在辦公室推廣綠色文化，我們已設立以下綠色辦公室措施：

- 提倡「無紙辦公室」的概念，以鼓勵僱員充分利用內聯網等電子通訊渠道，盡可能少用紙張
- 鼓勵雙面列印及重用單面紙張
- 將室內溫度維持在攝氏25度
- 實踐綠色採購，例如選擇可替換筆芯的原子筆、可循環再用的打印紙張及具能源效益的裝置

於報告期間，我們共消耗15.72公噸紙張，密度為每百萬件產品0.02公噸。

消滅噪音

在我們的生產過程中，發電機及壓縮機等機器無可避免會產生噪音。為減低噪音水平及對周邊的滋擾，我們選用高效能的機器減少生產時間，並進行定期維修以確保設備狀態良好。我們還致力根據相關法律及法規嚴格遵守噪音水平標準。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Innovation & Research

創新及研究



As a pioneer in magnesium, aluminium and zinc alloys die casting, we are also actively engaged in R&D of sustainable technology to create green values for our stakeholders. Echoing to SDG 9 – Industry, Innovation and Infrastructure, we aim to foster innovation on the use of materials, products and technologies, leading to higher energy efficiency for end products, higher resource utilisation efficiency in the manufacturing process, and reduced negative impacts to the environment.

We are delighted to share with our stakeholders that Ka Fung and Ka Shui Technology have been accredited as the “New & High Technology Enterprise” this year. The honour represents the recognition from the government of Guangdong Province to our scientific research capability. We will further enhance our innovation capability, keep putting continuous effort to be a role model and fully utilise our strengths to achieve high-speed development.

作為鎂、鋁及鋅合金壓鑄的先驅，我們還積極參與可持續技術的研發，為我們的持份者創造綠色價值觀。為響應可持續發展目標9 – 產業、創新和基礎設施，我們旨在於使用材料、產品和技術方面提倡創新，以提高最終產品的能源效率，在生產過程中提高資源利用效率，並減少對環境的負面影響。

我們欣然與持份者分享，嘉豐及嘉瑞科技於本年度獲認可為「高新技術企業」。此榮譽乃廣東省政府對我們科研能力的表揚。我們將進一步提升創新能力，繼續努力成為模範，並充分發揮我們的優點以達致高速發展。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Ka Fung and Ka Shui Technology also participated in the “Key Technology and Applications in Product Shape and Mechanical Performance Control for Die-casting Large Complex Thin-wall Magnesium Structural Parts” project and won the “Guangdong Scientific and Technological Progress Award (Second Prize)” by the government of Guangdong Province as well as the “China Nonferrous Metals Industry Science and Technology Award (First Prize)” by China Nonferrous Metals Industry Association. The project aims to produce large metal parts for automotive and electronic communication industries and it has four core technologies: 1) magnesium alloy composition optimisation for better die-casting performance; 2) vacuum die-casting to enhance the capability of making complex thin-wall structural parts; 3) surface finishing treatment of low cost, high efficiency and environment-friendly magnesium alloy; and 4) computer-aided engineering analysis for die-casting process simulation and parameters control of large, complex and thin-wall structural part. Through the successful applications of production facilities and commercialization, Ka Shui will continue to utilise our cutting-edge technologies to further develop businesses in automotive and electronic communications sectors.

嘉豐及嘉瑞科技亦參與「大型複雜薄壁鎂合金構件控形控性關鍵技術及應用」項目，並榮獲廣東省政府頒發的「廣東省科技進步獎(二等獎)」及中國有色金屬工業協會和中國有色金屬學會頒發的「中國有色金屬工業科學技術獎(一等獎)」。

該項目針對生產汽車和電子通信領域大型金屬部件，其主要的核心技術有四方面：1)鎂合金成分優化以改善壓鑄性能；2)真空壓鑄技術提升生產複雜薄壁結構件的能力；3)低成本高效環保的鎂合金表面處理；及4)電腦輔助工程分析為大型複雜薄壁結構件進行模擬壓鑄分析以優化及調控加工參數。通過成功應用生產設施及商業化，嘉瑞將繼續利用我們的尖端技術來進一步發展汽車及電子通訊領域的業務。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

Beyond Ka Shui

Apart from instilling the culture of environmental responsibility within Ka Shui, we strive to step forward to exert influences on and raise awareness of other parties associated with Ka Shui. Related parties, including transportation providers, waste collectors, raw material suppliers, chemical suppliers, and canteen operators, are all required to comply with our “Environmental Requirements of Related Party”. For example, raw material suppliers are required to use recyclable packaging as far as possible and waste collectors are required to obtain relevant permits and qualifications. In case of violation, Ka Shui will follow the issues seriously and may terminate the business relationship if there are no improvements.

Our suppliers have to sign the Supplier Environmental Agreement to ensure they understand our CSR policy and are committed to accomplishing our expectations according to ISO 14001 Environmental Managing System. Since we strictly follow the RoHS and REACH standards, suppliers are required to declare that their supplying materials are complying with the standards, and also to submit testing reports performed by a third-party for verification of the compliance. For instance, chemical suppliers are required to submit Material Safety Data Sheet to disclose the health and safety hazard information of the chemicals and corresponding health and safety measures. We will request improvement plans in case of discovery of violation. Ka Shui may terminate the business relationship if no corrective or preventive actions are taken.

嘉瑞創造佳績

除在嘉瑞灌輸環境責任的文化外，我們還努力向前邁進，以影響及提高其他與嘉瑞有關各方的意識。關聯人士(包括運輸商、廢物收集商、原材料供應商、化學品供應商及食堂營辦商)必須遵守我們的「關聯人士的環境要求」。例如，原材料供應商必須盡可能使用可回收包裝，廢物收集商必須取得相關的許可證及資格。如有任何違規，嘉瑞將嚴格跟進問題，如無任何改進，或可能終止業務關係。

我們的供應商必須簽署供應商環境協議，確保彼等明白我們的企業社會責任政策，並承諾按照ISO 14001環境管理體系實現我們的期望。由於我們嚴格遵守有害物質限制及化學品註冊、評估、授權及限制的標準，供應商必須聲明彼等供應的資料符合標準，並提交由第三方執行的測試報告，以驗證其是否合規。例如，化學品供應商須提交物料安全數據表，以披露化學品的健康及安全危害信息以及相應的健康及安全措施。如發現違規，我們將要求改進計劃。如沒有採取糾正或預防措施，嘉瑞可終止業務關係。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

環境、社會與管治報告(續)

D. RESPONSIBLE FOR OUR COMMUNITY

As a socially responsible enterprise, Ka Shui aims to exert positive influences on the community where we operate and live by making full use of our competency. In line with our Corporate Social Responsibility Policy Statement, we focus on (i) supporting local education projects for youth development; (ii) collaborating with local charities on poverty and disaster relief initiatives; and (iii) participating in environmental conservation activities, to give back to the community. We always engage and encourage our staff to involve in community activities. Ka Shui has also established a volunteer team which arranges volunteer activities continuously.



Guangzhou City Construction College's Visit to
Ka Shui Technology Park
廣州城市建設學院參觀嘉瑞科技園

D. 對社會負責

作為一家對社會負責的企業，嘉瑞致力於通過充分利用我們的能力，對我們經營和生活的社區產生正面影響。根據我們的《企業社會責任政策聲明》，我們專注於(i)支持地區的青年發展教育項目；(ii)與當地慈善機構合作開展貧困和救災救濟措施；及(iii)參與環境保護活動以回饋社會。我們一直參與並鼓勵我們的員工參與社區活動。嘉瑞已成立志願者團隊安排義工活動。



Cleaning Charitable Activities
清潔公益活動

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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TO THE SHAREHOLDERS OF KA SHUI INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Ka Shui International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 103 to 267, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

致嘉瑞國際控股有限公司 全體股東

(於開曼群島公司註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第103頁至267頁嘉瑞國際控股有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一九年十二月三十一日之綜合財務狀況表，與截至該日止年度的綜合損益表及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(包括主要重大會計政策概要)。

我們認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而公平地反映 貴集團於二零一九年十二月三十一日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照《香港公司條例》的披露規定妥善編制。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

1. Fair value measurement of land
2. Allowance for inventories

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審核。我們就該等準則承擔的責任將在本報告「核數師就審核綜合財務報表承擔的責任」部分中闡述。根據香港會計師公會的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他職業道德責任。我們相信，我們所獲得的審核憑證能充分及適當地為我們的審核意見提供基礎。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，對本期綜合財務報表的審核最為重要的事項。這些事項是在我們審核整體綜合財務報表及出具意見時進行處理的，而我們不會對這些事項提供單獨的意見。我們識別出的關鍵審核事項包括：

1. 土地公平值的計量
2. 存貨撥備

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

KEY AUDIT MATTER (Continued)

關鍵審核事項(續)

Key Audit Matter

關鍵審核事項

How our audit addressed the Key Audit Matter

我們在審核中對關鍵審核事項的處理方式

1. Fair value measurement of land
土地公平值的計量

Refer to notes 5(e), 7 and 20 to the consolidated financial statements.

參閱綜合財務報告附註5(e)、7及20。

The Group measures its land at fair value using a market approach. The valuation is a level 3 fair value measurement as it involves adjustments to market comparables to reflect the particular characteristics of the land, including location and plot sizes, which are based on unobservable inputs that are subjective. The value of land is sensitive to these inputs. In order to determine an appropriate fair value of the land, the Group appointed an independent professional valuer to perform the assessment.

貴集團使用市場法，按公平值計量其土地。估值為第三層公平值計量，因為當中涉及就市場可資比較資料進行調整，以反映土地的具體特性，包括地方及地段大小，乃以主觀不可觀察的參數為基礎。土地之價值對該等參數敏感。為釐定該土地的恰當公平值，貴集團委任獨立專業估值師進行評估。

Our procedures in relation to the fair value measurement of land included:

我們就土地公平值的計量進行的程序包括：

- Evaluation of the independent external valuer's competence, capabilities and objectivity;
評估獨立估值師的資格、能力及客觀性；
- Assessing the valuation methodologies used and the appropriateness of the key assumptions and comparables;
評估所用估值方法以及主要假設及可資比較資料是否恰當；
- Checking the accuracy of the observable inputs;
檢查可觀察參數是否準確；
- Reviewing the appropriateness of those adjustments which were based on unobservable inputs; and
檢討按不可觀察參數所作調整是否恰當；及
- Assessing the adequacy of the disclosures in respect of the fair value of land.
評估就土地公平值所作披露是否足夠。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

KEY AUDIT MATTER (Continued)

關鍵審核事項(續)

Key Audit Matter

關鍵審核事項

2. Allowance for inventories
存貨撥備

Refer to notes 5(a) and 25 to the consolidated financial statements.
參閱綜合財務報表附註5(a)及25。

At the end of the reporting period, the Group identifies obsolete and slow-moving inventory items that are not probable for use in future production or to be sold out. It also identifies any other inventories with net realisable value below cost. The identification is based on forecasts of customers' future orders and future market conditions, and involves subjective estimation. The allowance has impact on the carrying amount of inventories and the profit or loss for the year.

於報告期末，貴集團識別不可能用作未來生產或售出的過時及滯銷存貨項目。彼亦識別可變現淨值低於成本的任何其他存貨。該識別是以預測客戶未來訂單及未來市場狀況為基礎，並涉及主觀估計。有關撥備對年內存貨賬面值及損益有影響。

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the 2019 annual report of the Company other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

How our audit addressed the Key Audit Matter

我們在審核中對關鍵審核事項的處理方式

Our procedures in relation to the allowance for inventories included:

我們就存貨撥備進行的程序包括：

- Reviewing inventory ageing analysis to identify obsolete or slow-moving inventories;
審閱存貨賬齡分析，識別過時或滯銷存貨；
- Testing whether the net realisable value of major items of inventories exceeded cost by reviewing sales after the reporting date; and
審閱報告日期後的銷售，測試主要存貨項目的可變現淨值是否低於成本；及
- Reviewing the appropriateness of the allowance for inventories by reference to information about subsequent sales or usage.
參考有關其後銷售或使用的資料，審閱存貨撥備是否恰當。

其他資料

董事需對其他資料負責。其他資料包括 貴公司二零一九年年報所載列的全部資料(不包括綜合財務報表及我們就此發出的核數師報告)。

我們對綜合財務報表的意見並不涵蓋其他資料及我們亦不對其他資料發表任何形式的保證結論。

在我們審核綜合財務報表時，我們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我們在審核過程中所了解的情況有重大抵觸，或者似乎有重大錯誤陳述。

基於我們已執行的工作，如果我們認為其他資料有重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

董事就綜合財務報表須承擔的責任

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

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

審核委員會協助董事履行監督 貴集團財務報告過程的責任。

核數師就審核綜合財務報表承擔的責任

我們的目標，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，並出具包括我們意見的核數師報告。我們僅向 閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們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》進行的審核工作總能發現所有存在的重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響綜合財務報表使用者所作出的經濟決定，則可被視作重大錯誤陳述。

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

核數師就審核綜合財務報表承擔的責任 (續)

在根據《香港審計準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制，因此未能發現因欺詐而導致的重大錯誤陳述的風險比較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審核相關的內部控制，以設計適當審核程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露資料的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，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 貴集團持續經營的能力構成重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提醒使用者對綜合財務報表中的相關披露資料的關注。假若有關的披露資料不足，則修改我們的意見。我們的結論是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 貴集團不能繼續持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露資料，以及綜合財務報表是否公允反映相關交易和事項。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Liu Fung Yi.

核數師就審核綜合財務報表承擔的責任(續)

- 就 貴集團內各實體或業務活動的財務資料獲得充足適當的審核憑證，以就綜合財務報表發表意見。我們負責指導、監督和執行集團的審核工作。我們須為我們的審核意見承擔全部責任。

我們與審核委員會溝通了(其中包括)審核計劃範圍及時間安排以及重大審核發現，包括我們在審核期間識別出內部控制的任何重大缺失。

我們亦向審核委員會作出聲明，指出我們已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

從與審核委員會溝通的事項中，我們釐定對本期間綜合財務報表的審核至關重要的事項，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在我們報告中溝通某事項造成的負面後果超出產生的公眾利益，則我們決定不應在報告中傳達該事項。

出具本獨立核數師報告的審核項目合夥人是廖鳳儀小姐。

RSM Hong Kong

Certified Public Accountants
Hong Kong
23 April 2020

羅申美會計師事務所

執業會計師
香港
二零二零年四月二十三日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

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

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue	收入	8	1,554,364	1,852,329
Cost of sales	銷售成本		(1,158,438)	(1,404,530)
Gross profit	毛利		395,926	447,799
Other income	其他收入	9	31,484	20,900
Impairment losses on trade receivables	貿易應收款項減值虧損		(117)	(132)
Reversal of impairment losses on trade receivables	貿易應收款項減值虧損回撥		—	764
Selling and distribution expenses	銷售及分銷開支		(29,990)	(33,586)
General and administrative expenses	一般及行政開支		(247,573)	(269,644)
Other operating expenses and income	其他營運開支及收入	11	(36,053)	(26,881)
Profit from operations	經營溢利		113,677	139,220
Finance costs	融資成本	12	(11,536)	(13,167)
Share of losses of associates	攤分聯營公司損失	23	(810)	(146)
Profit before tax	除稅前溢利		101,331	125,907
Income tax expense	所得稅開支	13	(14,569)	(12,505)
Profit for the year	年內溢利	14	86,762	113,402
Attributable to:	以下人士應佔權益：			
Owners of the Company	本公司權益持有人		88,705	113,556
Non-controlling interests	非控股權益		(1,943)	(154)
			86,762	113,402
Earnings per share	每股盈利	18	HK Cents 港仙	HK Cents 港仙
Basic	基本		9.92	12.71
Diluted	攤薄		N/A不適用	N/A不適用

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

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit for the year	年內溢利	86,762	113,402
Other comprehensive income: <i>Items that will not be reclassified to profit or loss:</i>	其他全面收益： 將不會重新分類至損益之項目		
Surplus on revaluation of leasehold land	租賃土地價值重估之盈餘	11,279	20,858
Income tax on items that will not be reclassified to profit or loss	不會重新分類至損益之項目之所得稅	(3,714)	(6,647)
		7,565	14,211
<i>Items that may be reclassified to profit or loss:</i>	可重新分類至損益之項目：		
Exchange differences on translating foreign operations	換算海外業務產生之匯兌差額	(12,953)	(40,578)
Share of translation reserve of associates	攤分聯營公司匯兌儲備	—	(25)
		(12,953)	(40,603)
Other comprehensive income for the year, net of tax	年內除稅後其他全面收益	(5,388)	(26,392)
Total comprehensive income for the year	年內全面收益總額	81,374	87,010
Attributable to:	以下人士應佔權益：		
Owners of the Company	本公司權益持有人	83,616	88,118
Non-controlling interests	非控股權益	(2,242)	(1,108)
		81,374	87,010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2019 於二零一九年十二月三十一日

		Note	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	19	504,054	766,155
Right-of-use assets	使用權資產	20	224,525	—
Club membership	會所會籍	21	718	718
Investments in associates	於聯營公司之投資	23	8,953	9,931
Financial assets at FVTOCI	按公平值計入其他全面 收益之金融資產	24	—	—
Deposits paid for acquisition of property, plant and equipment	預付購買物業、機器及 設備之按金		7,894	8,287
Deferred tax assets	遞延稅項資產	33	149	215
			746,293	785,306
Current assets	流動資產			
Inventories	存貨	25	215,957	244,755
Right of return assets	退回資產之權利		111	111
Trade receivables	貿易應收款項	26	340,524	376,785
Contract assets	合約資產	27	17,731	14,670
Prepayments, deposits and other receivables	預付款項、按金及 其他應收款項		47,407	40,842
Due from associates	應收聯營公司款項	23	16	108
Current tax assets	即期稅項資產		3,260	995
Restricted bank balances	有限制銀行存款	28	1,835	5,517
Bank and cash balances	銀行及現金結餘	28	262,252	250,606
			889,093	934,389
Current liabilities	流動負債			
Trade payables	貿易應付款項	29	209,014	264,032
Contract liabilities	合約負債	27	1,005	1,500
Refund liabilities	退款負債		241	241
Other payables and accruals	其他應付款項及 應計費用	29	82,572	95,284
Due to associates	應付聯營公司款項	23	1,305	3,257
Bank borrowings	銀行借款	30	201,532	242,854
Lease liabilities	租賃負債	32	5,681	—
Current tax liabilities	即期稅項負債		35,807	44,118
			537,157	651,286

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

綜合財務狀況表(續)

At 31 December 2019 於二零一九年十二月三十一日

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net current assets	流動資產淨值		351,936	283,103
Total assets less current liabilities	資產總值減流動負債		1,098,229	1,068,409
Non-current liabilities	非流動負債			
Bank borrowings	銀行借款	30	57,514	81,848
Lease liabilities	租賃負債	32	5,908	—
Deferred tax liabilities	遞延稅項負債	33	26,852	28,701
			90,274	110,549
NET ASSETS	資產淨值		1,007,955	957,860
Capital and reserves	資本及儲備			
Share capital	股本	34	89,376	89,376
Reserves	儲備	36	903,215	850,881
Equity attributable to owners of the Company	本公司權益持有人應佔權益		992,591	940,257
Non-controlling interests	非控股權益		15,364	17,603
TOTAL EQUITY	權益總額		1,007,955	957,860

Approved by the Board of Directors on 23 April 2020 and are signed on its behalf by:

經董事會於二零二零年四月二十三日批准，並由以下董事代表簽署：

Lee Yuen Fat
李遠發
Director
董事

Wong Wing Chuen
黃永銓
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Attributable to owners of the Company 本公司權益持有人應佔權益											
		Share capital	Share premium	Retained earnings	Capital reserve	Merger reserve	Foreign currency translation reserve	Share option reserve	Statutory reserve	Land revaluation reserve	FVTOCI reserve 按公平值計入其他全面收益	Non-controlling interests	Total equity
		股本	股份溢價	保留盈利	資本儲備	合併儲備	匯兌儲備	購股權儲備	法定儲備	土地重估儲備	全面收益	總數	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2018	二零一八年一月一日	89,376	204,650	428,796	8,701	(9,931)	2,146	10	58	127,516	—	851,322	866,643
Adjustments on initial application of	初次應用之調整												
— HKFRS 9	— 香港財務報告準則第9號	—	—	8,206	—	—	—	—	—	—	(8,303)	(97)	(97)
— HKFRS 15	— 香港財務報告準則第15號	—	—	9,852	—	—	—	—	—	—	—	9,852	9,852
Restated balance at 1 January 2019	於二零一九年一月一日 重列結餘	89,376	204,650	446,854	8,701	(9,931)	2,146	10	58	127,516	(8,303)	861,077	876,398
Total comprehensive income for the year	年內全面收益總額	—	—	113,556	—	—	(39,649)	—	—	14,211	—	88,118	87,010
2017 final dividend paid (note 17)	支付二零一七年末期股息 (附註17)	—	—	(8,938)	—	—	—	—	—	—	—	(8,938)	(8,938)
Lapse of share options	失效之購股權	—	—	10	—	—	—	(10)	—	—	—	—	—
Capital contribution from non-controlling interests	來自非控股權益之資本投入	—	—	—	—	—	—	—	—	—	—	3,390	3,390
Changes in equity for the year	年內權益變動	—	—	104,628	—	—	(39,649)	(10)	—	14,211	—	79,180	81,462
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	89,376	204,650	551,482	8,701	(9,931)	(37,503)	—	58	141,727	(8,303)	940,257	957,860
Total comprehensive income for the year	年內全面收益總額	—	—	88,705	—	—	(12,654)	—	—	7,565	—	83,616	81,374
2018 final dividend paid (note 17)	支付二零一八年末期股息 (附註17)	—	—	(31,282)	—	—	—	—	—	—	—	(31,282)	(31,282)
Capital contribution from non-controlling interests	來自非控股權益之資本投入	—	—	—	—	—	—	—	—	—	—	3	3
Changes in equity for the year	年內權益變動	—	—	57,423	—	—	(12,654)	—	—	7,565	—	52,334	50,095
At 31 December 2019	於二零一九年十二月三十一日	89,376	204,650	608,905	8,701	(9,931)	(50,157)	—	58	149,292	(8,303)	992,591	1,007,955

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	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營業務所得現金淨額		
	38(a)	159,317	177,193
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之現金流量		
Interest received	已收利息	747	300
Proceeds from disposals of property, plant and equipment	出售物業、機器及設備	655	5,719
Purchase of property, plant and equipment	購買物業、機器及設備	(43,421)	(100,439)
Payments for right-of-use assets	支付使用權資產款項	(660)	—
Payments for rental deposits	支付租賃按金款項	(650)	—
Deposits paid for the acquisition of property, plant and equipment	預付物業、機器及設備之訂金	(263)	(1,706)
Investment in an associate	於聯營公司之投資	—	(10,916)
Net cash used in investing activities	投資活動所用之現金淨額	(43,592)	(107,042)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Dividend paid	已付股息	(31,282)	(8,938)
Capital contribution from non-controlling interest	來自非控股權益之資本投入	3	3,390
Net short-term bank loans repaid (Advance to)/Repaid from associates, net	償還短期銀行貸款淨額由聯營公司(墊付)/償還款項淨額	(25,908)	(25,596)
Repayment of long-term bank loans	償還長期銀行貸款	(69,748)	(137,562)
Long term bank loans raised	新增長期銀行貸款	30,000	120,000
Principal elements of lease payments	租賃款項之主要條款	(3,934)	—
Net cash used in financing activities	融資活動所耗之現金淨額	(102,724)	(48,695)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

綜合現金流量表(續)

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

			2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		Note 附註		
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金項目增加淨額		13,001	21,456
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及等同現金項目		250,606	243,994
Effect of foreign exchange rate changes	匯率變動影響		(1,355)	(14,844)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	於十二月三十一日的現金及等同現金項目		262,252	250,606
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及等同現金項目分析			
Bank and cash balances	銀行及現金結餘	28	262,252	250,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 January 2005. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is Room A, 29/F., Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 22 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 December 2019, Precisefull Limited, a company incorporated in the British Virgin Islands ("BVI"), is the ultimate parent and Mr. LEE Yuen Fat ("Mr. Lee") is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

1. 公司資料

本公司根據開曼群島公司法在二零零五年一月七日於開曼群島註冊成立為受豁免有限公司。其註冊辦事處地點為Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands。其主要營業地點為香港九龍九龍灣宏光道一號億京中心B座29樓A室。本公司股份在香港聯合交易所有限公司(「聯交所」)主板上市。

本公司為投資控股公司，其附屬公司之主要業務載列於綜合財務報表附註22。

本公司董事認為，於二零一九年十二月三十一日，Precisefull Limited(一間於英屬處女群島註冊成立之公司)為最終母公司，李遠發先生(「李先生」)為本公司之最終控股方。

2. 編制基準

此等綜合財務報表乃根據適用之由香港會計師公會(「香港會計師公會」)所頒佈香港財務報告準則(「香港財務報告準則」)編制。香港財務報告準則包括香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋。此等綜合財務報表也遵從適用之聯交所證券上市規則(「上市規則」)之披露守則及香港公司條例(第622章)之披露要求。本集團所採納之主要會計政策如下文披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. BASIS OF PREPARATION (Continued)

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 consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

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, 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.

2. 編制基準(續)

香港會計師公會已頒佈若干於本集團本會計期間首次生效或可供提早採納之新訂及經修訂香港財務報告準則。在該等綜合財務報表中反映之因首次應用該等與本集團有關的頒佈而引致之本年度或過往會計期間會計政策之任何變動詳述於綜合財務報表附註3。

3. 採納新訂及經修訂香港財務報告準則

(a) 應用新訂及經修訂香港財務報告準則

香港會計師公會已發行一項新訂香港財務報告準則，即香港財務報告準則第16號租賃，以及於本集團當前會計期間首次生效的多個香港財務報告準則修訂本。

除香港財務報告準則第16號外，概無發展事項對本集團當前或過往期間業績及財務狀況的編制或呈列方式產生重大影響。本集團未有應用任何尚未在當前會計期間生效的新訂準則或詮釋。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases

HKFRS 16 supersedes 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. HKFRS 16 introduced 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 and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. 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 at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃

香港財務報告準則第16號取代香港會計準則第17號租賃及相關詮釋，即香港(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(常設詮釋委員會)詮釋第15號經營租賃－優惠及香港(常設詮釋委員會)詮釋第27號評估牽涉租賃的法律形式的交易內容。香港財務報告準則第16號為承租人引入單一會計處理模式，要求承租人就所有租賃確認使用權資產及租賃負債，惟租期為12個月或以下之租賃及低價值資產租賃除外。

香港財務報告準則第16號大致沿用香港會計準則第17號的出租人會計處理方式。出租人將繼續使用與香港會計準則第17號中類似的原則將租賃分類為經營或融資租賃。因此，香港財務報告準則第16號對本集團為出租人的租賃並無影響。沿用香港會計準則第17號的出租人會計處理規定大致維持不變。

香港財務報告準則第16號亦引入額外的定性及定量披露要求，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。本集團已選擇使用經修訂追溯法，因此將首次應用的累計影響確認為對二零一九年一月一日之期初權益結餘的調整。比較資料不予重列，並繼續根據香港會計準則第17號報告。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (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:

(i) *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.

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

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：

(i) *租賃的新定義*

租賃定義的變動主要涉及控制權的概念。香港財務報告準則第16號根據客戶是否於一段期間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。倘客戶既有權指示已識別資產的使用，亦有權自該使用中獲得絕大部分經濟利益，則控制權已轉移。

本集團僅對於二零一九年一月一日或之後訂立或變更的合約應用香港財務報告準則第16號中的租賃新定義。對於二零一九年一月一日前訂立的合約，本集團已採用過渡性實際權宜方法，以令對現有安排為租賃或包含租賃的過往評估不受新規定限制。因此，先前根據香港會計準則第17號評估為租賃的合約繼續按香港財務報告準則第16號入賬列為租賃，而先前評估為非租賃服務安排的合約繼續入賬列為待履行合約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(ii) *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.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.10%.

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:

- (a) 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;

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(ii) *承租人會計處理及過渡影響*

香港財務報告準則第16號取消香港會計準則第17號先前所規定的承租人須將租賃分類為經營租賃或融資租賃的規定。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。

就先前分類為經營租賃的租賃確認為租賃負債時，本集團已於首次應用日期應用相關集團實體的增量借款利率。所應用的加權平均增量借款利率為4.10%。

為方便過渡至香港財務報告準則第16號，本集團於首次應用香港財務報告準則第16號當日應用下列確認豁免及實際權宜方法：

- (a) 對於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屆滿)的租賃，選擇不應用香港財務報告準則第16號關於確認租賃負債及使用權資產的規定；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(ii) *Lessee accounting and transitional impact (Continued)*

- (b) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options; and

- (c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(ii) 承租人會計處理及過渡影響(續)

- (b) 根據於首次應用日期的事實及情況使用事後方式為本集團具有延長選擇權的租賃釐定租期；及

- (c) 於首次應用日期計量使用權資產時不包括初始直接成本。

就計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項而言，本集團首先釐定稅項扣減是否歸因於使用權資產或租賃負債。

就稅項扣減歸因於租賃負債之租賃交易而言，本集團將香港會計準則第12號所得稅規定分別應用於使用權資產及租賃負債。由於應用初步確認豁免，有關使用權資產及租賃負債之暫時差異並未於初步確認時及於租期內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(ii) Lessee accounting and transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in note 39 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(ii) 承租人會計處理及過渡影響(續)

下表載列於二零一八年十二月三十一日之經營租賃承擔(於附註39中披露)與於二零一九年一月一日確認之租賃負債的期初結餘的對賬:

		1 January 2019 二零一九年 一月一日 HK\$'000 千港元
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	本集團綜合財務報表所披露於二零一八年十二月三十一日之經營租賃承擔	16,403
Less: commitments relating to leases exempted from capitalisation:	減: 與獲豁免撥充資本的租賃有關的承擔:	
— Short-term leases and other leases with remaining lease term ending on or before 31 December 2019	— 短期租賃及剩餘租期於二零一九年十二月三十一日或之前屆滿的其他租賃	(4,381)
— Leases of low-value assets	— 低價值資產租賃	(164)
		11,858
Less: total future interest expenses	減: 未來利息開支總額	(109)
Present Value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised as at 1 January 2019	於二零一九年一月一日確認之剩餘租賃付款之現值(使用增量借款利率貼現)及租賃負債總額	11,749
Of which are	其中	
Current lease liabilities	流動租賃負債	3,995
Non-current lease liabilities	非流動租賃負債	7,754
		11,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(ii) *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 statement of consolidated financial position at 31 December 2018.

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "Finance leases payables", these amounts are included within "Lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(ii) 承租人會計處理及過渡影響(續)

先前分類為經營租賃之租賃相關使用權資產已按相等於餘下租賃負債的已確認金額之金額確認，並按與於二零一八年十二月三十一日的綜合財務狀況表確認的與該項租賃有關的任何預付或應計租賃付款金額進行調整。

已付可退回租賃按金根據香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)入賬，初步按公平值計量。於初步確認時對公平值的調整被視為額外租賃付款並計入使用權資產成本。

對於採納香港財務報告準則第16號對先前分類為融資租賃的租賃的影響，除更改相關結餘名稱外，本集團毋須在香港財務報告準則第16號首次應用日期作出其他任何調整。因此，相關金額會計入「租賃負債」而非「應付融資租賃款項」，而相應租賃資產的經折舊賬面價值識別為使用權資產。期初權益結餘並未受到任何影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(ii) Lessee accounting and transitional impact (Continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16		Effects of adoption of HKFRS 16 採納香港財務報告準則第16號的影響			Carrying amount as at 1 January 2019 於二零一九年一月一日的賬面值 HK\$'000 千港元
	受採納香港財務報告準則第16號影響的綜合財務狀況表項目	Carrying amount as at 31 December 2018 於二零一八年十二月三十一日的賬面值 HK\$'000 千港元	Re-classification 重新分類 HK\$'000 千港元	Recognition of leases 租賃確認 HK\$'000 千港元	
Assets	資產				
Right-of-use assets	使用權資產	—	209,770	11,749	221,519
Property, plant and equipment	物業、機器及設備	(a) 766,155	(209,770)	—	556,385
Liabilities	負債				
Lease liabilities	租賃負債	—	—	11,749	11,749

Note:

- (a) In relation to upfront payment for leasehold lands previously classified as finance leases under property, plant and equipment, the Group re-categorises the carrying amount of the relevant assets which were still leased as at 1 January 2019 amounting to HK\$209,770,000 as right-of-use assets.

附註：

- (a) 關於先前根據融資租賃項下確認的支付租賃土地的預付款項而言，本集團已將於二零一九年一月一日仍有租賃的相關資產的賬面值209,770,000港元重新分類為使用權資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(iii) *Impact of the financial results and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element (note 38(c)). These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement (note 38(d)).

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(iii) *對本集團財務業績及現金流量的影響*

於二零一九年一月一日初步確認使用權資產及租賃負債後，本集團作為承租人須確認租賃負債的未償還結餘累積的利息開支，以及使用權資產折舊，而非過往以直線法於租期內確認根據經營租賃產生的租賃開支的政策。與倘於年內應用香港會計準則第17號時的業績相比，這對本集團綜合損益表中呈報的經營溢利產生正面影響。

於現金流量表中，本集團作為承租人須將根據資本化租賃所支付的租金分為本金部分及利息部分(附註38(c))。該等部分乃分別分類為融資現金流出及經營現金流出。儘管現金流量總額不受影響，但採納香港財務報告準則第16號導致現金流量表內現金流量的呈現方式發生重大變動(附註38(d))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(iii) *Impact of the financial results and cash flows of the Group (Continued)*

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(iii) *對本集團財務業績及現金流量的影響(續)*

下表顯示採納香港財務報告準則第16號對本集團截至二零一九年十二月三十一日止年度的財務業績及現金流量的估計影響，方法為調整該等綜合財務報表中根據香港財務報告準則第16號所呈報的金額，以計算根據香港會計準則第17號應確認的估計假設金額(倘該被取代準則而非香港財務報告準則第16號於二零一九年繼續適用)，以及將二零一九年之該等假設金額與根據香港會計準則第17號編制的二零一八年實際相應金額進行比較。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(iii) Impact of the financial results and cash flows of the Group (Continued)

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(iii) 對本集團財務業績及現金流量的影響(續)

		2019 二零一九年				2018 二零一八年
		Amounts reported under HKFRS 16	Add back: HKFRS 16 depreciation and interest expense	Deduct: Estimated amounts related to operating lease as if under HKAS 17 (note a) 扣除：與經營 租賃有關的 估計金額	Hypothetical amounts for 2019 as if under HKAS 17 二零一九年的 假設金額 (根據香港 會計準則 第17號) (附註a)	Compared to amounts reported for 2018 under HKAS 17 與根據香港 會計準則 第17號 呈報的 二零一八年 金額比較
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:	受採納香港財務報告準則 第16號影響之截至 二零一九年 十二月三十一日 止年度的財務業績：					
Profit from operation	經營溢利	113,677	4,231	(4,351)	113,557	139,220
Finance costs	融資成本	(11,536)	408	—	(11,128)	(13,167)
Profits before taxation	除稅前溢利	101,331	4,639	(4,351)	101,619	125,907
Profit for the year	年內溢利	86,762	4,639	(4,351)	87,050	113,402

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(iii) Impact of the financial results and cash flows of the Group (Continued)

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(iii) 對本集團財務業績及現金流量的影響(續)

	2019 二零一九年			2018 二零一八年
	Amounts reported under HKFRS 16	Estimated amounts related to operating leases as if under HKAS 17 (notes a & b) 與經營租賃有關的估計金額 (猶如根據香港會計準則第17號) (附註a及b)	Hypothetical amounts for 2019 as if under HKAS 17	Compared to amounts reported for 2018 under HKAS 17
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash generated from operations	201,194	(4,311)	196,883	203,632
Interest element of lease rentals paid	(377)	377	—	—
Net cash generated from operating activities	159,317	(3,934)	155,383	177,193
Capital element of lease rentals paid	(3,934)	3,934	—	—
Net cash used in financing activities	(102,724)	3,934	(98,790)	(48,695)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(a) Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

(iii) *Impact of the financial results and cash flows of the Group (Continued)*

Notes:

- (a) The “estimated amounts related to operating leases” is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.
- (b) In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

3. 採納新訂及經修訂香港財務報告準則(續)

(a) 應用新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

(iii) 對本集團財務業績及現金流量的影響(續)

附註：

- (a) 「與經營租賃有關的估計金額」指與假設香港會計準則第17號於二零一九年仍然適用的情況下會分類為經營租賃之租賃有關的二零一九年現金流量的金額估計。該估計假設，在香港會計準則第17號於二零一九年仍然適用的情況下，租金與現金流量之間並無差異，且於二零一九年訂立的所有新租賃均將根據香港會計準則第17號分類為經營租賃。任何潛在淨稅項影響均忽略不計。
- (b) 於此影響表格中，該等現金流出由融資重新分類至經營，以計算經營業務所得現金淨額及融資活動所耗之現金淨額的假設金額，猶如香港會計準則第17號仍然適用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用已頒佈但尚未於二零一九年一月一日開始的財政年度起生效的新訂及經修訂香港財務報告準則。該等新訂及經修訂的香港財務報告準則包括以下可能與本集團相關的事項。

	於下列 會計期間 開始或之後生效
香港會計準則第1號及香港會計準則第8號之修訂本重要性之定義	二零二零年一月一日
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號之修訂利率指標變革	二零二零年一月一日

本集團正在評估該等修訂及新訂準則預期於首次應用期間的影響。截至目前，本集團已經得出結論，採用這些準則不太可能對綜合財務報表產生重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. leasehold land that are measured at fair value).

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

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

4. 主要會計政策

除按下列會計政策外(例如以公平值計量之租賃土地)，此等綜合財務報表乃按歷史成本作為編制基準。

編制符合香港財務報告準則的綜合財務報表須使用若干重要會計估計，亦需要管理層於應用於本集團會計政策的過程中作出判斷。對此等綜合財務報表涉及高度之判斷及具複雜性及屬重大的假設及估計的範疇於綜合財務報表附註5中披露。

編制此等綜合財務報表所採用的主要會計政策載列如下：

(a) 綜合賬目

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止的財務報表。附屬公司為本集團擁有控制權的實體。當本集團透過從參予該實體之運作而得到或有權利得到可變動之回報，並其能力影響該實體之回報，則視為本集團對該實體擁有控制權。當本集團現有權利令其目前有能力主導相關活動(即對實體回報構成重大影響的活動)，則本集團對該實體擁有權力。

在評估本集團是否擁有控制權時，本集團會考慮其潛在表決權以及其他各方所持潛在表決權。潛在表決權僅於持有人擁有實質能力可行使該項權利時方予考慮。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

4. 主要會計政策(續)

(a) 綜合賬目(續)

附屬公司於控制權轉移至本集團當日全面綜合計算，並於控制權終止當日不再作綜合處理。

因出售一間附屬公司而導致失去控制權的盈虧指(i)出售代價公平值加上於該附屬公司任何保留投資公平值與(ii)本公司應佔該附屬公司資產淨值加上與該附屬公司有關的任何餘下商譽以及與該附屬公司有關之任何相關累計匯兌儲備兩者間的差額。

集團間的交易、結餘及未變現溢利會予以對銷。未變現虧損亦會予以對銷，除非交易有證據顯示所轉讓資產出現減值則除外。附屬公司的會計政策已於有需要時作出變動，以確保與本集團所採納的政策貫徹一致。

非控股權益指並非本公司直接或間接應佔之附屬公司權益。非控股權益於綜合財務狀況表及綜合權益變動表之權益內呈列。非控股權益於綜合損益表及綜合損益及其他全面收益表呈列為本公司非控股股東與擁有人應佔溢利或虧損及年內全面收益總額之分配。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

4. 主要會計政策(續)

(a) 綜合賬目(續)

即使會導致非控股權益出現赤字結餘，損益及其他全面收益各部分仍歸屬於本公司擁有人及非控股股東。

本公司於不會導致失去控制權虧損之附屬公司之擁有權權益變動計入權益交易(即以擁有人身分與擁有人進行之交易)。控股權益及非控股權益之賬面值已經調整，以反映其於附屬公司之相關權益變動。非控股權益之調整金額與已付或已收代價之公平值兩者間之任何差額直接於權益確認，並由本公司擁有人分佔。

於本公司之財務狀況表內，於附屬公司之投資按成本扣除減值虧損列賬，除非該投資被分類為持作銷售(或包括在被分類為持作銷售之出售組別)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

4. 主要會計政策(續)

(b) 業務合併及商譽

於業務合併中收購附屬公司乃按收購會計法處理。於業務合併中轉移之代價按交易日所交付資產、所發行股本工具、所產生或承擔之負債及或然代價之公平值計算。與收購有關之成本於產生成本及獲得服務之期間確認為開支。所收購附屬公司之可識別資產及負債按收購當日之公平值計算。

轉移之代價總和超出本集團攤分附屬公司可識別資產及負債之公平淨值之差額將以商譽列賬。任何本集團攤分可識別資產及負債之公平淨值高於收購成本之差額將於綜合損益表內確認為本集團應佔之議價收購收益。

分階段進行業務合併時，過往持有之附屬公司股本權益按其收購日期之公平值重新計算，據此產生之損益則於綜合損益確認。公平值將計入於業務合併中轉移之代價總和，以計算商譽。

附屬公司之非控股權益初步以非控股股東於收購日在附屬公司中可識別資產及負債之公平淨值之股權比例計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combination and goodwill (Continued)

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

4. 主要會計政策(續)

(b) 業務合併及商譽(續)

經初步計量後，商譽以成本減累計減值虧損計量。就減值測試目的而言，於業務合併中收購的商譽將分配各個預期將自該業務合併所產生之協同效應獲益的現金產生單位。各個或各組獲分配商譽相當於本集團內最低層，其商譽就內部管理目的而受監察。商譽減值檢討每年進行一次，倘發生任何事件或情況有變顯示潛在減值風險，檢討將更為頻密。載有商譽之現金產生單位的賬面值將與其可收回金額（即其使用價值或其公平值減出售成本之較高者）比較。任何減值將即時確認為開支並不可於其後撥回。

(c) 聯營公司

聯營公司為本集團對其有重大影響之實體。重大影響乃於有關實體之財務及營運政策之決策擁有參與權而非控制或共同控制權。包括其他實體持有之潛在投票權在內的現時可行使或可兌換之潛在投票權，其存在及影響將於評估本集團有否重大影響力時予以考慮。在評估潛在投票權有否重大影響時，持有人行使或兌換該權力之意圖及財務能力不會考慮在內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4. 主要會計政策(續)

(c) 聯營公司(續)

於聯營公司之投資乃採用權益會計法於綜合財務報表列賬，並按成本作出初步確認。所收購聯營公司之可識別資產及負債乃按其於收購當日之公平值計量。倘投資成本超出本集團應佔聯營公司之可識別資產及負債之公平淨值，則差額將以商譽列賬。該商譽列入投資之賬面值內，並於有客觀證據顯示投資已減值時於各報告期末與投資一併進行減值測試。倘本集團應佔可識別資產及負債之公平淨值高於收購成本，則有關差額將於綜合損益內確認。

本集團應佔聯營公司之收購後損益及其他全面收益於綜合收益及其他全面收益表內確認。倘本集團應佔聯營公司虧損相等於或超逾其於聯營公司之權益(包括實際上構成本集團於該聯營公司投資淨值一部分之任何長期權益)，則本集團不會進一步確認虧損，除非本集團已代聯營公司承擔負債或支付款項。倘聯營公司其後報收溢利，則本集團僅於其應佔溢利等於其應佔未確認之虧損後恢復確認其應佔之該等溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Associates (Continued)

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. 主要會計政策(續)

(c) 聯營公司(續)

因出售聯營公司而導致其失去重大影響之損益為(i)出售代價之公平值加任何保留於該聯營公司之投資之公平值及(ii)本集團應佔該聯營公司全部賬面值(包括商譽)及任何有關累計匯兌儲備兩者間之差額。倘於聯營公司之投資成為於合營企業投資，本集團繼續採用權益法而不重新計量保留權益。

對銷本集團與其聯營公司間交易之未變現溢利乃以本集團於聯營公司之權益為限。未變現虧損亦會對銷，除非該交易有證據顯示所轉讓資產出現減值則作別論。聯營公司之會計政策已按需要變更，以確保與本集團所採納政策貫徹一致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

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"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. 主要會計政策(續)

(d) 外幣換算

(i) 功能及呈列貨幣

本集團各實體的財務報表所納入的項目乃按實體經營業務所在主要經濟環境的貨幣(「功能貨幣」)計算。綜合財務報表以港元呈列，而港元為本公司的功能及呈列貨幣。

(ii) 各實體財務報表內的交易及結餘

外幣交易在初始確認時以交易日期適用的匯率換算為功能貨幣。以外幣計值的貨幣資產及負債按每個報告期間完結時的匯率換算。該換算政策所產生的收益及虧損於損益內確認。

按外幣公平值計算的非貨幣項目以決定公平值當天之匯率換算。

當非貨幣項目的收益或虧損於其他全面收益中確認，任何該收益或虧損之匯兌部份於其他全面收益中確認。當非貨幣項目的收益或虧損於損益中確認，任何該收益或虧損之匯兌部份於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rate for the period (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

4. 主要會計政策(續)

(d) 外幣換算(續)

(iii) 綜合賬目時的換算

本集團內所有功能貨幣與本公司呈列貨幣有別的實體，其業績及財務狀況乃按下列方式換算為本公司的呈列貨幣：

- 各財務狀況表所呈列的資產及負債均按財務狀況表之日期的收市匯率換算；
- 期內的收入及開支按平均匯率換算(除非該平均匯率並非為交易日期的適用匯率累計影響的合理約數，在該情況下，收入及開支按交易日期的匯率換算)；及
- 所產生的全部匯兌差額於其他全面收益內確認及於外幣匯兌儲備內累計。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(iii) Translation on consolidation (Continued)

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. 主要會計政策(續)

(d) 外幣換算(續)

(iii) 綜合賬目時的換算(續)

綜合賬目時，換算海外實體投資淨額所產生的現金項目匯兌差額於其他全面收益內確認及於外幣匯兌儲備內累計。當海外業務被出售，該匯兌差額於綜合損益中重新分類至出售溢利或虧損的一部分。

收購海外實體所產生的商譽及公平值調整被視作海外實體的資產及負債，並按收市匯率換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment

Property, plant and equipment, including buildings and leasehold land (upon application of HKFRS 16 at 1 January 2019, the interest in leasehold land was reclassified to “Right-of-use assets”, see note 3), held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

4. 主要會計政策(續)

(e) 物業、機器及設備

就生產用途或供應貨品或服務或行政目的(不包括下述之在建物業)持有之物業、機器及設備(包括建築物及租賃土地(於二零一九年應用香港財務報告準則第16號租賃土地被重新分類至「使用權資產」(見附註3))，乃按成本減其後累計折舊及其後累計減值虧損(如有)於綜合財務狀況表入賬。

只有在與項目相關的未來經濟效益有可能流入本集團，並能夠可靠地計量項目成本的情況下，本集團才會將其後成本計入為資產之賬面值或確認為獨立資產項目(如適用)。所有其他維護及保養費用均需於產生時於該財務期間之損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost or revalued amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	5 to 20 years or over the unexpired term of lease
Leasehold improvements	2 to 5 years or over the unexpired term of lease
Plant and machinery	5 to 10 years
Computer equipment	3 to 5 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	3 to 5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. 主要會計政策(續)

(e) 物業、機器及設備(續)

物業、機器及設備之折舊乃於估計可使用年內，以直線法按適當比率計算以撇銷其成本或重估金額減其剩餘價值。主要可用年期如下：

樓宇	5至20年或尚餘租賃年期
租賃物業裝修	2至5年或尚餘租賃年期
機器及設備	5至10年
電腦設備	3至5年
傢俬、固定裝置及辦公室設備	3至5年
汽車	3至5年

剩餘價值、可使用年期及折舊方法於各報告期末進行檢討及調整(如適用)。

在建工程指建設中的樓宇及待安裝的機器及設備，按成本減減值虧損列賬。當有關資產可供使用時，折舊即開始。

出售物業、機器及設備的收益或虧損指出售所得款項淨額與有關資產賬面值兩者間的差額，並於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases

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.

(i) The Group as a lessee

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 which, for the Group are primarily laptops and office furniture. 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.

4. 主要會計政策(續)

(f) 租賃

於訂立合約時，本集團評估合約是否為租賃或包含租賃。倘合約給予於一段時間內控制已識別資產使用的權利以換取代價，則合約為租賃或包含租賃。倘客戶同時有權指示已識別資產的用途及從該用途獲得絕大部分經濟利益，則表示擁有控制權。

(i) 本集團作為承租人

自二零一九年一月一日適用的政策

倘合約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，並就所有租賃將各租賃部分及任何相關的非租賃部分入賬列為單一租賃部分。

於租賃開始日期，本集團確認使用權資產及租賃負債，惟租賃期為12個月或以下的短期租賃及低價值資產租賃除外，就本集團而言，低價值資產主要為筆記本電腦及辦公室傢俬。倘本集團就低價值資產訂立租賃，則本集團決定是否按個別租賃基準將有關租賃撥充資本。與該等並無撥充資本的租賃相關的租賃付款於租賃期內按系統基準確認為開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) The Group as a lessee (Continued)

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, except for the right-of-use assets related to leasehold land where the Group is the registered owner of the leasehold interest are carried at fair value.

4. 主要會計政策(續)

(f) 租賃(續)

(i) 本集團作為承租人(續)

自二零一九年一月一日適用的政策(續)

倘有關租賃撥充資本，則有關租賃負債於租賃期內按應付租賃付款的現值初步確認，並使用租賃內含利率或(如該利率無法輕易釐定)使用相關增量借款利率貼現。初步確認後，租賃負債按攤銷成本計量，利息開支則使用實際利息法計算。計量租賃負債時並不計及不會依賴指數或利率的可變租賃付款，故有關付款在產生的會計期間於損益中扣除。

租賃撥充資本時確認的使用權資產初步按成本計量，其中包括租賃負債的初步金額加於開始日期或之前作出的任何租賃付款及任何已產生初步直接成本。倘適用，使用權資產成本亦包括就拆除並移除相關資產或修復相關資產或其所在地盤產生的估計成本，並將其貼現至現值(扣除任何已收租賃獎勵)。使用權資產其後按成本減累計折舊及減值虧損列賬，惟與租賃土地相關而本集團為有關租賃權益的註冊擁有人的使用權資產按公平值列賬則除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) The Group as a lessee (Continued)

*Policy applicable from 1 January 2019
(Continued)*

Right-of-use asset related to leasehold land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated in land revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the land revaluation reserve relating to a previous revaluation of that asset.

4. 主要會計政策(續)

(f) 租賃(續)

(i) 本集團作為承租人(續)

*自二零一九年一月一日適用的
政策(續)*

就生產用途或供應貨品或服務或行政目的持有之租賃土地相關之使用權資產乃按彼等的重估金額(即於重估日期之公平值減任何其後累計折舊及其後累計減值虧損)於綜合財務狀況表入賬。重估每隔若干適當時間進行,以確保賬面值與於各報告期末以公平值釐定的數值不會出現重大偏差。

任何重估有關土地產生之重估增值會於其他全面收益內確認,並累計列入土地重估儲備,除非其撥回之前於損益確認之相同資產之重估減值,在此情況下則有關增值會以之前支出之減額為限計入損益。重估有關土地產生之賬面減值會於損益內確認,至其超過與該資產過往重估有關之土地重估儲備內之結餘(如有)為止。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) The Group as a lessee (Continued)

Policy applicable from 1 January 2019 (Continued)

Depreciation of revalued land is recognised in profit or loss. On the subsequent sale or retirement of a revalued land, the attributable revaluation surplus remaining in the land revaluation reserve is transferred directly to retained earnings.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the unexpired term of lease.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. 主要會計政策(續)

(f) 租賃(續)

(i) 本集團作為承租人(續)

自二零一九年一月一日適用的政策(續)

經重估土地的折舊於損益確認。已重估土地其後出售或報廢時，留存於土地重估儲備的應佔重估盈餘乃直接轉撥至保留盈利。

本集團於租賃期結束時合理確定獲取相關租賃資產所有權的使用權資產自開始日期起至可使用年期結束期間折舊。在其他情況下，使用權資產以直線法於其估計可使用年期及未屆滿的租賃期(以較短者為準)內折舊。

已付的可退回租賃按金乃根據香港財務報告準則第9號列賬，並初步按公平值計量。初步確認公平值的調整被視為額外租賃款項，並計入使用權資產的成本內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) The Group as a lessee (Continued)

*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 that do not meet the definition of investment properties and lease liabilities separately in the consolidated statement of financial position.

4. 主要會計政策(續)

(f) 租賃(續)

(i) 本集團作為承租人(續)

*自二零一九年一月一日適用的
政策(續)*

當指數或利率變動引致未來租賃付款變動，或本集團根據剩餘價值擔保預期應付款項之估計有變，或當重新評估本集團是否將合理確定行使購買、延期或終止選擇權而產生變動，則會重新計量租賃負債。當租賃負債以此方式重新計量，就使用權資產之賬面值作出相應調整，或倘使用權資產之賬面值減至零，則記錄於損益。

本集團於綜合財務狀況表中單獨呈列不符合投資物業及租賃負債定義的使用權資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) The Group as a lessee (Continued)

Policy 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, except for the property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified.

Where the Group acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset. Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

4. 主要會計政策(續)

(f) 租賃(續)

(i) 本集團作為承租人(續)

二零一九年一月一日前的政策
於比較期間，倘租賃轉移所有權的絕大部分風險及回報至本集團，則本集團(作為承租人)將有關租賃分類為融資租賃。倘租賃並無將所有權的絕大部分風險及回報轉移至本集團，則分類為經營租賃，惟根據經營租賃持有在其他方面均符合投資物業定義的物業按個別物業基準分類為投資物業則除外(如進行分類)。

倘本集團獲得融資租賃項下的資產使用權，則將相當於租賃資產公平值或該等資產的最低租賃款項現值(以較低者為準)的金額確認為物業、廠房及設備，而扣除融資費用後的相應負債則記錄為融資租賃承擔。折舊乃在相關租賃期(或倘本集團有可能取得資產的所有權，則按資產的期限)內，按撇銷資產成本或估值的比率作出撥備。租賃付款內含的融資費用於租賃期間內在損益扣除，使各會計期間的融資費用佔承擔餘額的比率大致相同。或然租金在產生的會計期間在損益中列支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

(i) The Group as a lessee (Continued)

*Policy prior to 1 January 2019
(Continued)*

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.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

4. 主要會計政策(續)

(f) 租賃(續)

(i) 本集團作為承租人(續)

*二零一九年一月一日前的政策
(續)*

倘本集團擁有根據經營租賃持有的資產的使用權，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額分期在損益中列支，惟倘有其他基準能更清楚反映租賃資產所產生的收益模式則除外。已收的租賃獎勵在損益中確認為已作出的租賃淨付款總額的組成部分。或然租金在其產生的會計期間內在損益中列支。

(ii) 本集團作為出租人

當本集團作為出租人，其於訂立租賃時釐定各項租賃是否融資租賃或經營租賃。倘租賃轉移相關資產所有權附帶的絕大部分風險及回報至承租人，則分類為融資租賃。倘情況並非如此，則租賃分類為經營租賃。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(h) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. 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.

(j) Other contract costs

Other contract costs are the incremental costs of obtaining a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

4. 主要會計政策(續)

(g) 研究及開發支出

研究活動的支出於產生的期間作為開支確認。

(h) 會所會籍

具無限可使用年期的會所會籍按成本減任何減值虧損列賬。會所會籍每年及當有跡象顯示出現減值虧損時，將進行減值檢討。

(i) 存貨

存貨按成本與可變現淨值兩者中的較低者入賬。成本乃按加權平均基準計量。製成品及在製品的成本包括原材料、直接勞工及所有生產經常性開支及分包開支(如適用)。可變現淨值按一般業務過程中的估計銷售價格減去估計完成成本及估計銷售所需費用計算。

(j) 其他合約成本

其他合約成本為取得客戶合約的增量成本。

取得合約的增量成本為本集團取得客戶合約所產生的該等成本，若沒有取得合約，便不會產生有關成本。若預期將收回取得合約的增量成本，則該等成本在產生時便會撥充資本，惟預期攤銷期間是自初始確認資產日期起一年或以下則除外，在該情況下成本在產生時列作開支。取得合約的其他成本在產生時列作開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECLs") in accordance with the policy set out in note 4(x) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

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.

4. 主要會計政策(續)

(k) 合約資產及合約負債

當本集團在無條件地有權享有合約載列的付款條款下的代價前確認收入，便會確認合約資產。合約資產根據附註4(x)載列的政策評估預期信貸虧損，並在代價的權利成為無條件時重新分類為應收款項。

當客戶在本集團確認相關收入前支付代價，本集團便會確認合約負債。若本集團在確認相關收入前具有無條件權利收取代價，則本集團亦會確認合約負債。在該等情況下，亦會確認相關應收款項。

就與客戶訂立的單一合約而言，將呈列合約資產淨值或合約負債淨額。就多項的合約而言，不相關合約的合約資產及合約負債並非按淨額基準呈列。

當合同包含重大融資成分時，合同餘額包括根據實際利率法的應計利息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4. 主要會計政策(續)

(I) 確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文的訂約方時，將於綜合財務狀況表內確認。

金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債(按公平值計入損益的金融資產及金融負債除外)直接應佔的交易成本乃於初始確認時計入金融資產或金融負債的公平值，或從相關公平值中扣除(如適用)。收購按公平值計入損益的金融資產或金融負債直接應佔的交易成本則隨即在損益中確認。

本集團僅於資產現金流量的合約權利屆滿，或其轉讓金融資產及絕大部分資產擁有權的風險及回報予另一實體時，才會終止確認金融資產。倘本集團未有轉讓或保留絕大部分擁有權的所有風險及回報，並繼續控制已轉讓的資產，本集團便確認其於該項資產的保留權益及其可能須要支付的金額的相關負債。倘本集團保留已轉讓金融資產所有權絕大部分的風險及回報，本集團便繼續確認該項金融資產，亦就收取的所得款項確認有抵押借款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Recognition and derecognition of financial instruments (Continued)

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(m) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments

Debt instruments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the instrument is calculated using the effective interest method. Typically, trade receivables, other receivables, cash and bank balances are classified in this category.

4. 主要會計政策(續)

(l) 確認及終止確認金融工具(續)

本集團僅在義務已解除、取消或屆滿時才終止確認金融負債。終止確認的金融負債賬面值金額與已付及應付的代價(包括任何已轉讓的非現金資產或承擔的負債)的差額，則於損益中確認。

(m) 金融資產

所有以慣常方式作出的金融資產買賣均按交易日期確認及終止確認。慣常方式買賣為須在市場規例或慣例建立的時限內交付資產的金融資產買賣。所有已確認的金融資產其後則全部按攤銷成本或公平值計量，視乎金融資產的分類而定。

債務投資

本集團持有的債務投資乃分類為下列其中一項計量類別：

- 倘投資是持有作收集合約現金流量，而該等現金流量僅為本金及利息款項，則為攤銷成本。投資的利息收入乃使用實際利率法計算。貿易應收款項、其他應收款項、現金及銀行結餘一般均歸類於此類別。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial assets (Continued)

Debt instruments (Continued)

- Fair value through other comprehensive income ("FVTOCI") — recycling, if the contractual cash flows of the instruments comprise solely payments of principal and interest and the instrument 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 ECLs, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the instrument is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the instrument does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the instrument (including interest) are recognised in profit or loss.

4. 主要會計政策(續)

(m) 金融資產(續)

債務投資(續)

- 倘投資的合約現金流量僅由本金及利息款項組成，且投資是在一個業務模式內持有，其目標是透過收集合約現金流量及出售達致，則為按公平值計入其他全面收益 — 重新歸入。公平值變動是在其他全面收益確認，惟在損益中確認預期信貸虧損、利息收入(使用實際利率法計算)及外匯收益及虧損則除外。當終止確認投資時，在其他全面收益累計的金額則由權益重新歸入損益。
- 倘投資不符合按攤銷成本或按公平值計入其他全面收益(重新歸入)計量的標準，則為按公平值計入損益。投資公平值的變動(包括利息)則於損益賬認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Financial assets (Continued)

Equity investments

An investment in equity securities is classified as FVTPL 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 FVTOCI (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 earnings but not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(n) 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.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

4. 主要會計政策(續)

(m) 金融資產(續)

股權投資

除非股權證券投資並非持作交易用途，且在初始確認投資時本集團選擇指定投資按公平值計入其他全面收益(不得重新歸入)，致使其後公平值的變動在其他全面收益確認，否則股權證券投資分類為按公平值計入損益。該等選擇乃在個別工具的基礎上作出，但僅可在從發行人角度而言投資符合股權的定義才可作出。倘作出了該項選擇，則在其他全面收益累計的金額仍然留在公平值儲備(不得重新歸入)，直至出售投資為止。於出售時，在公平值儲備(不得重新歸入)累計的金額則轉移至保留盈利，而並非透過損益重新歸入。來自股權證券投資的股息，不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，均會於損益中確認為其他收入。

(n) 貿易及其他應收款項

應收款項於本集團有無條件權利收取代價時確認。倘代價僅隨時間推移即會成為到期應付，則收取代價的權利為無條件。倘收入於本集團有無條件權利收取代價前已確認，則該金額按合約資產呈列。

應收款項以實際利率法減信貸虧損撥備按攤銷成本列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) 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 cash flow statement. Cash and cash equivalents are assessed for ECL.

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4. 主要會計政策(續)

(o) 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的活期存款，以及可隨時轉換為已知金額現金的短期高變現能力，且價值改變風險不大及於收購後三個月內到期的投資。就編制綜合現金流量表而言，現金及等同現金項目包括按要求償還及構成本集團現金管理組成部分的銀行透支。現金及等同現金項目乃就預期信貸虧損作評估。

(p) 金融負債及股本工具

金融負債及股本工具乃根據所訂立的合約安排性質及根據香港財務報告準則對金融負債及股本工具的定義而分類。股本工具為證明於本集團經扣除其所有負債後的資產中所剩餘權益的任何合約。就特定金融負債及股本工具而採納的會計政策載於下文。

(i) 借貸

借貸初步按公平值扣除所產生的交易成本確認，其後則以實際利率法按攤銷成本值計量。

除非本集團擁有無條件權利，可將負債的償還日期遞延至報告期間完結後至少十二個月，否則借貸被分類為流動負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial liabilities and equity instruments (Continued)

(ii) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

4. 主要會計政策(續)

(p) 金融負債及股本工具(續)

(ii) 財務擔保合約負債

在擔保簽訂的同時，財務擔保合同確認為一項金融負債。該項負債按公平值初步計量，其後則按以下兩者中較高者計量：

- 按香港財務報告準則第9號的預期信貸虧損模式確定的金額；及
- 初步確認的金額減去(如適用)按香港財務報告準則第15號確認的累計收入。

財務擔保的公平值由基於債務工具下規定的合約支付金額，與毋須保證的支付金額或與作為承擔義務付給第三方的估計金額之間的現金流量差額的現值決定。

當與聯營公司的借款或其他應付聯營公司的款項不提供補償時，公平值便作為投入列賬且確認為投資成本的一部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial liabilities and equity instruments (Continued)

(iii) Trade and other payables

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

(iv) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Revenue recognition

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.

4. 主要會計政策(續)

(p) 金融負債及股本工具(續)

(iii) 貿易及其他應付款項

貿易及其他應付款項初步按公平值確認，其後則以實際利率法按攤銷成本值計量，貼現影響微少則作別論，在該情況下，則按成本值列賬。

(iv) 股本工具

股本工具指能證明於實體扣除其所有負債後的資產中存在剩餘權益的任何合約。本公司發行的股本工具按已收取的所得款項減去直接發行成本而列賬。

(q) 收入確認

當產品或服務的控制權按本集團預期有權獲取的承諾代價數額(不包括代表第三方收取的金額)轉移至客戶時，便會確認收入。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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

For OEM Products that have no alternative use to the Group and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue from the sales of such OEM Products as the performance obligation is satisfied over time in accordance with the input method, by reference to the costs incurred to date over the total expected costs. Otherwise, sales are recognised when control of the products has been transferred, being when the products are delivered to the customers. Delivery occurs when the products have been delivered to the designated location prescribed by the customer. Payment for goods is not due from the customer until the OEM Products are delivered to the customer and therefore a contract asset is recognised over the period in which the goods are produced, representing the entity's right to consideration for the services performed to date.

4. 主要會計政策(續)

(q) 收入確認(續)

原設備製造產品對本集團並無替代用途，且當本集團擁有收取客戶迄今為止已完成履約的款項之可強制執行權利時，本集團根據輸入數據法，並參考迄今為止已產生費用佔預期費用總額之比例，將按原設備製造產品銷售收入已達成之履約責任的進度確認。否則，當產品控制權已轉移時(即產品已交付至客戶時)確認銷售。交付在產品已運送至客戶的特定地點時發生。客戶毋須支付貨品款項，直至原設備製造產品運送至客戶為止，因此合約資產是在於貨品已生產一段時間，代表實體對迄今履行服務的代價所享有的權利的期間內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

Revenue from the sales of non-OEM Products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer 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. A refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

4. 主要會計政策(續)

(q) 收入確認(續)

由非原設備製造產品銷售所產生的收入在貨品的控制權已轉讓，即貨品已運送至客戶的指定地點(交付)時確認。在交付後，客戶對銷售貨品的分銷方式及價格擁有完全酌情權，在銷售貨品時具有主要責任，並承擔貨品滯銷及損失的風險。當貨品交付予客戶，本集團便會確認應收款項，原因是此乃對代價的權利僅因到期付款前需要時間流逝方成為無條件的時點。對於預期將要退回的產品，退款負債和作出相應的調整並於收入確認。同時，當客戶行使退貨權時，本集團有權收回產品，並因此確認退貨資產的權利以及對銷售成本作相應調整。本集團利用其積累的歷史經驗，使用期望值方法估計投資組合水平的收益數量。考慮到往年的收益水平穩定，很可能不會發生已確認累計收入的重大回撥。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue recognition (Continued)

Revenue from sales of moulds is recognised when the quality of moulds are accepted by the customers, and the customers have the legal title to the moulds and can direct the Group to use them for production.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. 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 asset.

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. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

4. 主要會計政策(續)

(q) 收入確認(續)

銷售模具的收入於模具質量獲客戶接納及客戶擁有模具的合法所有權，並指示本集團使用該等模具作生產時確認。

利息收入於產生時按實際利率法確認。就按攤銷成本或按公平值計入其他全面收益(重新歸入)計量且並無出現信貸減值的金融資產而言，實際利率便適用於資產的賬面總值。就出現信貸減值的金融資產而言，實際利率則適用於資產的攤銷成本(即扣除虧損撥備的賬面總值)。

經營租賃項下的應收租金收入在租賃期涵蓋期間內平均分期於損益確認，除非替代基準更能代表使用租賃資產所產生的收益模式。授予的租賃獎勵措施在損益中確認為應收租賃淨付款總額的組成部分。不依賴於指數或利率的可變租賃付款在其產生的會計期間內確認為收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

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

4. 主要會計政策(續)

(r) 僱員福利

(i) 僱員享有的假期

僱員年假及長期服務假於僱員享有時確認，並已就僱員因截至報告期間完結時止所提供服務享有的年假及長期服務假的估計負債作出撥備。

僱員病假及產假於放假時始確認。

(ii) 退休金承擔

本集團向定額供款退休金計劃作出供款，全體僱員均可參與該計劃。計劃供款由本集團及僱員按僱員基本薪金的百分比計算。自損益扣除的退休福利計劃成本指本集團應向該基金支付的供款。

(iii) 離職福利

離職福利於本集團不再撤回該等福利邀約與本集團確認重組成本及涉及支付離職福利當日(以較早者為準)確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4. 主要會計政策(續)

(s) 以股權結算之款項

本集團向若干僱員發行以股權結算以股份支付的款項。以股權結算以股份支付的款項乃於授出當日按股本工具的公平值(不包括非市場歸屬條件的影響)計量。於按股權結算以股份支付的款項授出當日釐定的公平值，根據本集團所估計最終就非市場歸屬條件歸屬及調整的股份，按歸屬期以直線法支銷。

(t) 借貸成本

直接源自收購、建造或生產合資格資產，而有關資產需要一段長時間方可供作擬定用途或出售的借貸成本，會撥充該等資產成本部分，直至該資產大致上可供作擬定用途或出售為止。尚未用於合資格資產的特定借貸作短期投資賺取的投資收入，會於合資格資本化的借貸成本中扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Borrowing costs (Continued)

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Effective 1 January 2019, any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. 主要會計政策(續)

(t) 借貸成本(續)

對於一般性借入資金用於獲取一項合資格的資產，可予資本化的借貸成本乃以在該資產的支出應用一個資本化比率釐定。資本化比率為期內適用於本集團尚未償還借款（用於獲取一項合資格的資產的借貸除外）的借貸成本的加權平均值。於二零一九年一月一日後，在相關資產準備可用於其預期用途或出售後仍尚未償還的任何特定借款均計入一般借款池，以計算一段借款的資本化率。

所有借貸成本乃於其產生期間在損益中確認。

(u) 政府補助金

如有合理保證本集團將遵守附帶條件及將收取政府補助金，則確認政府補助金。

與收入有關之政府補助金就其與擬補償成本配對之所需期間於損益遞延及確認。

作為開支或已承受的虧損的補償或為本集團提供即時財務資助而可收取（並無日後相關成本）的政府補助金，乃於其成為可收取的期間於損益確認為收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. 主要會計政策(續)

(v) 稅項

所得稅為即期稅項與遞延稅項的總和。

即期稅項乃按本年度應課稅溢利計算。應課稅溢利與損益中所確認的溢利不同，因應課稅溢利不包括在其他年度應課稅收入或可扣減開支項目，而且不包括永遠毋須課稅及不可扣稅項目。本集團的即期稅項負債乃按報告期間完結前已頒佈或實質頒佈的稅率計算。

遞延稅項乃就綜合財務報表中資產及負債的賬面值與用作計算應課稅溢利的相應稅基間的差額確認。遞延稅項負債通常會就所有應課稅暫時差異確認，遞延稅項資產僅於可能有應課稅溢利而動用暫時性差異、未動用稅項虧損或未動用稅項資產可予以抵銷時方予以確認。於一項交易中，倘因商譽或其他資產及負債之初步確認（業務合併除外）而產生的暫時差異且不影響應課稅溢利及會計溢利時，則該等資產及負債不會予以確認。

遞延稅項負債乃就投資於附屬公司及聯營公司而產生的應課稅暫時差異予以確認，惟倘本集團能控制撥回暫時差異以及暫時差異在可見將來不會被撥回則作別論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation (Continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

4. 主要會計政策(續)

(v) 稅項(續)

遞延稅項資產的賬面值於各報告期間完結時均會作出檢討，並在預期不再有足夠應課稅溢利可令全部或部份資產變現時作出相應減值。

遞延稅項乃以預期於償還負債或變現資產即期應用的稅率並基於報告期間完結前頒佈或實質頒佈的稅率計算。遞延稅項會於損益中確認，惟遞延稅項與已於其他全面收益中或直接於權益中確認的相關聯者則除外，在此情況下，遞延稅項亦會於其他全面收益中或直接於權益中確認。

遞延稅項資產及負債之計量反映本集團於報告期間結束時預計收回或結算其資產及負債賬面值之方式而引致之稅務後果。

就計量本集團確認使用權資產及相關租賃負債之租賃交易之遞延稅項而言，本集團首先釐定稅項扣減是否歸屬於使用權資產或租賃負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

4. 主要會計政策(續)

(v) 稅項(續)

就稅項扣減歸屬於租賃負債之租賃交易而言，本集團將香港會計準則第12號之規定分別應用於使用權資產及租賃負債。由於應用初步確認豁免，故與使用權資產及租賃負債相關之暫時性差異不會於初步確認時及於租賃期內確認。

倘有法定可行使權利可以即期稅項資產抵銷即期稅項負債，且彼等為關乎同一稅務機構徵收之所得稅，且本集團擬按淨額基準結算其即期稅項資產及負債，則遞延稅項資產及負債會予以抵銷。

(w) 非金融資產減值

非金融資產之賬面值於各報告日期檢討有無減值跡象，倘資產已減值，則透過綜合損益表以開支撇減至其估計可收回金額，惟倘有關資產乃按重估金額列賬，則減值虧損按重估減少處理。可收回金額乃就個別資產釐定，惟倘資產並無產生大部分獨立於其他資產或資產組合之現金流入，則可收回金額就資產所屬之現金產生單位釐定。如屬此情況，可收回金額為個別資產或現金產生單位之使用價值與其公平值減出售成本兩者中之較高者。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Impairment of non-financial assets (Continued)

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(x) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECLs on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade and other receivables and contract assets, as well as on financial guarantee contracts. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The 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, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

4. 主要會計政策(續)

(w) 非金融資產減值(續)

使用價值為資產／現金產生單位估計未來現金流量之現值。現值按反映貨幣時間值及資產／現金產生單位(已計量減值)之特有風險之稅前貼現率計算。

現金產生單位之減值虧損首先用於抵銷單位商譽，然後於現金產生單位的其他資產之間按比例分配。隨後估計變動導致的可收回金額增長計入損益，直至撥回減值。惟倘有關資產乃按重估金額列賬，則減值虧損的撥回按重估增加處理。

(x) 金融資產及合約資產減值

本集團就按攤銷成本或按公平值計入其他全面收益計量的債務工具投資、租賃應收款項、貿易及其他應收款項及合約資產，以及財務擔保合約確認預期信貸虧損的虧損撥備。預期信貸虧損的金額於各個報告日期更新，以反映自各項金融工具初始確認以來信貸風險的變動。

本集團一直就貿易應收款項、合約資產及租賃應收款項確認全期預期信貸虧損。該等金融資產的預期信貸虧損乃使用以本集團過往信貸虧損經驗為基礎的撥備體制估算，並就債務人特定因素、整體經濟環境及報告日期當前情況及預測動向的評估(在適當時包括貨幣的時間價值)作出調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contract assets (Continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. 主要會計政策(續)

(x) 金融資產及合約資產減值(續)

對於所有其他金融工具，本集團在信貸風險自初始確認以來顯著上升時確認全期預期信貸虧損。然而，若金融工具的信貸風險自初始確認以來並未顯著上升，則本集團便按12個月預期信貸虧損的相同金額計量該金融工具的虧損撥備。

全期預期信貸虧損指於金融工具預計年期內所有可能的違約事件將產生的預期信貸虧損。相反，12個月預期信貸虧損指金融工具於報告日期後12個月內可能發生的違約事件預計產生的該部分全期預期信貸虧損。

信貸風險顯著上升

評估金融工具的信貸風險自首次確認以來有否顯著增加時，本集團會就金融工具於報告日期發生違約的風險與金融工具於初始確認當日發生違約的風險進行比較。在進行有關評估時，本集團會考慮合理且可靠的定量和定性資料，包括過往經驗及毋須付出不必要的成本或努力即可獲得的前瞻性資料。所考慮的前瞻性資料包括獲取自經濟專家報告、金融分析師、政府機構、相關智庫及其他類似組織的本集團債務人經營所在行業的未來前景，以及與本集團核心業務相關的各種外在來源的實際及預測經濟資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. 主要會計政策(續)

(x) 金融資產及合約資產減值(續)

信貸風險顯著上升(續)

具體而言，評估信貸風險自初始確認以來是否顯著上升時會考慮以下資料：

- 金融工具對外(如有)或內部信貸評級的實際或預期顯著惡化；
- 特定金融工具信貸風險的對外市場指標顯著惡化；
- 商業、金融或經濟情況目前或預期有不利變動，預計將導致債務人償還其債務的能力顯著下降；
- 債務人經營業績實際或預期顯著惡化；
- 同一債務人其他金融工具的信貸風險顯著上升；及
- 債務人的監管、經濟或技術環境有實際或預計的重大不利變動，導致債務人償還其債務的能力顯著下降。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default;
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

4. 主要會計政策(續)

(x) 金融資產及合約資產減值(續)

信貸風險顯著上升(續)

不論上述評估結果如何，本集團假設當合約付款逾期超過30日時，金融資產的信貸風險已自初始確認以來顯著增加，除非本集團有合理及可作為依據的資料顯示並非如此則作別論。

儘管存在上文所述，本集團假設倘金融工具釐定為於報告日期具有低信貸風險，則金融工具的信貸風險自初始確認以來並無顯著增加。金融工具釐定為具有低信貸風險，假若：

- (i) 金融工具具有低違約風險；
- (ii) 債務人於短期內具備雄厚實力履行其合約現金流量責任；及
- (iii) 長期經濟及業務狀況的不利變動可能(但不一定)減低借款人履行其合約現金流量責任的能力。

當金融資產根據環球理解的定義擁有「投資級別」的外圍信貸評級，或倘未有外圍評級，則資產具有「良好」的內部評級，本集團便會認為該項資產具有低信貸風險。良好的意思為對手方具有強勁的財務狀況，以及無逾期款項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contract assets (Continued)

Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

4. 主要會計政策(續)

(x) 金融資產及合約資產減值(續)

信貸風險顯著上升(續)

就財務擔保合約而言，在本集團不可撤回地成為該項承擔的相關方當日，該日即被視為評估財務資產減值的初始確認日。在評估信貸風險在初始確認財務擔保合約後是否大幅攀升，本集團會考慮個別債務人的違約風險變動。

本集團定期監察用以確定信貸風險曾否顯著增加的標準的成效，並於適當時候作出修訂，從而確保有關標準能夠於款項逾期前確定信貸風險顯著增加。

違約的定義

本集團認為以下情況就內部信貸風險管理目的而言構成違約事件，因為過往經驗表明符合以下任何一項條件的應收款項一般無法收回。

- 對手方違反財務契諾；或
- 內部產生或獲取自對外來源的資料表明，債務人不太可能向債權人(包括本集團)全額還款(不考慮本集團持有的任何抵押品)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contract assets (Continued)

Definition of default (Continued)

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. 主要會計政策(續)

(x) 金融資產及合約資產減值(續)

違約的定義(續)

不論上述分析結果如何，本集團認為當金融資產付款逾期超過90日時，便已出現違約，除非本集團有合理及可作為依據的資料顯示並更寬鬆的違約標準更為合適則作別論。

信貸減值的金融資產

當發生對金融資產的估計未來現金流量產生不利影響的一宗或多宗事件時，該金融資產即出現信貸減值。金融資產出現信貸減值的證據包括與下列事件相關的可觀察數據：

- 發行人或對手方陷入嚴重財困；
- 違反合約，如違約或逾期事件；
- 對手方的貸款人出於與對手方財困相關的經濟或合約原因，而向對手方授予貸款人原本不會考慮的優惠；或
- 對手方可能將進入破產程序或進行其他財務重組；或
- 因財務困難而導致該項金融資產失去活躍市場。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contract assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECLs is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

4. 主要會計政策(續)

(x) 金融資產及合約資產減值(續)

撤銷政策

本集團在有資料顯示債務人陷入嚴重財務困難，且無實際收回資產可能之時(包括債務人遭受清盤或已進入破產程序，或在貿易應收款項的情況下，則有關金額逾期超過兩年(以較早發生者為準))，便會撤銷金融資產。在考慮法律意見(如適當)後，已撤銷金融資產仍可根據本集團的收回程序實施強制執行活動。任何收回資產於損益中確認。

計量及確認預期信貸虧損

預期信貸虧損的計量為違約概率、違約損失率(即違約時的損失程度)及違約風險承擔的函數。評估違約概率及違約損失率的依據是過往數據，並按上文所述的前瞻性資料調整。違約風險承擔方面，金融資產則由資產於報告日期的賬面總值代表。

就金融資產而言，預期信貸虧損按根據合約應付予本集團的所有合約現金流量與本集團預期收取、折現的所有現金流量之間的差額估計，並按原本的實際利率貼現。就租賃應收款項而言，根據香港財務報告準則第16號(由二零一九年一月一日起)或香港會計準則第17號(二零一九年一月一日前)用作釐定預期信貸虧損的現金流量與用作計量租賃應收款項的現金流量一致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Impairment of financial assets and contract assets (Continued)

Measurement and recognition of ECL (Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

4. 主要會計政策(續)

(x) 金融資產及合約資產減值(續)

計量及確認預期信貸虧損(續)

倘本集團於上個報告期間以相等於全期預期信貸虧損的金額計量一項金融工具的虧損撥備，但於本報告日期釐定該全期預期信貸虧損的條件不再符合，則本集團於本報告日期便會按相等於12個月預期信貸虧損的金額計量虧損撥備，惟使用了簡化方式的資產則除外。

本集團於損益確認所有金融工具的減值收益或虧損，對透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計量的債務工具投資除外，其虧損撥備於其他全面收益確認，並於投資重估儲備累計，且並無削減金融資產於財務狀況表的賬面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

(z) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. 主要會計政策(續)

(y) 撥備及或然負債

倘本集團因過往事件承擔現有法定或推定責任而可能需要經濟利益流出以履行有關責任並可作出可靠估計，便會就無確定時間或金額的負債確認撥備。倘款項的時間價值重大，撥備會以履行責任預期所需開支的現值列報。

倘不大可能需要經濟利益流出，或有關款額不能可靠估量，有關責任則按或然負債披露，除非導致經濟利益流出的可能性極低，則作別論。可能承擔的責任（其存在與否僅藉一項或多項未來事件的發生與否而確定）亦按或然負債披露，除非導致經濟利益流出的可能性極低，則作別論。

(z) 報告期間完結後事項

報告期間完結後事項提供本集團於報告期間完結時狀況的額外資料，此等為調整事項並反映於綜合財務報表。如屬非調整事項的報告期間完結後事項，倘屬重大時，則於綜合財務報表附註內披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

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

(a) Allowance for inventories

The directors identify obsolete and slow-moving inventory items that are no longer probable for use in production or to be sold out at the end of each reporting period. The directors estimate the net realisable value for such inventories based primarily on the latest selling prices and costs of completion and selling expenses estimated at current operation conditions. The directors carry out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete items.

5. 關鍵判斷及主要估計

應用會計政策時的關鍵判斷

於應用會計政策的過程中，董事已作出以下對綜合財務報表所確認金額產生最重大影響的判斷（除涉及估計者於下文處理外）。

信貸風險顯著增加

第1階段資產的預期信貸虧損按相等於12個月預期信貸虧損的撥備計量，而第2階段或第3階段資產則按全期預期信貸虧損計量。當信貸風險自首次確認後顯著增加時，資產將移至第2階段。香港財務報告準則第9號並無界定甚麼構成信貸風險顯著增加。於評估資產的信貸風險是否已顯著增加時，本集團會考慮定性及定量的合理而有據可依的前瞻性資料。

估計不明朗因素的主要來源

下文討論有關未來的主要假設及於報告期間完結時的其他主要估計不明朗因素來源，而該等假設及估計不明朗因素來源具有導致下一個財政年度的資產及負債賬面值須作出重大調整的重大風險。

(a) 存貨撥備

董事於各報告期間完結時識別一些不再適合生產的過時及滯銷存貨項目。董事主要根據最新售價及現時經營狀況下的銷售開支及預計完成成本估計該等存貨的可變現淨值。董事於每個報告期間完結時對存貨逐一進行檢查，並對過時項目作出撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(a) Allowance for inventories (Continued)

Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimates have been changed.

The allowance on inventories as at 31 December 2019 was approximately HK\$49,735,000 (2018: HK\$35,123,000).

(b) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. These estimates are based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 December 2019 was approximately HK\$504,054,000 (2018: HK\$766,155,000).

5. 關鍵判斷及主要估計(續)

估計不明朗因素的主要來源(續)

(a) 存貨撥備(續)

倘實際結果或日後預期與原定估計有差異，則該等差異將影響存貨賬面值及該估計變更期間的撥備／撥回值。

於二零一九年十二月三十一日，存貨撥備為約49,735,000港元(二零一八年：35,123,000港元)。

(b) 物業、機器及設備以及折舊

本集團釐定本集團之物業、機器及設備的估計可使用年限、剩餘價值及相關折舊開支。此等估算乃根據類似性質及功能的物業、機器及設備的實際可使用年期及剩餘價值的過往經驗作出。當可使用年限及剩餘價值與先前估算不同時，本集團將修訂折舊開支或將已棄用在技術上過時或屬非策略性的資產撇銷或撇減。

於二零一九年十二月三十一日，物業、機器及設備賬面值為約504,054,000港元(二零一八年：766,155,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) Impairment of trade receivables and contract assets

Since the adoption of HKFRS 9 on 1 January 2019, the management of the Group estimates the amount of impairment loss for ECL on trade receivables and contract assets based on the credit risk of trade receivables and contract assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2019, the carrying amounts of trade receivables and contract assets are approximately HK\$340,524,000 (2018: HK\$376,785,000) (net of allowance for doubtful debts of approximately HK\$343,000 (2018: HK\$229,000) and HK\$17,731,000 (2018: HK\$14,670,000) respectively.

5. 關鍵判斷及主要估計(續)

估計不明朗因素的主要來源(續)

(c) 貿易應收款項及合約資產的減值

自二零一九年一月一日採納香港財務報告準則第9號以來，本集團管理層的估計按貿易應收款和合同資產的信貸風險估計貿易應收款和合同資產預期信貸虧損的減值虧損金額。基於預期信貸虧損模型的減值虧損金額以根據本集團按合約應收的所有合約現金流量及本集團預期收取的所有現金流量(於首次確認時決定的利率貼現)之間的差額計量。當未來現金流量低於預期，或由於事實和情況的變化被向下修訂，重大減值虧損可能會產生。

於二零一九年十二月三十一日，貿易應收款項及合約資產的賬面值分別為約340,524,000港元(二零一八年：376,785,000港元)(扣除分別約343,000港元(二零一八年：229,000港元)及17,731,000港元(二零一八年：14,670,000港元)呆賬撥備)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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. During the year, approximately HK\$14,569,000 (2018: HK\$12,505,000) of income tax was charged to profit or loss based on the estimated profit from operations.

Recognition of deferred tax assets, which principally relates to deductible temporary differences and tax losses, depends on whether it is probable that future taxable profits or taxable temporary differences will be available against which deferred tax assets can be utilised. In cases where the actual future taxable profits or taxable temporary differences generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place. The directors considered that, based on the profit forecast of the group companies with tax losses, it is probable that the tax losses can be utilised in the foreseeable future. The profit forecast required the use of judgement and estimates.

The carrying amount of deferred tax assets with respect to tax losses as at 31 December 2019 was approximately HK\$11,364,000 (2018: HK\$7,938,000).

5. 關鍵判斷及主要估計(續)

估計不明朗因素的主要來源(續)

(d) 所得稅

本集團須在多個司法權區繳納所得稅。於釐定所得稅撥備時須作出重要估計。在日常業務過程中有多項交易及計算方式，均會導致不能確定最終稅項。倘若該等事情最終所得之稅項與最初錄得之款額有所差異，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。於本年度，根據經營業務的估計溢利計入損益的所得稅約14,569,000港元(二零一八年：12,505,000港元)。

確認遞延稅項資產主要與可扣減暫時差異及稅項虧損有關，視乎是否很可能獲得可利用遞延稅項資產來抵扣之未來應課稅溢利或應課稅暫時差異而定。倘所產生之未來實際應課稅溢利或應課稅暫時差異少於預期數額，則該遞延稅項資產可能予以撥回，並會於有關撥回發生期間之損益內確認。董事認為，根據錄得稅項虧損之集團公司之溢利預測，稅項虧損很可能在可見將來動用。溢利預測需要運用判斷及估計。

於二零一九年十二月三十一日，有關稅項虧損之遞延稅項資產之賬面值為約11,364,000港元(二零一八年：7,938,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(e) Fair value of leasehold land

The Group appointed an independent professional valuer to assess the fair value of the leasehold land. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions.

The carrying amount of leasehold land as at 31 December 2019 was approximately HK\$212,610,000 (2018: HK\$209,770,000).

(f) Revenue and profit recognition

As explained in policy notes 4(q), revenue from sales of moulds is recognised when the quality of moulds is accepted by the customers and the customers can direct the Group to use them for production. Certain contracts with customers may include moulds and products, and the Group only charges the customers for the products and recovers the costs of moulds through the sales of products. Since moulds and products are distinct performance obligations, transaction price of a contract should be allocated to moulds and products separately. In the allocation of the transaction price to moulds, the Group has to make estimation of the stand-alone price of moulds and the products, and the quantity of the products that the moulds can be ultimately manufactured. Actual outcomes of revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

During the year, approximately HK\$163,588,000 (2018: HK\$207,600,000) of revenue from moulds was recognised.

5. 關鍵判斷及主要估計(續)

估計不明朗因素的主要來源(續)

(e) 租賃土地的公平值

本集團委任獨立專業估值師評估租賃土地的公平值。於釐定公平值時，估值師利用的估值方法涉及若干估計。董事已行使判斷，並信納估值方法反映現行市況。

於二零一九年十二月三十一日，租賃土地的賬面值為約212,610,000港元(二零一八年：209,770,000港元)。

(f) 收入及溢利確認

如政策附註4(q)所闡述，銷售模具的收入於模具質量獲客戶接納及客戶指示本集團用作生產時確認。若干客戶合約可能包括模具及產品，而本集團僅就產品向客戶收費，並透過產品銷售收回模具成本。由於模具及產品為不同的履約責任，故合約的交易價格應分別分配予模具及產品。於分配交易價格至模具時，本集團須估計模具及產品的獨立價格，以及模具最終可以製造的產品數量。收入的實際結果於報告期間完結時可能高於或低於估計，這將作為對至今已記錄金額的調整而影響未來年度確認的收入及溢利。

本年度確認模具收入約163,588,000港元(二零一八年：207,600,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$, United States dollars ("USD") and Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. 財務風險管理

本集團因經營業務而承受多項財務風險：外匯風險、信貸風險、流動資金風險及利率風險。本集團的整體風險管理計劃集中在金融市場的不可預測性，故務求降低本集團財務表現所受到的潛在負面影響。

(a) 外匯風險

由於本集團大部分商務交易、資產及負債主要以港元、美元(「美元」)及人民幣(「人民幣」)列值，故本集團面對若干外匯風險。本集團現時並無就外匯交易、資產及負債採取外匯對沖政策。本集團將密切監察其外匯風險，並將考慮於需要時對沖重大外匯風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

At 31 December 2019, if HK\$ had weakened 0.5 per cent (2018: 0.5 per cent) against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$1,040,000 (2018: HK\$1,516,000) higher, arising mainly as a result of the foreign exchange gain on trade receivables and bank balances denominated in USD, but partly offset by the foreign exchange loss on trade payables denominated in USD (2018: foreign exchange gain on trade receivables and bank balances denominated in USD, but partly offset by the foreign exchange loss on trade and other payables denominated in USD). If HK\$ had strengthened 0.5 per cent (2018: 0.5 per cent) against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$1,040,000 (2018: HK\$1,516,000) lower, arising mainly as a result of the foreign exchange loss on trade receivables and bank balances denominated in USD, but partly offset by the foreign exchange gain on trade payables denominated in USD (2018: foreign exchange loss on trade receivables and bank balances denominated in USD, but partly offset by the foreign exchange gain on trade and other payables denominated in USD).

6. 財務風險管理(續)

(a) 外匯風險(續)

於二零一九年十二月三十一日，倘港元兌美元貶值0.5%（二零一八年：0.5%），而其他所有變數維持不變，則年內除稅後綜合溢利將增加約1,040,000港元（二零一八年：1,516,000港元），主要由於以美元計值的貿易應收款項及銀行結餘產生外匯收益所致，惟部份影響被以美元計值之貿易應付款項產生外匯虧損所抵銷（二零一八年：以美元計值的貿易應收款項及銀行結餘產生外匯收益所致，惟部份影響被以美元計值之貿易和其他應付款項產生外匯虧損所抵銷）。倘港元兌美元升值0.5%（二零一八年：0.5%），而其他所有變數維持不變，則年內除稅後綜合溢利將減少約1,040,000港元（二零一八年：1,516,000港元），主要由於以美元計值的貿易應收款項及銀行結餘產生外匯虧損所致，惟部份影響被以美元計值之貿易應付款項產生外匯收益所抵銷（二零一八年：以美元計值的貿易應收款項及銀行結餘產生外匯虧損所致，惟部份影響被以美元計值之貿易和其他應付款項產生外匯收益所抵銷）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

At 31 December 2019, if HK\$ had weakened 5 per cent (2018: 5 per cent) against RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$987,000 (2018: HK\$871,000) lower, arising mainly as a result of the foreign exchange loss on trade receivables and bank balances denominated in HK\$ held by the subsidiaries operating in the People's Republic of China (the "PRC"), but partly offset by the foreign exchange gain on bank balances denominated in RMB held by the Hong Kong subsidiaries (2018: foreign exchange loss on trade receivables and bank balances denominated in HK\$ held by the subsidiaries operating in the PRC, but partly offset by the foreign exchange gain on bank balances denominated in RMB held by the Hong Kong subsidiaries). If HK\$ had strengthened 5 per cent (2018: 5 per cent) against RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$987,000 (2018: HK\$871,000) higher, arising mainly as a result of the foreign exchange gain on trade receivables and bank balances denominated in HK\$ held by the subsidiaries operating in the PRC, but partly offset by the foreign exchange loss on bank balances denominated in RMB held by the Hong Kong subsidiaries (2018: foreign exchange gain on trade receivables and bank balances denominated in HK\$ held by the subsidiaries operating in the PRC, but partly offset by the foreign exchange loss on bank balances denominated in RMB held by the Hong Kong subsidiaries).

6. 財務風險管理(續)

(a) 外匯風險(續)

於二零一九年十二月三十一日，倘港元兌人民幣貶值5%(二零一八年：5%)，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約987,000港元(二零一八年：871,000港元)，主要由於於中華人民共和國(「中國」)營運之附屬公司以港元計值之應收款項及銀行結餘產生外匯虧損所致，惟部份影響被以於香港營運之附屬公司以人民幣計值之銀行結餘產生之外匯收益所抵銷(二零一八年：於中國營運之附屬公司以港元計值之貿易應收款項及銀行結餘產生外匯虧損，惟部份影響被以於香港營運之附屬公司以人民幣計值之銀行結餘產生之外匯收益所抵銷)。倘港元兌人民幣升值5%(二零一八年：5%)，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約987,000港元(二零一八年：871,000港元)，主要由於於中國營運之附屬公司以港元計值之貿易應收款項及銀行結餘產生外匯收益所致，惟部份影響被以於香港營運之附屬公司以人民幣計值之銀行結餘產生之外匯虧損所抵銷(二零一八年：於中國營運之附屬公司以港元計值之貿易應收款項及銀行結餘產生之外匯收益所致，惟部份影響被以於香港營運之附屬公司以人民幣計值之銀行結餘產生之外匯虧損所抵銷)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

At 31 December 2019, if RMB had weakened 5 per cent (2018: 5 per cent) against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$870,000 (2018: HK\$2,462,000) lower, arising mainly as a result of the foreign exchange loss on trade payables of the PRC subsidiaries denominated in USD, but partly offset by the foreign exchange gain on trade receivables and bank balances of the PRC subsidiaries denominated USD (2018: foreign exchange loss on trade payables of the PRC subsidiaries denominated in USD). If RMB had strengthened 5 per cent (2018: 5 per cent) against USD with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$870,000 (2018: HK\$2,462,000) higher, arising mainly as a result of the foreign exchange gain on trade payables of the PRC subsidiaries denominated in USD, but partly offset by the foreign exchange loss on trade receivables and bank balances of the PRC subsidiaries denominated in USD (2018: foreign exchange gain on trade payables of the PRC subsidiaries denominated in USD).

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

6. 財務風險管理(續)

(a) 外匯風險(續)

於二零一九年十二月三十一日，倘人民幣兌美元貶值5%（二零一八年：5%），而其他所有變數維持不變，則年內除稅後綜合溢利將減少約870,000港元（二零一八年：2,462,000港元），主要由於於中國營運之附屬公司以美元計值之貿易應付款項產生外匯虧損所致，惟部分影響被於中國營運之附屬公司以美元計值之貿易應收款項及銀行結餘產生外匯收益所抵銷（二零一八年：於中國營運之附屬公司以美元計值之貿易應付款項產生外匯虧損所致）。倘人民幣兌美元升值5%（二零一八年：5%），而其他所有變數維持不變，則年內除稅後綜合溢利將增加約870,000港元（二零一八年：2,462,000港元），主要由於於中國營運之附屬公司以美元計值之貿易應付款項產生外匯收益所致，惟部分影響被於中國營運之附屬公司以美元計值之貿易應收款項及銀行結餘產生外匯損失所抵銷（二零一八年：於中國營運之附屬公司以美元計值之貿易應付款項產生外匯收益所致）。

(b) 信貸風險

信貸風險為交易對手方不履行金融工具或客戶合約的責任，導致財務損失的風險。本集團面對其經營活動（主要為貿易應收款項）及其融資活動（包括銀行及金融機構存款、外匯交易及其他金融工具）的信貸風險。本集團面對因現金及等同現金項目而產生的信貸風險有限，因為交易對手方為由國際信貸評級機構評定擁有高信貸評級的銀行及金融機構，本集團認為其信貸風險較低。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. 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. Trade receivables are due within 30 to 120 days from the date of billing. Generally, debtors with balances that are more than 30 days past due or exceeding the credit limit granted are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

6. 財務風險管理(續)

(b) 信貸風險(續)

貿易應收款項及合約資產

客戶信貸風險由各業務單位管理，惟須按照本集團與客戶信貸風險管理有關的既定政策、程序及控制執行。個別信貸評估會對所有需要超過若干金額的信貸的客戶進行。該等評估側重於客戶過往的到期付款記錄及當前的支付能力，並考慮客戶特定及與客戶經營所處經濟環境有關的資料。貿易應收款項於發票日期起計30至120日內到期。一般而言，餘額逾期超過30日或超過信貸限額的債務人會被要求在獲授任何進一步信貸前結清所有未結餘額。正常來說，本集團不會從客戶獲取抵押品。

本集團按相等於全期預期信貸虧損的金額計量貿易應收款項及合約資產的虧損撥備，並使用撥備矩陣計算。由於本集團的過往信貸虧損經驗並無顯示不同客戶組別的虧損模式存在顯著差異，故基於逾期狀態的虧損撥備並無在本集團的不同客戶群之間進一步劃分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2019:

		2019 二零一九年		
		Expected loss rate 預期虧損率 %	Gross carrying amount 賬面總值 HK\$'000 千港元	Loss allowance 虧損撥備 HK\$'000 千港元
		百分比		
Current (not past due)	現時(未逾期)	0.03%	312,896	94
1–30 days past due	逾期1至30日	0.56%	24,376	136
31–90 days past due	逾期31至90日	1.76%	3,138	55
91–180 days past due	逾期91至180日	5.10%	269	14
More than 180 days past due	逾期超過180日	23.24%	188	44
			340,867	343

		2018 二零一八年		
		Expected loss rate 預期虧損率 %	Gross carrying amount 虧損撥備 HK\$'000 千港元	Loss allowance 虧損撥備 HK\$'000 千港元
		百分比		
Current (not past due)	現時(未逾期)	0.02%	319,382	64
1–30 days past due	逾期1至30日	0.19%	53,047	101
31–90 days past due	逾期31至90日	1.09%	4,437	48
91–180 days past due	逾期91至180日	2.29%	22	1
More than 180 days past due	逾期超過180日	12.20%	126	15
			377,014	229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The expected loss rates for contract assets are very low since the contract assets are due from several major customers and no default from these customers has happened in the past. Therefore, no loss allowance has been made with respect to the contract assets.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

6. 財務風險管理(續)

(b) 信貸風險(續)

貿易應收款項及合約資產(續)

預期虧損率乃基於過去3年的實際虧損經驗。該等比率會作調整以反映收集歷史數據期間的經濟狀況、當前狀況與本集團對應收款項預期年期的經濟狀況的看法之間的差異。

合同資產的預期損失率非常低，因為合同資產來自幾個主要客戶，並且該等客戶過去沒有發生過違約。因此，並無就合約資產作出任何撥備。

年內有關貿易應收款項的虧損撥備賬目變動如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	229	861
Impairment losses recognised for the year	年內確認的減值虧損	117	132
Reversals	回撥	—	(764)
Exchange difference	匯兌差額	(3)	—
At 31 December	於十二月三十一日	343	229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following changes in the gross carrying amounts of trade receivables and contract assets contributed to the increase in the loss allowance during 2019:

- increase in the expected loss rate due to a forecast of the future poorer economic condition, but partly offset by;
- decrease in specific write-off of bad debt happened during the year, which lowered the historical loss rate.

Financial assets at amortised cost

All of the Group's investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses.

6. 財務風險管理(續)

(b) 信貸風險(續)

貿易應收款項及合約資產(續)

貿易應收款項及合約資產賬面總值的以下變動導致二零一九年的虧損撥備增加：

- 由於預測未來較差的經濟狀況，預計損失率會增加，但部分抵銷；
- 年內發生的壞賬特定撇銷下跌，減少了歷史損失率。

按攤銷成本計算的金融資產

本集團按攤銷成本計算的所有投資均被視為擁有低信貸風險，因此於期內確認的虧損撥備僅限於12個月預期虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's bank borrowings and other financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates currently at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

6. 財務風險管理(續)

(c) 流動資金風險

本集團之政策為定期監察其流動資金需要、其遵守借款契諾及其與銀行之關係，以確保其維持足以應付短期及較長遠之融資需要之現金儲備及可隨時變現有價證券以及由主要財務機構已承諾之足夠額度。

下表列示按未折現現金流量(包括按合約利率或(如為浮息)按報告期末的現行利率計算的利息金額)及本集團可能須還款的最早日期呈列的本集團於報告期末的銀行借款及其他金融負債的餘下合約期限。

具體而言，對於銀行可全權酌情行使的按要求償還條款的銀行貸款，有關分析按可能須還款的最早期間(即倘貸款人擬行使其無條件權利要求即時償還貸款)呈列現金流量，其他金融負債的到期日分析則按預定還款期編制。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

6. 財務風險管理(續)

(c) 流動資金風險(續)

		2019 二零一九年				
		Maturity Analysis – Undiscounted cash outflows 到期日分析 – 未折現現金流出				
		On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash outflows
		按要求	一年內	一年以上 但少於兩年	兩年以上 但少於五年	五年以上 現金流出總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Trade payables	貿易應付款項	29,282	179,732	—	—	209,014
Refund liabilities	退款負債	241	—	—	—	241
Other payables and accruals	其他應付款項及 應計費用	3	54,695	—	—	54,698
Due to associates	應付聯營公司款項	1,305	—	—	—	1,305
Bank borrowings	銀行借款	147,146	58,417	35,577	24,507	265,647
Lease liabilities	租賃負債	—	6,000	4,108	1,892	12,000
		177,977	298,844	39,685	26,399	542,905

		2018 二零一八年				
		Maturity Analysis – Undiscounted cash outflows 到期日分析 – 未折現現金流出				
		On demand	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash outflows
		按要求	一年內	一年以上 但少於兩年	兩年以上 但少於五年	五年以上 現金流出總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Trade payables	貿易應付款項	51,808	212,224	—	—	264,032
Refund liabilities	退款負債	241	—	—	—	241
Other payables and accruals	其他應付款項及 應計費用	3	76,024	—	—	76,027
Due to associates	應付聯營公司款項	3,257	—	—	—	3,257
Bank borrowings	銀行借款	186,260	60,196	56,119	28,106	330,681
		241,569	348,444	56,119	28,106	674,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The following table summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis contained above.

6. 財務風險管理(續)

(c) 流動資金風險(續)

下表概述根據附有按要求償還條款的銀行借款按貸款協議載列的議定還款日期的到期日分析。該等金額包括按合約利率計算的利息款項。因此，該等金額較上文所載到期日分析中「按要求」時間範圍內披露的金額為高。

Maturity Analysis – bank borrowings subject to a repayment on demand clause based on scheduled repayments
到期日分析 – 按預定還款期附有按要求償還條款的銀行借貸

		On demand or within 1 year 按要求或 一年內 HK\$'000 千港元	More than 1 year but less than 2 years 一年以上 但少於兩年 HK\$'000 千港元	More than 2 years but less than 5 years 兩年以上 但少於五年 HK\$'000 千港元	More than 5 years 五年以上 HK\$'000 千港元	Total undiscounted cash outflows 未折現 現金流出總額 HK\$'000 千港元
31 December 2019	二零一九年 十二月三十一日					
Bank borrowings	銀行借款	148,078	—	—	—	148,078
31 December 2018	二零一八年 十二月三十一日					
Bank borrowings	銀行借款	167,335	21,614	—	—	188,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

The Group's exposure to cash flow interest rate risk arises from its bank deposits, short term and long term borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2019, if interest rates at that date had been 10 basis points (2018: 10 basis points) lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$80,000 (2018: HK\$124,000) higher, arising mainly as a result of lower interest expenses on bank borrowings but partly offset by lower interest income on bank balances. If interest rates had been 100 basis points (2018: 100 basis points) higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK\$801,000 (2018: HK\$1,238,000) lower, arising mainly as a result of higher interest expenses on bank borrowings but partly offset by higher interest income on bank balances.

6. 財務風險管理(續)

(d) 利率風險

本集團的利率風險來自其銀行存款、短期及長期借款。該等存款及借款按跟隨當時市場狀況而變動的不同利率計息。

於二零一九年十二月三十一日，倘利率下跌10個基點(二零一八年：10個基點)，而其他所有變數維持不變，則年內除稅後綜合溢利將增加約80,000港元(二零一八年：124,000港元)，主要由於銀行借款的利息開支減少所致，惟部份影響會由銀行結餘的利息收入減少所抵銷。倘利率上升100個基點(二零一八年：100個基點)，而其他所有變數維持不變，則年內除稅後綜合溢利將減少約801,000港元(二零一八年：除稅後綜合虧損增加1,238,000港元)，主要由於銀行借款的利息開支增加所致，惟部份影響會由銀行結餘的利息收入增加所抵銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

6. FINANCIAL RISK MANAGEMENT (Continued)

6. 財務風險管理(續)

(e) Categories of financial instruments at 31 December

(e) 於十二月三十一日金融工具之分類

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Financial assets:	金融資產：		
Financial assets measured at amortised cost	按攤銷成本計算的金融資產	613,212	638,211
Financial assets measured at FVTOCI:	按公平值計入其他全面收益的金融資產：		
Equity instruments	股本工具	—	—
Financial liabilities:	金融負債：		
Financial liabilities at amortised cost	按攤銷成本計算的金融負債	524,304	668,018

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(f) 公平值

本集團之金融資產及金融負債於綜合財務狀況表反映之賬面值概若相等於各自之公平值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. 公平值計量

公平值指市場參與者之間於計量日期在有序交易中出售資產將收取或轉讓負債將支付的價格。下文披露使用公平值等級計量的公平值，用作計量公平值的估值方法參數據此分為三個級別：

第1層： 本集團可於計量日期獲得之相同資產或負債於活躍市場之報價（未經調整）。

第2層： 第一層所包括於報價以外，資產或負債直接或間接觀察得出之參數。

第3層： 資產或負債不可觀察之參數。

本集團的政策為確認截至事件或變化日期導致轉讓的任何三個級別轉入及轉出情況。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:

Description	項目	Fair value measurement using: 公平值計量利用：			Total 總數
		Level 1 第1層 HK\$'000 千港元	Level 2 第2層 HK\$'000 千港元	Level 3 第3層 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Recurring fair value measurements:	經常性公平值計量：				
Leasehold land	租賃土地				
Commercial — Hong Kong	商業 — 香港	—	—	58,710	58,710
Commercial — the PRC	商業 — 中國	—	—	153,900	153,900
Total	合計	—	—	212,610	212,610

Description	項目	Fair value measurement using: 公平值計量利用：			Total 總數
		Level 1 第1層 HK\$'000 千港元	Level 2 第2層 HK\$'000 千港元	Level 3 第3層 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Recurring fair value measurements:	經常性公平值計量：				
Leasehold land	租賃土地				
Commercial — Hong Kong	商業 — 香港	—	—	56,370	56,370
Commercial — the PRC	商業 — 中國	—	—	153,400	153,400
Total	合計	—	—	209,770	209,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

7. FAIR VALUE MEASUREMENTS (Continued)

7. 公平值計量(續)

(b) Reconciliation of assets measured at fair value based on level 3:

(b) 根據第三層公平值計量的資產對賬：

		Properties held for own use – Leasehold land 持作自用物業 – 租賃土地 HK\$'000 千港元	2019 Total 二零一九年總計 HK\$'000 千港元
At beginning of year	年初	209,770	209,770
Recognised in profit or loss:	於損益中確認：		
Depreciation charge for the year recognised in cost of sales and general and administrative expenses	年內於銷售成本及一般及行政開支中確認之折舊開支	(6,197)	(6,197)
Gain on revaluation of leasehold land	租賃土地價值重估之收益	313	313
Recognised in other comprehensive income:	於其他全面收益中確認：		
Exchange differences on translating foreign operations	換算海外業務產生之匯兌差額	(2,555)	(2,555)
Surplus on revaluation of leasehold land	租賃土地價值重估之盈餘	11,279	11,279
At end of year	年末	212,610	212,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

7. FAIR VALUE MEASUREMENTS (Continued)

7. 公平值計量(續)

(b) Reconciliation of assets measured at fair value based on level 3: (Continued)

(b) 根據第三層公平值計量的資產對賬：(續)

		Properties held for own use — Leasehold land 持作自用物業 — 租賃土地 HK\$'000 千港元	2018 Total 二零一八年 總計 HK\$'000 千港元
At beginning of year	年初	202,030	202,030
Recognised in profit or loss:	於損益中確認：		
Depreciation charge for the year recognised in cost of sales and general and administrative expenses	年內於銷售成本及一般及行政開支中確認之折舊開支	(5,786)	(5,786)
Gain on revaluation of leasehold land	租賃土地價值重估之收益	265	265
Recognised in other comprehensive income:	於其他全面收益中確認：		
Exchange differences on translating foreign operations	換算海外業務產生之匯兌差額	(7,597)	(7,597)
Surplus on revaluation of leasehold land	租賃土地價值重估之盈餘	20,858	20,858
At end of year	年末	209,770	209,770

The total gains or losses recognised in other comprehensive income are presented in surplus on revaluation of leasehold land and exchange differences on translating foreign operations in the consolidated statement of profit or loss and other comprehensive income.

於其他全面收益中確認之總收益或虧損乃於綜合損益及其他全面收益表中之租賃土地價值重估之盈餘及換算海外業務產生之匯兌差額呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on level 3 (Continued):

The total gains or losses recognised in profit or loss are presented in cost of sales, general and administrative expenses and other operating expenses and income in the consolidated statement of profit or loss.

All the gains or losses recognised in profit or loss for the year were attributable to the unrealised gain and loss of the leasehold land held at the end of the reporting period.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2019:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including Level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For Level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurements are mainly adjusted accommodation value/price per square metre/ square feet of the PRC and Hong Kong leasehold land estimated based on recent market transactions.

7. 公平值計量(續)

(b) 根據第三層公平值計量的資產對賬(續):

於損益內確認之總收益或虧損乃於綜合損益表中之銷售成本、一般及行政開支及其他營運開支及收益呈列。

所有於年內損益內確認的收益或虧損均由於報告期末所持之租賃土地之未實現收益及虧損所致。

(c) 於二零一九年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露:

本集團的財務總監負責就財務報告進行所需的資產及負債的公平值計量(包括第3層公平值計量)。財務總監就此等公平值計量直接向董事會匯報。財務總監與董事會每年至少兩次檢討討論估值程序及有關結果。

就第三層公平值計量而言,本集團一般委聘具備認可專業資格且有近期估值經驗的外聘估值專家。

第三層公平值計量所用主要不可觀察參數主要包括根據最近的市場交易估計中國及香港租賃土地的已調整每平方米樓面價格/每平方米/平方呎價格。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2019 (Continued):
Level 3 fair value measurements

7. 公平值計量(續)

(c) 於二零一九年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露(續):

第三層公平值計量

Description 項目	Valuation technique 估值方法	Unobservable inputs 不可觀察的參數	Range of comparables 可比較範圍	Effect on fair value for increase of inputs 參數增加對公平值的影響	Fair value 公平值	
					2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Land use rights in Egongling Village, Pinghu Town, Shenzhen City, the PRC 中國深圳市平湖鎮鵝公嶺村的土地使用權	Direct comparison approach 直接比較法	Adjusted accommodation value per square metre taking into account the differences from the comparables with respect to location, size, tenure and yield rate 經考慮可比較土地之地點、面積、使用年期及收益率差異的每平方米經調整樓面價格	RMB538/square metre–RMB3,298/square metre (2018: RMB1,479/square metre–RMB1,538/square metre) 每平方米人民幣538元至每平方米人民幣3,298元(二零一八年: 每平方米人民幣1,479元至每平方米人民幣1,538元)	Increase 增加	12,800	13,300
Land use rights in Western District of Daya Bay, Huizhou City, the PRC 中國惠州市大亞灣西區的土地使用權	Direct comparison approach 直接比較法	Adjusted price per square metre taking into account the differences from the comparables with respect to location, size, tenure and yield rate 經考慮可比較土地之地點、面積、使用年期及收益率差異的每平方米經調整價格	RMB670/square metre–RMB683/square metre (2018: RMB580/square metre–RMB594/square metre) 每平方米人民幣670元至每平方米人民幣683元(二零一八年: 每平方米人民幣580元至每平方米人民幣594元)	Increase 增加	132,300	131,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

7. FAIR VALUE MEASUREMENTS (Continued)

7. 公平值計量(續)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2019
(Continued):
Level 3 fair value measurements
(Continued)

(c) 於二零一九年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露(續):

第三層公平值計量(續)

Description 項目	Valuation technique 估值方法	Unobservable inputs 不可觀察的參數	Range of comparables 可比較範圍	Effect on fair value for increase of inputs 參數增加對公平值的影響	Fair value 公平值	
					2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Land use rights in Wuhu City, Anhui Province, the PRC 中國安徽省蕪湖市的土地使用權	Direct comparison approach 直接比較法	Adjusted price per square metre (2018: Adjusted price per square metre) taking into account the differences from the comparables with respect to location, size, tenure and yield rate 經考慮可比較土地之地點、面積、使用年期及收益率差異的每平方米經調整價格(二零一八年: 每平方米經調整價格)	RMB142/square metre–RMB386/square metre (2018: RMB144/square metre–RMB386/square metre) 每平方米人民幣142元至每平方米人民幣386元(二零一八年: 每平方米人民幣144元至每平方米人民幣386元)	Increase 增加	8,800	9,000
Land use rights in Billion Centre, Kowloon Bay, Hong Kong 香港九龍灣億京中心的土地使用權	Direct comparison approach 直接比較法	Adjusted price per square feet taking into account the differences from the comparables with respect to location and size 經可比較土地之地點及面積差異的每平方米經調整價格	HK\$13,025/square feet–HK\$13,325/square feet (2018: HK\$11,480/square feet–HK\$13,906/square feet) 每平方呎13,025港元至每平方呎13,325港元(二零一八年: 每平方呎11,480港元至每平方呎13,906港元)	Increase 增加	42,330	40,730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2019 (Continued):

Level 3 fair value measurements (Continued)

Description 項目	Valuation technique 估值方法	Unobservable inputs 不可觀察的參數	Range of comparables 可比較範圍	Effect on fair value for increase of inputs 參數增加對公平值的影響	Fair value 公平值	
					2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Land use rights in Kinetic Industrial Centre, Kowloon Bay, Hong Kong 香港九龍灣興力工業中心的土地使用權	Direct comparison approach 直接比較法	Adjusted price per square feet taking into account the differences from the comparables with respect to location and size 經可比較土地之地點及面積差異的每平方米經調整價格	HK\$5,039/square feet–HK\$7,525/square feet (2018: HK\$4,920/square feet–HK\$7,168/square feet) 每平方米5,039港元至每平方米7,525港元(二零一八年: 每平方米4,920港元至每平方米7,168港元)	Increase 增加	16,380	15,640

The fair value of leasehold land held for own use located in the PRC and Hong Kong is determined using direct comparison approach by reference to recent sales price of comparable leasehold land on an accommodation value per metre or price per square metre/square feet basis, adjusted for a premium or a discount specific to the quality of the Group's leasehold land compared to the recent sales. Higher premium for higher quality land will result in a higher fair value measurement.

During the two years, there were no changes in the valuation techniques used.

7. 公平值計量(續)

(c) 於二零一九年十二月三十一日本集團所採用的估值程序及公平值計量所採用的估值方法及參數的披露(續):

第三層公平值計量(續)

位於中國及香港持有作自用的租賃土地的公平值乃使用直接比較法釐定，當中已參考可比較租賃土地近期銷售的每平方米樓面價格或每平方米／平方呎價格，並按本集團租賃土地的質量與最近銷售比較所引致的溢價或折讓作出調整。高質量土地可享有較高溢價，並可產生較高的公平值計量數值。

於兩個年度，所使用的估值方法並無變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

8. REVENUE

(a) Disaggregation of revenue

The Group is principally engaged in the manufacture and sale of zinc, magnesium and aluminium alloy die casting and plastic injection products and components, trading of lighting products and home appliances.

Disaggregation of revenue derived from the transfer of goods and services of the Group over time and at a point in time is as follows:

Timing of revenue recognition 收入確認時間		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Products transferred at a point in time 於某一時點轉移產品		1,359,558	1,643,024
Products transferred over time 於一段時間轉移產品		194,806	209,305
		1,554,364	1,852,329

Disaggregation of revenue from major products are as follows:

來自主要產品之收入分拆如下：

Types of products	產品種類	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Die casting products	壓鑄產品	788,935	872,338
Plastic injection products	塑膠注塑產品	557,870	718,311
Moulds	模具	163,588	207,600
Others	其他	43,971	54,080
		1,554,364	1,852,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

8. REVENUE (Continued)

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognising revenue as follows:

8. 收入(續)

(b) 分配至客戶合約的剩餘履約責任的交易價格

於二零一九年十二月三十一日分配至剩餘履約責任(未履行或部分未履行)的交易價格及確認收入的預期時間如下:

		Sales of goods 銷售貨品	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within one year	一年內	3,855	35,241
More than one year	一年以上	171,096	156,998
		174,951	192,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. OTHER INCOME

9. 其他收入

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest income on bank deposits	銀行存款利息收入	747	300
Insurance compensation	保險賠償	733	—
Rental income	租金收入	502	176
Reimbursement from customers	客戶報銷收回	12,212	11,994
Compensation from suppliers	供應商補償	68	598
Sales of scrap materials	廢料銷售	3,823	3,290
Sales of raw materials	原材料銷售	195	—
Government grants	政府補助金	7,881	2,679
Others	其他	5,323	1,863
		31,484	20,900

Government grants mainly comprised unconditional support for subsidising the Group's research and development.

政府補助金主要包括無條件支援本集團之研發之資助。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

10. SEGMENT INFORMATION

For management purposes, the Group's operation is currently categorised into six (2018: six) operating divisions — zinc, magnesium, aluminium alloy die casting, plastic injection products and components, as well as trading of lighting products and home appliances. These divisions are the basis of the Group's five reportable segments. The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and different cost measurement.

The Group's other operating segments include trading of lighting products and home appliances. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the 'Others' column.

Segment profits or losses do not include interest income, corporate income, share of losses of associates, corporate expenses, finance costs and income tax expense.

Information about reportable segment profit or loss:

10. 分部資料

為方便管理，本集團現時業務分為六個（二零一八年：六個）營運部門— 鋅、鎂及鋁合金壓鑄、塑膠注塑產品和零部件以及照明產品和家居器具貿易。該等部門是本集團五個呈報分部資料的基準。本集團之呈報分部為提供不同產品之策略業務單位。由於有關業務需要不同技術及有不同成本計量方式，故該等分部乃獨立管理。

本集團的其他經營分部包括照明產品和家居器具的貿易。此等分部均未達到決定可呈報分部的任何量化門檻。其他經營分部的資料載於「其他」一欄。

分部溢利或虧損不包括利息收入、企業收益、攤分聯營公司虧損、企業開支、融資成本及所得稅開支。

呈報分部溢利或虧損之資料如下：

		Zinc alloy die casting	Magnesium alloy die casting	Aluminium alloy die casting	Plastic injection	Others	Total
		鋅合金壓鑄	鎂合金壓鑄	鋁合金壓鑄	塑膠注塑	其他	總數
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Year ended 31 December 2019	截至二零一九年十二月三十一日止年度						
Revenue from external customers	來自外來客戶的收入	158,745	496,168	140,665	714,815	43,971	1,554,364
Segment profit/(loss)	分部溢利/(虧損)	6,294	41,272	5,706	71,101	(4,133)	120,240
Depreciation and amortisation	折舊及攤銷	5,220	29,837	5,199	45,159	1,189	86,604
Impairment losses on property, plant and equipment	物業、機器及設備減值虧損	722	—	—	2,604	—	3,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

10. SEGMENT INFORMATION (Continued)

10. 分部資料(續)

Information about reportable segment profit or loss (Continued):

呈報分部溢利或虧損之資料如下(續):

		Zinc alloy die casting 鋅合金壓鑄 HK\$'000 千港元	Magnesium alloy die casting 鎂合金壓鑄 HK\$'000 千港元	Aluminium alloy die casting 鋁合金壓鑄 HK\$'000 千港元	Plastic injection 塑膠注塑 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 總數 HK\$'000 千港元
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度						
Revenue from external customers	來自外來客戶的收入	168,382	561,695	161,303	906,869	54,080	1,852,329
Segment profit	分部溢利	9,119	40,198	3,976	86,734	5,449	145,476
Depreciation and amortisation	折舊及攤銷	3,571	29,511	4,712	42,029	312	80,135
Impairment losses on property, plant and equipment	物業、機器及設備減值 虧損	1,369	2,492	—	—	—	3,861
Impairment losses on investments in associates	於聯營公司之投資減值 虧損	—	—	—	—	1,652	1,652

Reconciliation of reportable segment revenue, profit or loss:

呈報分部收入、溢利或虧損之對賬:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue	收入		
Total revenue of reportable segments	呈報分部之總收入	1,554,364	1,852,329
Unallocated amounts	不分類數目	—	—
Consolidated revenue	綜合收入	1,554,364	1,852,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

10. SEGMENT INFORMATION (Continued)

Reconciliation of reportable segment revenue, profit or loss (Continued):

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit or loss	溢利或虧損		
Total profit of reportable segments	呈報分部總溢利	120,240	145,476
Unallocated amounts:	不分類數目：		
Share of losses of associates	攤分聯營公司虧損	(810)	(146)
Interest income	利息收入	747	300
Finance costs	融資成本	(11,536)	(13,167)
Income tax expense	所得稅開支	(14,569)	(12,505)
Corporate income	企業收入	293	205
Corporate expenses	企業開支	(7,603)	(6,761)
Consolidated profit for the year	年內綜合溢利	86,762	113,402

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Other material items	其他重大項目		
— depreciation and amortisation	— 折舊及攤銷		
Total depreciation and amortisation of reportable segments	呈報分部總折舊及攤銷	86,604	80,135
Unallocated amounts:	不分類數目：		
Depreciation of property, plant and equipment for corporate use	企業用物業、機器及設備折舊	2,179	1,906
Consolidated depreciation and amortisation	綜合折舊及攤銷	88,783	82,041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

10. SEGMENT INFORMATION (Continued)

Geographical information:

		Revenue 收入	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Hong Kong	香港	162,722	225,467
The PRC except Hong Kong	中國(香港除外)	636,311	686,395
Japan	日本	16,969	25,775
USA	美國	619,770	759,589
Others	其他	118,592	155,103
Consolidated total	綜合總數	1,554,364	1,852,329

In presenting the geographical information, revenue is based on the locations of the customers.

The Group's non-current assets by geographical areas are not presented as the aggregate amount of the geographical segments other than the PRC is less than 10% (2018: less than 10%) of the aggregate amount of all segments.

呈列地區資料時，收入是以客戶的地區為基準。

因為除中國外之地區分部之非流動資產總金額佔所有分部之總額少於10%(二零一八年：少於10%)，所以本集團沒有按地區呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

10. SEGMENT INFORMATION (Continued)

10. 分部資料(續)

Revenue from major customers:

來自主要客戶之收入：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Zinc alloy die casting segment	鋅合金壓鑄分部		
Customer a	客戶a	73,381	87,378
Customer b	客戶b	37,432	40,508
Magnesium alloy die casting segment	鎂合金壓鑄分部		
Customer c	客戶c	46,611	43,945
Customer e	客戶e	338,475	339,388
Aluminium alloy die casting segment	鋁合金壓鑄分部		
Customer a	客戶a	71,554	81,317
Customer e	客戶e	9	161
Plastic injection segment	塑膠注塑分部		
Customer b	客戶b	65,901	80,798
Customer d	客戶d	560,592	700,003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

11. OTHER OPERATING EXPENSES AND INCOME

11. 其他經營開支及收入

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Allowance for inventories	存貨撥備	15,868	18,890
Bad debts written off	壞賬撇銷	491	655
Inventories written off	存貨撇銷	11,504	—
Impairment losses on deposit paid	已付按金減值虧損	—	1,364
Impairment losses on property, plant and equipment	物業、機器及設備之減值虧損	3,326	3,861
Impairment losses on investments in associates	於聯營公司投資減值虧損	—	1,652
Loss on disposal of property, plant and equipment	出售物業、機器及設備之虧損	4,956	486
Property, plant and equipment written off	物業、機器及設備撇銷	221	238
Gain on revaluation of land	土地重估收益	(313)	(265)
		36,053	26,881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

12. FINANCE COSTS

12. 融資成本

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest expenses on lease liabilities (note 20)	租賃負債利息開支 (附註20)	408	—
Interest expenses on bank borrowings	銀行借款利息開支	11,128	13,167
		11,536	13,167

The analysis shows the finance costs of bank borrowings including bank borrowings which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the years ended 31 December 2019 and 2018, the interest on bank borrowings which contain a repayment on demand clause amounted to approximately HK\$6,382,000 and HK\$6,576,000 respectively.

有關分析列示銀行借款的融資成本，包括根據貸款協議所載的議定預定還款期之附有按要求償還條款的銀行借款。截至二零一九年及二零一八年十二月三十一日止年度，附有按要求償還條款的銀行借款利息分別為約6,382,000港元及6,576,000港元。

13. INCOME TAX EXPENSE

13. 所得稅開支

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current tax	即期稅項		
— Hong Kong Profits Tax	— 香港利得稅		
Provision for the year	本年度撥備	16,920	17,467
Under/(Over)-provision in prior years	過往年度撥備不足／ (超額撥備)	1,776	(2,303)
Current tax	即期稅項		
— Income tax outside Hong Kong	— 香港以外所得稅		
Provision for the year	本年度撥備	4,785	10,099
Over-provision in prior years	過往年度超額撥備	(3,727)	(167)
Deferred tax (note 33)	遞延稅項(附註33)	(5,185)	(12,591)
Income tax expense	所得稅開支	14,569	12,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

13. INCOME TAX EXPENSE (Continued)

Under the two-tiered profits tax regime, the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong is lowered to 8.25% (2018: 8.25%), and assessable profits above HK\$2 million will be subject to the tax rate of 16.5% (2018: 16.5%). For the other Hong Kong established subsidiaries, Hong Kong Profits Tax has been provided at a rate of 16.5% (2018: 16.5%) on the estimated assessable profits.

Under the PRC Enterprise Income Tax (the "EIT") Law, the statutory tax rate for the Group's subsidiaries established and operating in Mainland China is 25% (2018: 25%).

Income tax on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing on the overseas countries in which the Group operates.

According to the PRC EIT Law, withholding tax at a rate of 10% would be imposed on dividend payment relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such tax rate may be further reduced by applicable tax treaties or arrangements.

13. 所得稅開支(續)

在兩級制利得稅制度下，在香港成立的合資格法團的首200萬港元應課稅溢利減至8.25%（二零一八年：8.25%），而200萬港元以上的應課稅溢利之稅率為16.5%（二零一八年：16.5%）。對於其他在香港成立的附屬公司，已按估計應課稅溢利的16.5%（二零一八年：16.5%）的稅率計算香港利得稅。

根據中國企業所得稅法，本集團於中國大陸成立及營運之附屬公司之法定稅率為25%（二零一八年：25%）。

海外溢利之所得稅根據年內估計應課稅溢利以本集團有營運之海外國家之現行稅率計算。

根據中國企業所得稅法，外國投資者由二零零八年起自於中國成立之公司賺取利潤相關之股息支付將被施加10%預提稅。該稅率有可能按適用稅務條例或安排進一步降低。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

13. INCOME TAX EXPENSE (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

13. 所得稅開支(續)

所得稅開支與除稅前溢利乘以香港利得稅稅率計算所得結果的對賬如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit before tax	除稅前溢利	101,331	125,907
Tax at Hong Kong Profits Tax rate at 16.5% (2018: 16.5%)	按香港利得稅稅率16.5% (二零一八年：16.5%) 計算的稅項	16,720	20,775
Tax effect of expenses that are not deductible	不可扣稅開支的稅務影響	6,526	11,006
Tax effect of income that is not taxable	毋須課稅收入的稅務影響	(1,431)	(5,923)
Tax effect of temporary differences not recognised	未確認暫時差異的稅務影響	(865)	(5,313)
Tax effect of share of loss of associates	攤分聯營公司虧損之稅務影響	134	24
Tax effect of recognition of tax losses not previously recognised	確認早前未確認之稅務虧損之稅務影響	(3,660)	(7,239)
Tax effect of tax losses not recognised	未確認稅務虧損之稅務影響	5,068	3,154
Tax effect of utilisation of tax losses not previously recognised	動用先前未確認之稅項虧損之影響	(7,439)	(2,016)
Over-provision in prior years	過往年度超額撥備	(1,951)	(2,470)
Under-provision for current year	本年度撥備不足	(1,405)	(2,037)
Tax effect of two-tiered tax rate	兩級制稅率之稅務影響	(165)	(165)
Tax effect of different tax rates of subsidiaries	附屬公司不同稅率之稅務影響	3,037	2,709
Income tax expense	所得稅開支	14,569	12,505

In addition to the amount charged to profit or loss, deferred tax relating to the revaluation of the Group's leasehold land during the year has been charged to other comprehensive income.

除在損益表列賬外，於年內本集團之租賃土地重估之有關遞延稅項已在其他全面收益中列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

14. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

14. 年內溢利

本集團年內之溢利已計入／(扣除)下列各項：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Allowance for inventories (note (a))	存貨撥備(附註(a))	15,868	18,890
Auditor's remuneration	核數師酬金	1,800	1,770
Bad debts written off (note (a))	壞賬撇銷(附註(a))	491	655
Cost of inventories sold (note (b))	已售存貨成本 (附註(b))	1,121,180	1,347,447
Gain on revaluation of land (note (a))	土地重估收益 (附註(a))	(313)	(265)
Depreciation of property, plant and equipment	物業、機器及設備折舊	78,355	82,041
Depreciation on right-of-use assets	使用權資產折舊	10,428	—
Inventories written off	存貨撇銷	11,504	—
Impairment losses on deposit paid (note (a))	已付按金減值虧損 (附註(a))	—	1,364
Impairment losses on property, plant and equipment (note (a))	物業、機器及設備減值 虧損(附註(a))	3,326	3,861
Impairment losses on trade receivables	貿易應收款項減值虧損	117	132
Impairment losses on investments in associates (note (a))	於聯營公司投資減值 虧損(附註(a))	—	1,652
Net exchange loss	匯兌淨虧損	429	9,418
Net loss on disposal of property, plant and equipment (note (a))	出售物業、機器及設備 淨虧損(附註(a))	4,956	486
Property, plant and equipment written off (note (a))	物業、機器及設備撇銷 (附註(a))	221	238
Operating lease charges in respect of land and buildings and office equipment	土地及建築物及辦公室 設備經營租賃支出	—	7,900
Other fees paid to the auditor of the Company	付本公司核數師之 其他費用	357	353
Reversal of impairment losses on trade receivables	貿易應收款項減值虧損 之回撥	—	(764)
Research and development expenditure	研究及開發支出	4,727	768

Notes:

(a) These amounts are included in other operating expenses and income.

(b) Cost of inventories sold includes staff costs and depreciation of approximately HK\$344,098,000 (2018: HK\$394,038,000), which are included in the amounts disclosed separately above and in note 15.

附註：

(a) 該等款項已計入其他營運開支及收入內。

(b) 已售存貨成本包括員工成本及折舊約344,098,000港元(二零一八年：394,038,000港元)，彼等已各自分別於上文及附註15披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

15. EMPLOYEE BENEFITS EXPENSE

15. 僱員福利開支

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Employee benefits expense (excluding directors' emoluments):	僱員福利開支(不包括董事 酬金):		
Salaries, bonuses and allowances	薪酬、花紅及津貼	358,864	416,429
Retirement benefit scheme contributions	退休福利計劃供款	25,599	24,732
Other benefits	其他福利	37,881	41,172
		422,344	482,333

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2018: two) directors whose emoluments are reflected in the analysis presented in note 16. The emoluments of the remaining three (2018: three) individuals for the year ended 31 December 2019 are set out below:

五名最高薪酬人士

年內本集團的五名最高薪酬人士包括兩名(二零一八年: 兩名)董事, 有關酬金詳情載於附註16的分析。於截至二零一九年十二月三十一日止年度餘下三名(二零一八年: 三名)最高薪酬人士的酬金如下:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Basic salaries and allowances	基本薪酬及津貼	4,395	4,396
Discretionary bonus	酌情花紅	350	1,184
Retirement benefits scheme contributions	退休福利計劃供款	54	54
		4,799	5,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

15. EMPLOYEE BENEFITS EXPENSE (Continued)

Five highest paid individuals (Continued)

The emoluments fell within the following bands:

15. 僱員福利開支(續)

五名最高薪酬人士(續)

酬金介乎以下範圍：

		Number of individuals 人數	
		2019 二零一九年	2018 二零一八年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至 1,500,000港元	1	—
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至 2,000,000港元	2	2
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至 2,500,000港元	—	1

During the year, no emoluments were paid by the Group to any of these highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

年內，本集團並無向該等最高薪酬人士支付任何作為加盟本集團時或之後的獎勵或離職的補償之酬金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

16. BENEFITS AND INTEREST OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

(a) Emoluments of directors

The emoluments of each director were as follows:

16. 董事及行政總裁福利及利益

(a) 董事酬金

各董事的酬金如下：

Name of director	董事姓名	Fees	Salaries and allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
		袍金 HK\$'000 千港元	薪金及津貼 HK\$'000 千港元	酌情花紅 HK\$'000 千港元	退休福利計劃供款 HK\$'000 千港元	總計 HK\$'000 千港元
Year ended 31 December 2019	截至二零一九年十二月三十一日					
Executive directors	執行董事					
Mr. Lee	李先生	—	3,098	360	18	3,476
Mr. WONG Wing Chuen	黃永銓先生	—	1,665	200	18	1,883
Ms. CHAN So Wah (note i)	陳素華女士(附註i)	—	900	140	14	1,054
Independent non-executive directors	獨立非執行董事					
Professor SUN Kai Lit, Cliff BBS, JP	孫啟烈教授BBS, JP	192	—	—	—	192
Ir Dr. LO Wai Kwok SBS, MH, JP	盧偉國博士SBS, MH, JP	192	—	—	—	192
Mr. KONG Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie)	江啟銓先生(前稱江道揚)	180	—	—	—	180
Mr. Andrew LOOK	陸東先生	193	—	—	—	193
Total for 2019	二零一九年總計	757	5,663	700	50	7,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

16. BENEFITS AND INTEREST OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (Continued)

16. 董事及行政總裁福利及利益(續)

(a) Emoluments of directors (Continued)

(a) 董事酬金(續)

Name of director	董事姓名	Fees	Salaries and allowances	Discretionary bonus	Retirement benefits scheme contributions	Total
		袍金	薪金及津貼	酌情花紅	退休福利計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Year ended 31 December 2018		截至二零一八年十二月三十一日				
Executive directors		執行董事				
Mr. Lee	李先生	—	3,101	835	18	3,954
Dr. WONG Cheong Yiu (note ii)	黃昌耀博士(附註ii)	—	1,583	—	9	1,592
Mr. WONG Wing Chuen	黃永銓先生	—	1,666	448	18	2,132
Independent non-executive directors		獨立非執行董事				
Professor SUN Kai Lit, Cliff BBS, JP	孫啟烈教授BBS, JP	180	—	—	—	180
Ir Dr. LO Wai Kwok SBS, MH, JP	盧偉國博士SBS, MH, JP	180	—	—	—	180
Mr. KONG Kai Chuen, Frankie (formerly known as Kong To Yeung, Frankie)	江啟銓先生(前稱江道揚)	180	—	—	—	180
Mr. Andrew LOOK	陸東先生	180	—	—	—	180
Total for 2018	二零一八年總計	720	6,350	1,283	45	8,398

Notes:

- (i) Ms. Chan So Wah was appointed as an executive director of the Company on 1 April 2019.
- (ii) Dr. Wong Cheong Yiu retired as an executive director of the Company on 1 January 2019.

附註:

- (i) 陳素華女士於二零一九年四月一日獲委任為本公司之執行董事。
- (ii) 黃昌耀博士於二零一九年一月一日退任本公司執行董事之職務。

There were no arrangements under which a director waived or agreed to waive any emoluments during the year (2018: Nil).

董事於本年內概無作出放棄或同意放棄任何酬金的安排(二零一八年:無)。

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

年內,本集團並無向任何董事支付任何作為加盟本集團時或之後的獎勵或離職補償的酬金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

16. BENEFITS AND INTEREST OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (Continued)

(b) Emoluments of chief executive officer

Dr. Wong Cheong Yiu was also the chief executive officer of the Company from 1 January 2018 to 31 May 2018 and his emoluments disclosed above include those services rendered by him as chief executive officer. On 1 June 2018, he stepped down from his position as chief executive officer but remained as an executive director of the Company until 31 December 2018.

Mr. Leung King Kwok, Godfrey SBS was appointed as the chief executive officer of the Company on 23 July 2019. Mr. Lee has stepped down as the chief executive officer since that date. The remuneration of the chief executive officer for the year ended 31 December 2019 is disclosed as follows:

	Salaries and allowances	Retirement benefits scheme contributions	Total
	薪酬及津貼	退休福利計劃供款	總計
	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元
Year ended 31 December 2019			
截至二零一九年十二月三十一日			
Mr. Leung King Kwok, Godfrey SBS	826	9	835
梁敬國先生SBS			

(c) Directors' material interests in transactions, arrangement or contracts

Save as the continuing connected transactions for the year ended 31 December 2018 as disclosed in note 41 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. 董事及行政總裁福利及利益(續)

(b) 行政總裁酬金

於二零一八年一月一日至二零一八年五月三十一日，黃昌耀博士為本公司行政總裁，上文所披露彼の酬金包括其擔任行政總裁所提供之服務。於二零一八年六月一日，彼退任其行政總裁之職位，惟繼續擔任本公司執行董事直至二零一八年十二月三十一日。

梁敬國先生SBS於二零一九年七月二十三日獲委任為本公司行政總裁，李先生於當日退任行政總裁之職位。截至二零一九年十二月三十一日止年度行政總裁之薪酬如下：

(c) 董事於交易、安排或合約中的重大權益

除載列於綜合財務報表附註41截至二零一八年十二月三十一日止年度之持續關連交易所披露者外，於年終或年內任何時間，本公司概無訂立任何與本集團業務有關而本公司董事及其關連人士於當中直接或間接擁有重大權益的重大交易、安排及合約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

17. DIVIDENDS

17. 股息

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
2018 Final of HK3.5 cents (2018: 2017 Final HK1.0 cent) per ordinary share	二零一八年末期股息 每股3.5港仙 (二零一八年： 二零一七年末期股息 每股1.0港仙)	31,282	8,938

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2019 of HK2.0 cents per share totaling approximately HK\$17,875,000 has been proposed by the Board of Directors of the Company and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

於報告期間完結後，本公司董事會建議宣派截至二零一九年十二月三十一日止年度之末期股息每股2.0港仙，共為約17,875,000港元，此股息有待本公司股東於應屆股東週年大會上批准。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

18. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following:

18. 每股盈利

每股基本盈利按下列計算：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Earnings	盈利		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	用於計算每股基本盈利之本公司權益持有人應佔溢利	88,705	113,556
Number of shares	股份數目		
Weighted average number of ordinary shares used in basic earnings per share calculation	用於計算每股基本盈利之加權平均普通股股數	893,761,400	893,761,400

No diluted earnings per share are presented as the Company did not have any dilutive potential shares for the financial years ended 31 December 2018 and 2019.

由於本公司於截至二零一八年及二零一九年十二月三十一日止年度沒有任何潛在攤薄股份，因此沒有呈列每股攤薄盈利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

19. PROPERTY, PLANT AND EQUIPMENT

19. 物業、機器及設備

		Leasehold land	Buildings	Leasehold improvements	Plant and machinery	Computer equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
		租賃土地	樓宇	租賃物業裝修	機器及設備	電腦設備	傢俬、固定裝置 及辦公室設備	汽車	在建工程	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Cost or valuation	成本或估值									
At 1 January 2018	於二零一八年一月一日	202,030	312,290	180,399	646,068	9,807	14,108	9,307	6,516	1,380,525
Transfer	轉移	—	—	1,206	—	—	—	—	(1,206)	—
Additions	添置	—	—	20,383	80,645	1,921	3,537	4	1,076	107,566
Surplus on revaluation	重估盈餘	20,858	—	—	—	—	—	—	—	20,858
Gain on revaluation	重估收益	265	—	—	—	—	—	—	—	265
Depreciation eliminated against cost	於成本減去折舊	(5,627)	—	—	—	—	—	—	—	(5,627)
Disposal/write off	出售/撇銷	—	—	(7,776)	(31,622)	(1,240)	(311)	(556)	—	(41,505)
Exchange differences	匯兌差額	(7,756)	(16,787)	(10,794)	(35,849)	(257)	(848)	(272)	(376)	(72,939)
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	209,770	295,503	183,418	659,242	10,231	16,486	8,483	6,010	1,389,143
Reclassification due to adoption of HKFRS 16 (note 3)	由於採納香港財務報告準則第16號之重新分類(附註3)	(209,770)	—	—	—	—	—	—	—	(209,770)
Transfer	轉移	—	—	637	2,399	—	—	—	(3,036)	—
Additions	添置	—	—	7,556	25,151	1,895	4,869	—	4,465	43,936
Disposal/write off	出售/撇銷	—	—	(391)	(10,636)	(281)	(352)	(322)	(96)	(12,078)
Exchange differences	匯兌差額	—	(5,066)	(3,236)	(11,092)	(104)	(347)	(64)	(143)	(20,052)
At 31 December 2019	於二零一九年十二月三十一日	—	290,437	187,984	665,064	11,741	20,656	8,097	7,200	1,191,179
Accumulated depreciation and impairment	累計折舊及減值									
At 1 January 2018	於二零一八年一月一日	—	69,329	115,456	397,755	8,371	6,551	6,952	5,519	609,933
Charge for the year	年內扣除	5,786	13,401	20,209	39,185	781	1,852	827	—	82,041
Disposal/write off	出售/撇銷	—	—	(8,249)	(24,722)	(1,302)	(272)	(517)	—	(35,062)
Adjustment on revaluation	重估調整	(5,627)	—	—	—	—	—	—	—	(5,627)
Impairment	減值	—	—	1,559	2,302	—	—	—	—	3,861
Exchange differences	匯兌差額	(159)	(4,375)	(7,339)	(19,224)	(101)	(414)	(222)	(324)	(32,158)
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	—	78,355	121,636	395,296	7,749	7,717	7,040	5,195	622,988
Charge for the year	年內扣除	—	13,246	21,043	41,158	1,069	1,366	473	—	78,355
Disposal/write off	出售/撇銷	—	—	(67)	(5,453)	(260)	(217)	(250)	—	(6,247)
Impairment	減值	—	—	299	2,548	—	479	—	—	3,326
Exchange differences	匯兌差額	—	(1,643)	(2,759)	(6,530)	(66)	(137)	(64)	(98)	(11,297)
At 31 December 2019	於二零一九年十二月三十一日	—	89,958	140,152	427,019	8,492	9,208	7,199	5,097	687,125
Carrying amount	賬面值									
At 31 December 2019	於二零一九年十二月三十一日	—	200,479	47,832	238,045	3,249	11,448	898	2103	504,054
At 31 December 2018	於二零一八年十二月三十一日	209,770	217,148	61,782	263,946	2,482	8,769	1,443	815	766,155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Group's leasehold land was revalued on 31 December 2018 using the direct comparison approach by reference to market evidence of recent transactions for similar properties by independent surveyors.

The carrying amount of the Group's leasehold land would have been approximately HK\$50,978,000 at 31 December 2018 had it been stated at cost less accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment pledged as security for the Group's banking facilities amounted to approximately HK\$4,098,000 (2018: HK\$44,977,000).

Impairment of property, plant and equipment represents impairment on leasehold improvement, machinery and furniture and fixture of a CGU without any income forecasted in the foreseeable future (2018: idle machines and leasehold improvements to be disposed without future economic benefits).

19. 物業、機器及設備(續)

本集團之租賃土地於二零一八年十二月三十一日由獨立估值師按直接比較法價值參考市場類似物業之最近交易證據重估。

於二零一八年十二月三十一日，按成本減累計折舊及減值虧損列賬，本集團租賃土地的賬面值約為50,978,000港元。

本集團賬面值為數約4,098,000港元(二零一八年：44,977,000港元)的物業、機器及設備已質押作為本集團銀行信貸的抵押。

物業、機器及設備減值指在可預見未來沒有任何預計收入的現金產生單位之租賃裝修、機器及傢俬及固定裝置之減值。(二零一八年：沒有將來經濟效益之閒置機械及將會出售租賃物業裝修的減值)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

20. RIGHT-OF-USE ASSETS

20. 使用權資產

		Leasehold lands 租賃土地 HK\$'000 千港元	Leased properties 租賃物業 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2019 (note 3)	於二零一九年一月一日 (附註3)	209,770	11,749	221,519
Additions	添置	—	4,489	4,489
Depreciation	折舊	(6,197)	(4,231)	(10,428)
Surplus on revaluation recognised in other comprehensive income	於其他全面收益確認的 重估盈餘	11,279	—	11,279
Gain on revaluation recognised in profit or loss	於損益確認的重估收益	313	—	313
Exchange differences	匯兌差額	(2,555)	(92)	(2,647)
At 31 December 2019	於二零一九年十二月三十一日	212,610	11,915	224,525

The Group's leasehold land was revalued on 31 December 2019 using the direct comparison approach by reference to market evidence of recent transactions for similar properties by independent surveyors.

The carrying amount of the Group's leasehold land would have been approximately HK\$48,991,000 at 31 December 2019 had it been stated at cost less accumulated depreciation and impairment losses.

本集團之租賃土地乃於二零一九年十二月三十一日由獨立測量師按直接比較法參考市場類似物業之最近交易證據重估。

按成本減累計折舊及減值虧損列賬，於二零一九年十二月三十一日，本集團租賃土地的賬面值約為48,991,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

20. RIGHT-OF-USE ASSETS (Continued)

The carrying amount of leasehold properties pledged as security for the Group's banking facilities amounted to approximately HK\$42,330,000 at 31 December 2019.

20. 使用權資產(續)

於二零一九年十二月三十一日，已質押作本集團銀行信貸抵押的租賃物業賬面值約為42,330,000港元。

		2019 二零一九年 HK\$'000 千港元
Depreciation expenses on right-of-use assets	使用權資產折舊開支	10,428
Interest expense on lease liabilities (included in finance cost)	租賃負債利息開支 (計入融資成本)	408
Expenses relating to short-term lease (included in cost of sales and general and administrative expenses)	與短期租賃有關之開支 (計入銷售成本及一般及行政開支)	2,248

Details of total cash outflow for leases is set out in note 38(d).

租賃的現金流出總額詳情載列於附註38(d)。

For both years, the Group leases various offices premises, factories, warehouses, staff quarters and office equipment for its operations. Lease contracts are entered into for fixed term of 2 months to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

於兩個年度，本集團租賃多個辦公室、廠房、倉庫、員工宿舍及辦公室設備用於營運。租賃合約訂立的固定租期為兩個月至五年。租賃條款乃在個別基礎上磋商，包括各種不同條款及條件。於釐定租賃期及評估不可撤回期間的長度時，本集團應用合約的定義並釐定合約可強制執行的期間。

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

此外，本集團擁有多項生產設施所位處之工業建築及辦公室建築。本集團為該等物業權益(包括相關租賃土地)之註冊擁有人。本集團已提前作出一次性付款以獲取該等物業權益。僅當所作出款項能夠可靠分配時，才單獨呈列該等自有物業之租賃土地組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

21. CLUB MEMBERSHIP

21. 會所會籍

		HK\$'000 千港元
Cost	成本值	
At 31 December 2018 and 2019	於二零一八年及二零一九年 十二月三十一日	718

The Group's club membership of HK\$718,000 (2018: HK\$718,000) at 31 December 2019 is assessed as having indefinite useful life because there is no time limit that the Group can enjoy the services provided by that club.

本集團於二零一九年十二月三十一日之會所會籍價值為718,000港元(二零一八年: 718,000港元)已評定為具無限可使用年期,原因是本集團享用該會所提供服務之時間並無限制。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

22. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2019 are as follows:

22. 於附屬公司的投資

於二零一九年十二月三十一日，附屬公司之詳情如下：

Name 名稱	Place of incorporation/ establishment and operation 成立及經營地點	Issued and fully paid up share capital/ registered capital 已發行及繳足 股本／註冊資本	Percentage of ownership interest/ voting power/ profit sharing 應佔權益／ 投票權／溢利百份比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui (Holdings) Company Limited 嘉瑞集團有限公司	BVI 英屬處女群島	US\$36,909 36,909美元	100%	—	Investment holding 投資控股
Ample Wealth Developments Limited 富豐發展有限公司	BVI 英屬處女群島	US\$1 1美元	—	100%	Investment holding 投資控股
Ka Fung Metal Manufactory Company Limited 嘉豐金屬製品廠有限公司	Hong Kong 香港	HK\$74,487,660 74,487,660港元	—	100%	Sale of plastic injection products and components 銷售塑膠注塑產品及零部件
Ka Shui Manufactory Co., Limited 嘉瑞製品有限公司	Hong Kong 香港	HK\$10,000 10,000港元	—	100%	Sale of zinc, magnesium and aluminium alloy die casting and plastic injection products and components 銷售鋅、鎂及鋁合金壓鑄和塑膠注塑產品及零部件
Ka Shui Technology (Huizhou) Company Limited** 嘉瑞科技(惠州)有限公司	The PRC 中國	Registered capital HK\$430,000,000 註冊資本430,000,000 港元	—	100%	Sale and manufacture of magnesium alloy die casting products and components 銷售及生產鎂合金壓鑄產品及零部件
Elegant Shine Investments Limited 雅輝投資有限公司	BVI 英屬處女群島	US\$1 1美元	—	100%	Investment holding 投資控股
Ample Wealth Property Developments (Huizhou) Limited** 富豐物業開發(惠州)有限公司	The PRC 中國	Registered capital HK\$6,800,000 註冊資本6,800,000 港元	—	100%	Inactive 暫無業務

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

22. INVESTMENTS IN SUBSIDIARIES (Continued)

22. 於附屬公司的投資(續)

Name 名稱	Place of incorporation/ establishment and operation 成立及經營地點	Issued and fully paid up share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of ownership interest/ voting power/ profit sharing 應佔權益/ 投票權/溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Infinite Fortune Investments Limited (formerly known as Ka Shui Technology Limited) 達騰投資有限公司(前稱嘉瑞科技 有限公司)	Hong Kong 香港	HK\$10,000 10,000港元	—	100%	Investment holding 投資控股
Wing Yu (Far East) Industries Company Limited 永裕(遠東)實業有限公司	Hong Kong 香港	HK\$6,900,000 6,900,000港元	—	100%	Investment holding 投資控股
Huizhou Wing Yu Metal and Plastic Manufactory Company Limited** 惠州市永裕五金塑料製品有限公司	The PRC 中國	Registered capital HK\$4,500,000 註冊資本4,500,000 港元	—	100%	Provision of surface finishing treatment services and sale and manufacture of zinc alloy die casting products and components 提供表面處理服務及銷售及生產鋅 合金壓鑄產品及零部件
Ka Yi Technology (Huizhou) Company Limited** 嘉宜科技(惠州)有限公司	The PRC 中國	Registered capital HK\$20,000,000 註冊資本20,000,000 港元	—	100%	Sale and manufacture of zinc and aluminium alloy die casting products and components 銷售及生產鋅及鋁合金壓鑄 產品及零部件
Ka Fung Industrial Technology (Huizhou) Company Limited** 嘉豐工業科技(惠州)有限公司	The PRC 中國	Registered capital HK\$132,000,000 註冊資本132,000,000 港元	—	100%	Sale and manufacture of products and components with plastic contents 銷售及生產含塑膠部件之產品及 零部件
Alphalite Company Limited 嘉能照明有限公司	Hong Kong 香港	HK\$1 1港元	—	100%	Trading and marketing of LED and plasma lighting products 從事LED及等離子照明產品之貿易 及市場推廣

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

22. INVESTMENTS IN SUBSIDIARIES (Continued)

22. 於附屬公司的投資(續)

Name 名稱	Place of incorporation/ establishment and operation 成立及經營地點	Issued and fully paid up share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of ownership interest/ voting power/ profit sharing 應佔權益/ 投票權/溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Ka Shui Metal Manufactory (Shenzhen) Company Limited** 嘉瑞金屬製品(深圳)有限公司	The PRC 中國	Registered capital HK\$40,000,000 註冊資本40,000,000 港元	—	100%	Sale and manufacture of zinc, magnesium and aluminium alloy die casting products and component 銷售及生產鋅、鎂及鋁合金壓鑄產 品及零部件
Alphalite Incorporation	USA 美國	US\$100 100美元	—	100%	Trading and marketing of LED and plasma lighting products 從事LED及等離子照明產品之貿易 及市場推廣
Ka Shui (USA) Incorporation	USA 美國	US\$5,000 5,000美元	—	100%	Marketing of zinc, magnesium and aluminium alloy die casting and plastic injection products and components, trading of LED and home appliance products 從事鋅、鎂及鋁合金壓鑄及塑膠注 塑產品及零部件之市場推廣以及 LED及家居器具之貿易
Kalok Technology Investment Limited 嘉樂科技投資有限公司	BVI 英屬處女群島	US\$50,000 50,000美元	—	100%	Investment holding 投資控股
Wuhu Lenka Technologies Company Limited ("Wuhu Lenka") △* 蕪湖聯嘉工業科技有限公司 (「蕪湖聯嘉」)	The PRC 中國	Registered capital RMB50,000,000 註冊資本人民幣 50,000,000元	—	100%	Sale and manufacture of magnesium alloy die casting products and components 銷售及生產鎂合金壓鑄產品及零部 件
Ka Shui Metal Company Limited 嘉瑞金屬有限公司	Hong Kong 香港	HK\$100,000 100,000港元	—	100%	Sale of magnesium alloy die casting products and components 銷售鎂合金壓鑄產品及零部件

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

22. INVESTMENTS IN SUBSIDIARIES (Continued)

22. 於附屬公司的投資(續)

Name 名稱	Place of incorporation/ establishment and operation 成立及經營地點	Issued and fully paid up share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of ownership interest/ voting power/ profit sharing 應佔權益/ 投票權/溢利百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Katchon Precision Holdings Company Limited 嘉昌精密控股有限公司	BVI 英屬處女群島	US\$1,000 1,000美元	—	70%	Investment holding 投資控股
Ka Shui Plastic Technology Company Limited 嘉瑞塑膠科技有限公司	Hong Kong 香港	HK\$1 1港元	—	100%	斥菌塑膠相關產品之研發及銷售
Goodly Precision Industrial Limited 卓研精密工業有限公司	Hong Kong 香港	HK\$50,000 50,000港元	—	70%	Investment holding 投資控股
Goodly Precision (Suzhou) Industrial Limited ("Goodly Suzhou")** 卓研精密工業(蘇州)有限公司 (「卓研蘇州」)	The PRC 中國	Registered capital US\$5,000,000 註冊資本5,000,000 美元	—	70%	Research, manufacture and sale of plastic injection moulding and components of car-related products 汽車相關產品之塑膠注塑及零部件 之研發、生產及銷售
Qiqihaer Northern Ka Shui Light Alloy Technology Company Limited ^{△*} 齊齊哈爾北方嘉瑞輕合金科技 有限公司	The PRC 中國	Registered capital RMB12,000,000 註冊資本人民幣 12,000,000元	—	51%	Research and development and trading of aluminium related products 鋁相關產品之研發及貿易
Huizhou Ka May New Material Technology Company Limited ^{△*} 惠州嘉錕新材料科技有限公司	The PRC 中國	Registered capital RMB1,000,000 註冊資本人民幣 1,000,000元	—	70%	Inactive 暫無業務
Ka Shui Aluminium Technology (Shenzhen) Company Limited ^{△*} 嘉瑞鋁科技(深圳)有限公司	The PRC 中國	Registered capital RMB10,000,000 註冊資本人民幣 10,000,000元	—	70%	Research and development and trading of aluminium related products 鋁相關產品之研發及貿易

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

22. INVESTMENTS IN SUBSIDIARIES (Continued)

22. 於附屬公司的投資(續)

Name	Place of incorporation/ establishment and operation	Issued and fully paid up share capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
名稱	成立及經營地點	已發行及繳足股本/註冊資本	應佔權益/投票權/溢利百分比		主要業務
			Direct	Indirect	
			直接	間接	
Pioneer Lead Global Enterprises Limited 領拓環球企業有限公司	BVI 英屬處女群島	US\$1 1美元	—	100%	Investment holding 投資控股
Nobel Development Limited 隆邦發展有限公司	Hong Kong 香港	HK\$1 1港元	—	100%	Investment holding 投資控股
Shuilong Green Transport Company Limited 瑞龍綠運有限公司	Hong Kong 香港	HK\$10,000 10,000港元	—	70%	Repair and maintenance of motor vehicles for commercial use 維修及保養商用車
Orient World International Limited 凱華國際有限公司	Hong Kong 香港	HK\$1 1港元	—	100%	Investment holding 投資控股
Ka Shui (Malaysia) Sdn. Bhd.	Malaysia 馬來西亞	MYR1 1馬來西亞元	—	100%	Inactive 暫無業務

Registered as a wholly foreign-owned enterprise under the PRC law.

根據中國法律註冊為外商獨資企業。

△ Registered as a company with limited liability under the PRC law.

△ 根據中國法律註冊為有限責任公司。

* English translation of the name is for identification purpose only.

* 名稱之英文翻譯只供識別。

As at 31 December 2019, the bank and cash balances and restricted bank deposits of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately HK\$162,361,000 (2018: HK\$130,612,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

於二零一九年十二月三十一日，本集團於中國之附屬公司以人民幣計值的銀行及現金結餘及有限制銀行存款為約162,361,000港元(二零一八年：130,612,000港元)。將人民幣兌換為外幣須根據中國的《外匯管制條例》及《結匯、售匯及付匯管理規定》進行。

23. INVESTMENTS IN ASSOCIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

23. 於聯營公司之投資		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Unlisted investments:	非上市投資：		
Share of net assets	攤分淨資產	9,973	10,951
Goodwill	商譽	632	632
		10,605	11,583
Impairment losses	減值虧損	(1,652)	(1,652)
		8,953	9,931

The amounts due from/to associates are unsecured, interest free and repayable on demand.

Impairment losses on investments in associates are recognised as the Group expects that there will be no future profit for certain associates.

應收／應付聯營公司款項為無抵押、免息及須在要求時即時償還。

由於本集團預期若干聯營公司在將來沒有盈利，因此確認於聯營公司投資之減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

23. INVESTMENTS IN ASSOCIATES (Continued)

Details of the Group's associates at 31 December 2019 are as follows:

Name	Place of incorporation/ registration	Issued and fully paid up share capital/ registered capital	Percentage of ownership interest/ voting power/ profit sharing 應佔權益/ 投票權/ 溢利百分比	Principal activities
名稱	註冊/登記地點	已發行及繳足 股本/註冊資本		主要業務
Topanga Asia Limited ("Topanga Asia") 勁亮嘉科技有限公司 (「勁亮嘉」)	Hong Kong 香港	HK\$127,373,638 127,373,638港元	38.9%	Inactive 暫無業務
Topanga Technology (Huizhou) Limited*	The PRC 中國	Registered capital HK\$6,500,000 註冊資本6,500,000 港元	38.9%	Inactive 暫無業務
Huizhou Intelligent Foundry Industry Light Alloy Innovation Center Company Limited*	The PRC 中國	Registered capital RMB20,000,000 註冊資本人民幣 20,000,000元	46%	Research and development, manufacture and trading of light alloy moulds 輕合金模具之研發、生產及 貿易

* English translation of the name is for identification purpose only.

* 名稱之英文翻譯只供識別。

23. 於聯營公司之投資(續)

於二零一九年十二月三十一日本集團之聯營公司資料如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

23. INVESTMENTS IN ASSOCIATES (Continued)

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method:

23. 於聯營公司之投資(續)

下表載列本集團以權益會計法入賬之所有個別非重要聯營公司攤分金額總數：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 31 December:	於十二月三十一日：		
Carrying amounts of interests	權益賬面值	8,953	9,931
Year ended 31 December:	截至十二月三十一日止年度：		
Loss from operations	經營虧損	(810)	(146)
Other comprehensive income	其他全面收益	—	(25)
Total comprehensive income	全面收益總額	(810)	(171)

The Group has not recognised loss for the year amounting to HK\$449,000 (2018: HK\$Nil) for Topanga Asia. The accumulated losses not recognised were HK\$449,000 (2018: HK\$Nil).

本集團未確認勁亮嘉於年內之虧損449,000港元(二零一八年：零港元)。未確認之累計虧損為449,000港元(二零一八年：零港元)。

As at 31 December 2019, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to approximately HK\$6,531,000 (2018: HK\$11,543,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

於二零一九年十二月三十一日，本集團於中國之聯營公司以人民幣計值的銀行及現金結餘為約6,531,000港元(二零一八年：11,543,000港元)。將人民幣兌換為外幣須根據中國的《外匯管制條例》及《結匯、售匯及付匯管理規定》進行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

24. FINANCIAL ASSETS AT FVTOCI

24. 按公平值計入其他全面收益之金融資產

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Unlisted equity, at fair value	按公平值之非上市股本	—	—
Impairment loss	減值虧損	—	—
		—	—

The investee company has ceased business in previous years and the management has made full impairment loss for the investment.

被投資公司已於數年前終止業務及管理層已對此項投資作出全數減值虧損。

25. INVENTORIES

25. 存貨

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Raw materials	原材料	50,420	63,465
Consumables supplies and spare parts	消耗品供應及備用零部件	11,141	7,485
Work in progress	在製品	68,410	93,769
Finished goods	製成品	135,721	115,159
		265,692	279,878
Less: Allowance for inventories	減：存貨撥備	(49,735)	(35,123)
		215,957	244,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

26. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days (2018: 30 to 120 days) after the end of the month in which the invoices issued. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is stated as follows:

26. 貿易應收款項

本集團與客戶之交易主要以信貸形式進行。信貸期一般介乎開票當月結束後30至120日(二零一八年: 30至120日)。每名客戶有最高信貸限額。本集團致力嚴格控制未償還應收款項, 由董事定期檢討過期未付結餘。貿易應收款項(扣除撥備)按發票日期之賬齡分析載列如下:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0 to 30 days	0至30日	127,728	140,160
31 to 60 days	31至60日	95,767	110,524
61 to 90 days	61至90日	48,495	46,486
91 to 180 days	91至180日	68,429	79,644
Over 180 days	180日以上	448	200
		340,867	377,014
Less: Allowance for bad and doubtful debts	減: 壞賬及呆賬之撥備	(343)	(229)
		340,524	376,785

At 31 December 2019, an allowance was made for estimated irrecoverable trade receivables of approximately HK\$343,000 (2018: HK\$229,000) (note 6(b)).

於二零一九年十二月三十一日, 就估計不可收回貿易應收款項作出撥備約343,000港元(二零一八年: 229,000港元)(附註6(b))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

26. TRADE RECEIVABLES (Continued)

The carrying amount of the Group's trade receivables are denominated in the following currencies:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	24,558	21,469
USD	美元	258,918	284,394
RMB	人民幣	56,259	70,678
Others	其他	1,132	473
		340,867	377,014
Less: Allowance for bad and doubtful debts	減：壞賬及呆賬之撥備	(343)	(229)
		340,524	376,785

26. 貿易應收款項(續)

本集團貿易應收款項的賬面值以下列貨幣列值：

27. CONTRACT ASSETS/CONTRACT LIABILITIES

27. 合約資產／合約負債

Contract assets	合約資產	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Arising from sales of moulds	由模具銷售所產生	4,639	4,978
Arising from sales of OEM Products	由原設備製造產品銷售所產生	13,092	9,692
		17,731	14,670
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade receivables"	香港財務報告準則第15號範圍內與客戶之合約之應收款項(已包括在貿易應收款項內)	340,524	376,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

27. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

Amounts relating to contract assets are balances due from customers under sales contracts that arise when the Group's unconditional right to receive payments from customers is not in line with (i) the progress of the OEM Products manufactured under contracts in which the Group has enforceable right to payment; and (ii) when the control of moulds which are billed together with products is passed to customers. Payment for OEM Products and moulds is not due from the customer until the products are delivered to the customer, and therefore a contract asset is recognised (i) over the period in which the OEM Products are manufactured; and (ii) when the control of moulds are transferred to the customers to represent the Group's right to consideration for the services transferred to date.

There were no significant changes in the contract assets balances during the reporting period.

The amount of contract assets that is expected to be recovered after more than one year is approximately HK\$4,546,000 (2018: HK\$4,283,000).

27. 合約資產／合約負債(續)

與合約資產相關的金額為當本集團之無條件向客戶收取款項之權利與以下不一致(i)按本集團擁有款項強制執行權之合約所生產的原設備製造產品的進度；及(ii)與產品一併發出賬單之模具控制權轉移至客戶時，產生應收客戶銷售合約的結餘。於產品交付客戶後，始收取客戶的原設備製造產品及模具的款項，因此，合約資產於以下情況被確認(i)原設備製造產品生產期間；及(ii)當模具控制權轉移至客戶(即本集團已轉移迄今為止服務的代價權)時。

於報告期間，合約資產結餘並無重大變化。

預期一年以上可收回的合約資產金額為約4,546,000港元(二零一八年：4,283,000港元)。

Contract liabilities		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Billings in advance of performance obligation arising from sales of OEM Products and moulds	銷售原設備製造產品及模具產生履約責任的預收款項	1,005	1,500

Contract liabilities relating to sales of OEM Products and moulds are balances due to customers under contracts with customers. They arise because customers pay deposits for the sales contract which exceed the revenue recognised to date.

There were no significant changes in the contract liabilities balances during the reporting period.

與原設備製造產品及模具銷售相關的合約負債為應付客戶合約款項的結餘。該款項乃因客戶支付的銷售合約按金超過迄今已確認的收入。

於報告期間，合約負債結餘並無重大變化。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

27. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

Movements in contract liabilities:

27. 合約資產／合約負債(續)

合約負債變動：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Balance at 1 January arising from sales of OEM Products	銷售原設備製造產品於一月一日結餘	1,500	12,615
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	年內確認收入導致合約負債減少已計入期初的合約負債內	(89,456)	(110,844)
Increase in contract liabilities as a result of billing in advance of sales of OEM products and moulds	銷售原設備製造產品及模具的預收款項導致合約負債增加	88,972	99,732
Effect of foreign exchange rate changes	匯率變動的影響	(11)	(3)
Balance at 31 December	於十二月三十一日結餘	1,005	1,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

28. RESTRICTED BANK BALANCES AND BANK AND CASH BALANCES

The Group's restricted bank balances represent:

- (a) Balance of RMB1,656,000 (equivalent to approximately HK\$1,835,000) (2018: RMB1,653,000 (equivalent to approximately HK\$1,867,000)) to guarantee for the use of natural gas in the PRC (2018: guarantee for the use of natural gas in the PRC); and
- (b) Balance of HK\$ Nil and RMB Nil (2018: HK\$1,910,000 and RMB1,540,000 (equivalent to approximately HK\$1,740,000)) to guarantee to the customs office in the PRC.

The cash at banks earned interest at floating interest rates ranging from 0.001% to 0.35% per annum (2018: 0.01% to 0.35% per annum).

The carrying amounts of bank and cash balances are denominated in the following currencies:

28. 有限制銀行存款與銀行及現金結餘

本集團的有限制銀行存款指：

- (a) 人民幣1,656,000元(相等於約1,835,000港元)(二零一八年：人民幣1,653,000元(相等於約1,867,000港元))作為於中國使用天然氣之擔保(二零一八年：於中國使用天然氣之擔保)；及
- (b) 零港元及人民幣零元之結餘(二零一八年：1,910,000港元及人民幣1,540,000元(相等於約1,740,000港元))用作向中國海關的擔保。

銀行存款按每年0.001厘至0.35厘(二零一八年：每年0.01厘至0.35厘)的浮動利率賺取利息。

銀行及現金結餘之賬面值以下列貨幣為單位：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	47,144	48,419
USD	美元	51,465	94,489
RMB	人民幣	160,977	106,499
EURO	歐元	2,610	1,151
Others	其他	56	48
		262,252	250,606

Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

根據中國的《外匯管制條例》及《結匯、售匯及付匯管理規定》，本集團獲允許可透過獲授權開展外匯業務的銀行以人民幣兌換外幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0 to 30 days	0至30日	68,995	66,541
31 to 60 days	31至60日	63,427	73,753
61 to 90 days	61至90日	38,897	59,650
91 to 180 days	91至180日	32,385	60,409
Over 180 days	180日以上	5,310	3,679
		209,014	264,032

The carrying amount of the Group's trade payables are denominated in the following currencies:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	4,232	4,954
USD	美元	33,034	63,602
RMB	人民幣	171,689	195,277
Others	其他	59	199
		209,014	264,032

29. 貿易應付款項、其他應付款項及應計費用

貿易應付款項按收貨日期計算的賬齡分析如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0 to 30 days	68,995	66,541
31 to 60 days	63,427	73,753
61 to 90 days	38,897	59,650
91 to 180 days	32,385	60,409
Over 180 days	5,310	3,679
	209,014	264,032

本集團貿易應付款項賬面值以下列貨幣為單位：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	4,232	4,954
USD	33,034	63,602
RMB	171,689	195,277
Others	59	199
	209,014	264,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (Continued)

Other payables and accruals comprise the following:

29. 貿易應付款項、其他應付款項及應計費用(續)

其他應付款項及應計費用包括以下各項：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Accrued wages	應計工資	33,745	48,118
Other accrued expenses	其他應計費用	30,662	21,569
Other payables	其他應付款項	18,165	25,597
		82,572	95,284

The carrying amount of the Group's other payables and accruals is denominated in the following currencies:

本集團其他應付款項及應計費用的賬面值按以下貨幣列值：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	6,536	13,724
USD	美元	10,804	13,118
RMB	人民幣	65,232	68,424
Others	其他	—	18
		82,572	95,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

30. BANK BORROWINGS

The analysis of the carrying amount of bank borrowings is as follows:

30. 銀行借款

銀行借款的賬面值分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current liabilities	流動負債		
Portion of bank borrowings due for repayment within one year	須於一年內到期償還的銀行貸款部分	201,532	221,491
Portion of bank borrowings due for repayment after one year which contains a repayment on demand clause	須於一年後到期償還的包含按要求償還條款的銀行貸款部分	—	21,363
		201,532	242,854
Non-current liabilities	非流動負債		
Portion of bank borrowings due for repayment after one year which do not contain repayment on demand clause	須於一年後到期償還的不包含按要求償還條款的銀行貸款部分	57,514	81,848

The interest-bearing bank borrowings, including the bank borrowings repayable on demand, are carried at amortised cost. None of the portion of bank borrowings due for repayment after one year which contain a repayment on demand clause that is classified as current liabilities is expected to be settled within one year.

計息銀行貸款(包括須按要求償還的銀行貸款)乃按攤銷成本列賬。須於一年後到期償還的包含按要求償還條款且分類為流動負債的銀行貸款部分預期毋須於一年內清償。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

30. BANK BORROWINGS (Continued)

At 31 December 2019, interest-bearing bank loans were due for repayment as follows:

30. 銀行借款(續)

於二零一九年十二月三十一日，到期償還的計息銀行貸款如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Portion of bank borrowings due for repayment within one year	須於一年內到期償還的銀行貸款部分	201,532	221,491
Portion of bank borrowings due for repayment after one year which contains a repayment on demand clause (note (a)):	須於一年後到期償還(包含按要償還條款)的銀行貸款部分(附註(a)):		
After 1 year but within 2 years	一年之後但兩年之內	—	21,363
		—	21,363
Portion of bank borrowings due for repayment after one year which do not contain a repayment on demand clause:	須於一年後到期償還(不含按要償還條款)的銀行貸款部分:		
After 1 year but within 2 years	一年之後但兩年之內	33,514	54,319
After 2 years but within 5 years	兩年之後但五年之內	24,000	27,529
		57,514	81,848
		259,046	324,702

Note:

- (a) The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

附註：

- (a) 結欠款項乃按貸款協議所載的預定還款期為基準，並無計及任何按要償還條款的影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

30. BANK BORROWINGS (Continued)

Six (2018: Seven) of the bank facilities are subject to the fulfillment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. Should the Group breach the covenants, the drawn down facilities would become repayable on demand. In addition, some of the Group's bank loan agreements contain clauses which give the lenders the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, and is up to date with the scheduled repayments of the bank borrowings. Further details of the Group's management of liquidity risk are set out in note 6(c). There have been no breaches in the financial covenants of any interest-bearing borrowings for the years ended 31 December 2018 and 2019.

All bank borrowings were arranged at floating interest rate. The range of the interest rates per annum at 31 December 2019 was as follows:

30. 銀行借款(續)

六個(二零一八年：七個)銀行融資額度需符合有關本集團若干財務比率之契諾，該等契諾通常於與金融機構訂立之貸款安排中出現。倘本集團違反有關契諾，則已動用之融資額度須按要求償還。此外，本集團若干銀行貸款協議之條款中給予貸款人全權酌情決定隨時要求即時償還貸款的權利，而無論本集團是否遵守契諾及符合預定償還職責。

本集團定期監控此等契諾之遵守，並根據銀行貸款的預定還款期作出償還。本集團控制流動資金風險的進一步詳情載於附註6(c)。於截至二零一八年及二零一九年十二月三十一日止年度，概無違反任何計息借款之財務契諾。

所有銀行借款乃按浮動利率計息。於二零一九年十二月三十一日的年利率範圍如下：

		2019 二零一九年 % per annum 每年	2018 二零一八年 % per annum 每年
Floating rate	浮動利率	3.5% – 5.3%	2.8% – 5.2%

The carrying amount of the bank borrowings is denominated in the following currencies:

銀行借款賬面值以下列貨幣為計算單位：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	259,046	324,702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. BANKING FACILITIES

As at 31 December 2019, the Group had available banking facilities of approximately HK\$658,000,000 (2018: HK\$696,000,000), which were utilised to the extent of approximately HK\$259,000,000 (2018: HK\$325,000,000). These banking facilities were secured by the following:

- (a) corporate guarantees provided by the Company and certain subsidiaries of the Group;
- (b) a property situated in Hong Kong owned by the Group; and
- (c) all monies assignment of rental over the property situated in Hong Kong owned by the Group.

31. 銀行信貸

於二零一九年十二月三十一日，本集團可動用的銀行信貸為約658,000,000港元（二零一八年：696,000,000港元），而已動用的數額為約259,000,000港元（二零一八年：325,000,000港元）。此等銀行信貸以下列項目作為抵押：

- (a) 本公司及本集團若干附屬公司提供的公司擔保；
- (b) 本集團擁有的一項香港物業；及
- (c) 本集團在香港擁有之物業由租金轉讓之所有金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. LEASE LIABILITIES

32. 租賃負債

		Minimum lease payments 最低租賃款項		Present value of minimum lease payments 最低租賃款項現值	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within one year	一年內	6,000	—	5,681	—
In the second to fifth years, inclusive	第二年至第五年 (包括首尾兩年)	6,079	—	5,908	—
		12,079	—	11,589	—
Less: Future finance charges	減：未來融資費用	(490)	—	N/A	—
Present value of lease obligations	租賃承擔現值	11,589	—	11,589	—
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：十二個月內到期償付 之款項(列示於 流動負債項下)			(5,681)	—
Amount due for settlement after 12 months	十二個月後到期償付之 款項			5,908	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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. LEASE LIABILITIES (Continued)

Lease payables are denominated in following currencies:

32. 租借負債(續)

應付租賃乃按下列貨幣計值：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
HK\$	港元	3,437	—
USD	美元	4,864	—
RMB	人民幣	3,288	—
		11,589	—

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 December 2018 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 3.

本集團已採用經修訂追溯法首次應用香港財務報告準則第16號，並調整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的租賃負債。二零一八年十二月三十一日的比較資料並無重列。過渡至香港財務報告準則第16號的影響進一步詳情載列於附註3。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

33. DEFERRED TAX ASSETS/LIABILITIES

The following is the deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the year:

Deferred tax liabilities:

33. 遞延稅項資產／負債

以下為本集團於年內已確認的遞延稅項負債及資產與相關變動：

遞延稅項負債：

		Accelerated tax depreciation	Revaluation of leasehold land	Temporary differences arising from the adoption of HKFRS 15 採納香港財務 報告準則 第15號產生之 暫時差額	Others	Total
		加速稅項折舊 HK\$'000 千港元	租賃土地 價值重估 HK\$'000 千港元	第15號產生之 暫時差額 HK\$'000 千港元	其他 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	—	34,871	2,139	—	37,010
Charge to other comprehensive income for the year	於年內支賬至其他全面 收益	—	6,647	—	—	6,647
Credit to profit or loss for the year (note 13)	於年內入賬至損益 (附註13)	—	(4,195)	(1,096)	—	(5,291)
Exchange differences	匯兌差額	—	(1,512)	(74)	—	(1,586)
At 1 January 2019	於二零一九年一月一日	—	35,811	969	—	36,780
Charge to other comprehensive income for the year	於年內支賬至其他全面 收益	—	3,714	—	—	3,714
Charge/(credit) to profit or loss for the year (note 13)	於年內支賬／(入賬)至 損益(附註13)	62	(2,149)	264	94	(1,729)
Exchange differences	匯兌差額	—	(523)	(25)	(1)	(549)
At 31 December 2019	於二零一九年 十二月三十一日	62	36,853	1,208	93	38,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

33. DEFERRED TAX ASSETS/LIABILITIES (Continued)

Deferred tax assets:

33. 遞延稅項資產／負債(續)

遞延稅項資產：

		Tax losses	Decelerated tax depreciation	Fair value adjustment on business combination	Total
		稅項虧損	減速稅項折舊	業務合併的公平值調整	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
At 1 January 2018	於二零一八年一月一日	1,109	—	310	1,419
Credit/(charge) to profit or loss for the year	於年內入賬／(支賬)至損益				
(note 13)	(附註13)	7,239	141	(80)	7,300
Exchange differences	匯兌差額	(410)	—	(15)	(425)
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	7,938	141	215	8,294
Credit/(charge) to profit or loss for the year	於年內入賬／(支賬)至損益				
(note 13)	(附註13)	3,660	(141)	(63)	3,456
Exchange differences	匯兌差額	(234)	—	(3)	(237)
At 31 December 2019	於二零一九年十二月三十一日	11,364	—	149	11,513

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

就綜合財務狀況表而言，遞延稅項結餘(抵銷後)之分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債	26,852	28,701
Deferred tax assets	遞延稅項資產	(149)	(215)
Total	總計	26,703	28,486

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

33. DEFERRED TAX ASSETS/LIABILITIES (Continued)

At 31 December 2019, the Group had unused tax losses of approximately HK\$277,449,000 (2018: HK\$290,513,000) which are available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$45,458,000 (2018: HK\$31,752,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. Included in the unrecognised tax losses are losses of approximately HK\$19,363,000 (2018: HK\$13,641,000) which may be carried forward indefinitely. The remaining unrecognised tax losses of approximately HK\$212,628,000 (2018: HK\$245,120,000) will expire as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Year 2019	二零一九年	—	2,343
Year 2020	二零二零年	11,051	30,129
Year 2021	二零二一年	29,172	51,729
Year 2022	二零二二年	139,239	143,507
Year 2023	二零二三年	10,215	10,580
Year 2024	二零二四年	16,119	—
Year 2034	二零三四年	926	926
Year 2035	二零三五年	2,955	2,955
Year 2036	二零三六年	2,951	2,951
		212,628	245,120

At 31 December 2019, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries operated in the PRC and the United States are approximately HK\$229,772,000 (2018: HK\$217,455,000) and HK\$Nil (2018: HK\$1,551,000) respectively. No liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

33. 遞延稅項資產／負債(續)

於二零一九年十二月三十一日，本集團有未動用稅項虧損約277,449,000港元(二零一八年：290,513,000港元)可供抵銷未來溢利。就該等虧損約45,458,000港元(二零一八年：31,752,000港元)確認為遞延稅項資產。概無就該等剩餘稅項虧損確認為遞延稅項資產，因為未能確定未來溢利流入。未確認稅項虧損中包括虧損約19,363,000港元(二零一八年：13,641,000港元)，可無限結轉。餘下之未確認稅項虧損約212,628,000港元(二零一八年：245,120,000港元)將於下列期間到期：

於二零一九年十二月三十一日，與中國及美國營運之附屬公司之未分派盈利有關之暫時差額總數分別為約229,772,000港元(二零一八年：217,455,000港元)及零港元(二零一八年：1,551,000港元)。本集團並無就暫時差額確認負債，原因為本集團能控制暫時差額的回撥時間，而該差額將不可能於可見未來回撥。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

34. SHARE CAPITAL

34. 股本

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股		
At 1 January 2018, 31 December	於二零一八年一月一日、		
2018, 1 January 2019 and	二零一八年十二月		
31 December 2019	三十一日、二零一九年		
	一月一日及二零一九年		
	十二月三十一日	5,000,000,000	500,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股		
At 1 January 2018, 31 December	於二零一八年一月一日、		
2018, 1 January 2019 and	二零一八年十二月		
31 December 2019	三十一日、二零一九年		
	一月一日及二零一九年		
	十二月三十一日	893,761,400	89,376

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the previous year.

本集團管理其資本以確保本集團內之實體將可持續經營，而持份者亦可透過優化債務及權益結餘取得最大回報。本集團的整體策略與去年無異。

The capital structure of the Group consists of cash and cash equivalents and total equity, comprising issued share capital, reserves, retained earnings and non-controlling interests. The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

本集團的資本架構包括現金及等同現金項目及權益總額，包括已發行股本、儲備、保留盈利及非控股權益。本公司董事每半年檢討一次資本架構。於進行檢討時，董事考慮資本成本及有關各類資本的風險。根據董事的建議，本集團將透過派付股息、發行新股及購回股份以及發行新債項或贖回現有債項，藉以平衡其整體資本架構。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

34. SHARE CAPITAL (Continued)

The net debt to equity ratio at the year end is as follows:

34. 股本(續)

於年終的負債淨額與權益比率如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Debt (note (a))	負債(附註(a))	270,635	324,702
Less: Restricted bank deposits	減：有限制銀行存款	(1,835)	(5,517)
Bank and cash balances	銀行及現金結餘	(262,252)	(250,606)
Net debt	負債淨額	6,548	68,579
Equity (note (b))	權益(附註(b))	1,007,955	957,860
Net debt to equity ratio	負債淨額與權益比率	0.6%	7.2%

Notes:

(a) Debt is defined as bank borrowings and lease liabilities (2018: bank borrowings) as detailed in notes 30 and 32 to the consolidated financial statements.

(b) Equity includes all capital and reserves of the Group.

The only externally imposed capital requirements for the Group are (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of its shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings. The Group receives reports from major shareholders and other connected persons on any changes in shares held by them to ensure the continuing compliance with the 25% limit throughout the year. As at 31 December 2019, 29.64% (2018: 29.64%) of the shares were in public hands. There have been no breaches in the financial covenants of any interest-bearing borrowings as at 31 December 2018 and 2019.

附註：

(a) 負債乃界定為銀行借款及租賃負債(二零一八年：銀行借款)，有關詳情載於綜合財務報表附註30及32。

(b) 權益包括本集團所有資本及儲備。

本集團唯一向外承擔之資本規定為(i)於聯交所之上市地位及具有不少於25%之公眾持股量；及(ii)遵守附於計息借款之財務契約。本集團從主要股東及其他關連人士收取有關彼等所持有的股份之任何變動的報告，以確保年內持續遵守25%的限制。於二零一九年十二月三十一日，29.64% (二零一八年：29.64%) 之股份由公眾持有。於截至二零一八年及二零一九年十二月三十一日止年度，概無違反任何計息借款之財務契約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

35. 本公司財務狀況表及儲備變動

(a) Statement of financial position of the Company

(a) 本公司財務狀況表

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司的投資	466,940	465,896
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	231	222
Bank and cash balances	銀行及現金結餘	117	140
		348	362
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	20	9
Due to subsidiaries	應付附屬公司款項	135,951	103,502
Financial guarantee contracts liabilities	財務擔保合約負債	15,089	24,920
		151,060	128,431
Net current liabilities	流動負債	(150,712)	(128,069)
NET ASSETS	資產淨值	316,228	337,827
Capital and reserves	資本及儲備		
Share capital	股本	89,376	89,376
Reserves	儲備	226,852	248,451
	35(b)		
TOTAL EQUITY	權益總額	316,228	337,827

Approved by the Board of Directors on 23 April 2020 and are signed on its behalf by:

經董事會於二零二零年四月二十三日批准，並由以下董事代表簽署：

Lee Yuen Fat
李遠發
Director
董事

Wong Wing Chuen
黃永銓
Director
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

35. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

35. 本公司財務狀況表及儲備變動(續)

(b) Reserve movement of the Company

(b) 本公司之儲備變動

		Share premium 股份溢價 HK\$'000 千港元	Share option reserve 購股權 儲備 HK\$'000 千港元	Retained profits 保留盈利 HK\$'000 千港元	Total 總數 HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	204,650	10	41,089	245,749
Lapse of share options	失效之購股權	—	(10)	10	—
Dividend paid	已付股息	—	—	(8,938)	(8,938)
Profit for the year	年內溢利	—	—	11,640	11,640
At 31 December 2018	於二零一八年十二月三十一日	204,650	—	43,801	248,451
At 1 January 2019	於二零一九年一月一日	204,650	—	43,801	248,451
Dividend paid	已付股息	—	—	(31,282)	(31,282)
Profit for the year	年內溢利	—	—	9,683	9,683
At 31 December 2019	於二零一九年十二月三十一日	204,650	—	22,202	226,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

36. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders 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) Merger reserve

The merger reserve represents the aggregate of (i) the nominal value of the shares issued by Ka Fung Metal Manufactory Company Limited on 18 January 2005 in exchange for the business of Ka Fung Metal Manufactory, an unincorporated partnership established in Hong Kong and controlled by Mr. Lee; and (ii) the nominal value of the shares issued by the Company in exchange for the entire shareholdings of Ka Shui (Holdings) Company Limited.

36. 儲備

(a) 本集團

本集團的儲備款項及相關變動均於綜合損益及其他全面收益表及綜合權益變動表呈列。

(b) 儲備之性質及目的

(i) 股份溢價

股份溢價乃指因按高於每股面值的價格發行股份而產生的溢價。根據開曼群島公司法，本公司的股份溢價賬的資金乃可分派予本公司的股東，惟緊隨股息建議分派之日後，本公司須有能力償還於日常業務過程中到期的債務。

(ii) 合併儲備

合併儲備指以下兩項的總和：(i) 嘉豐金屬製品廠有限公司於二零零五年一月十八日為換取嘉豐金屬製品廠（一間非按公司法註冊成立的合夥公司，在香港成立，並由李先生控制）之業務而發行的股份面值；及(ii)本公司為換取嘉瑞集團有限公司的全部股權而發行的股份面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

36. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(iii) Capital reserve

The capital reserve represents (i) the amount of minority interests in Ka Fung Metal Manufactory Company Limited and Ka Fung Metal Manufactory acquired by the Group; (ii) the adjustment of non-controlling interest arising from further acquisition of the equity interest up to 79.7% in Topanga Asia and up to 100% in Wuhu Lenka during the year ended 31 December 2015; and (iii) the adjustment of non-controlling interest arising from the deemed disposal of Topanga Asia.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d)(iii) to the consolidated financial statements.

(v) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(s) to the consolidated financial statements.

36. 儲備(續)

(b) 儲備之性質及目的(續)

(iii) 資本儲備

資本儲備指(i)本集團收購嘉豐金屬製品廠有限公司及嘉豐金屬製品廠少數股東權益的款額；(ii)於截至二零一五年十二月三十一日止年度因進一步收購勁亮嘉至79.7%及蕪湖聯嘉至100%股權而產生之非控股權益調整；及(iii)由視作出售勁亮嘉而導致非控股權益之調整。

(iv) 匯兌儲備

匯兌儲備包括來自換算海外業務財務報表時產生的所有匯兌差額。該等儲備根據綜合財務報表附註4(d)(iii)所示會計政策處理。

(v) 購股權儲備

購股權儲備指根據綜合財務報表附註4(s)所載按股權結算以股份支付的款項而採納的會計政策確認的授予本集團僱員的未行使購股權的實際或估計數目的公平值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

36. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(vi) Statutory reserve

The statutory reserve comprises the PRC statutory reserve fund which is non-distributable.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the statutory reserve fund reaches 50% of their registered capital. The statutory surplus reserve fund can be used to make up prior year losses or applied in conversion into capital.

(vii) Land revaluation reserve

The land revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for leasehold land in note 4(f) to the consolidated financial statements.

(viii) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(m) to the consolidated financial statements.

36. 儲備(續)

(b) 儲備之性質及目的(續)

(vi) 法定儲備

法定儲備包括不可分派的中國法定儲備基金。

中國規管外商投資企業的相關法律及條例規定，本公司的中國附屬公司須根據中國會計法例及條例計算的除稅後溢利10%轉撥至法定儲備基金，直至累計法定儲備基金總額達到註冊資本的50%為止。法定盈餘儲備基金可用來填補過往年度虧損或撥入資本。

(vii) 土地重估儲備

設立土地重估儲備乃根據綜合財務報表附註4(f)所載有關租賃土地而採納之會計政策。

(viii) 按公平值計入其他全面收益儲備之金融資產

按公平值計入其他全面收益儲備之金融資產包括於報告末期持有的按公平值計入其他全面收益之金融資產之公平值累計淨變動，乃根據綜合財務報表附註4(m)之會計政策處理。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

37. SHARE-BASED PAYMENTS

(a) Share Option Scheme

Pursuant to a resolution passed in the annual general meeting of the Company held on 19 May 2017, a new share option scheme ("2017 Scheme") was adopted.

The purpose of the 2017 Scheme is to (i) motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group. Eligible participants of the 2017 Scheme include (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the "Affiliate"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate. The 2017 Scheme became effective on 19 May 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

37. 以股權結算之款項

(a) 購股權計劃

根據於二零一七年五月十九日舉行的本公司股東週年大會通過的決議案，新購股權計劃（「二零一七計劃」）已獲採納。

二零一七計劃目的在於(i)鼓勵合資格參與者為本集團利益最大程度提升表現及效率；及(ii)吸引並挽留目前、日後或預期對本集團長遠業務發展有裨益的合資格參與者或與彼等保持持續的業務關係。二零一七計劃合資格參與者包括(i)本集團或本集團持有權益公司或該公司之附屬公司（「聯屬人士」）的任何董事、僱員、顧問、專家、客戶、供應商、代理、合夥人或諮詢人或承包商；或(ii)本集團或聯屬人士的任何董事、僱員、顧問、專家、客戶、供應商、代理、合夥人、諮詢人或承包商作為受益人的任何信託或作為全權信託對象的任何全權信託的受託人；或(iii)由本集團或聯屬人士的任何董事、僱員、顧問、專家、客戶、供應商、代理、合夥人、諮詢人或承包商實益擁有的公司。二零一七計劃於二零一七年五月九日起生效，除非另行註銷或修訂，此購股權計劃將自該日起十年內有效。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

37. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

The maximum number of unexercised share options currently permitted to be granted under the 2017 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2017 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$10 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after meeting certain performance targets or certain vesting period that may be set by the directors, and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the 2017 Scheme, if earlier.

37. 以股權結算之款項(續)

(a) 購股權計劃(續)

根據二零一七計劃，目前允許授予的未行使購股權的最高數目上限等於其行使後的任何時間的本公司已發行股本10%。於任何十二個月期間，可發行予二零一七計劃各合資格參與者的最高股份數目上限不得超過本公司任何時候的已發行股份之1%。任何進一步授予此上限之購股權必須於股東大會上獲股東批准。

向本公司董事、行政總裁或主要股東或彼等各自的任何聯繫人士授出購股權，須待獨立非執行董事事先批准後方可進行。此外，於任何十二個月期間內向本公司主要股東或獨立非執行董事或彼等的任何聯繫人士授予的任何購股權，倘超過本公司不時已發行股份的0.1%或總值(按授出日期本公司股份收市價計算)超過5,000,000港元者，須待股東於股東大會上批准後方可進行。

承授人支付合共10港元的象徵式代價後，邀約購股權之日起30日內授出購股權便屬獲得接納。獲授購股權的行使期由董事釐定，並符合由董事釐定的若干表現目標及歸屬期後開始，而屆滿日期不得遲於提出購股權繳約日期起計10年或二零一七計劃屆滿日期(以較早者為準)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

37. SHARE-BASED PAYMENTS (Continued)

(a) Share Option Scheme (Continued)

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

No share options have been granted under the 2017 Scheme since its adoption.

(b) Share Award Scheme

The Company adopted a share award scheme (the "Share Award Scheme") on 10 January 2013 ("Adoption Date") for a period of 10 years. The purpose and objective of the Share Award Scheme are to recognise the contributions by certain employees and persons of the Group and to provide them with incentives in order to retain them for the continued operation and development of the Group and to attract suitable personnel for further development of the Group. The Company has set up a Share Award Scheme Trust. Pursuant to the Share Award Scheme, new awarded shares may be allotted and issued to the independent trustee under general mandates granted or to be granted by the shareholders at general meetings of the Company from time to time and be held in trust for relevant participants until such shares are vested with the relevant participants in accordance with the provisions of the Share Award Scheme.

37. 以股權結算之款項(續)

(a) 購股權計劃(續)

購股權的行使價由董事釐定，惟不得低於以下最高者：(i)本公司股份於購股權授出日期在聯交所的收市價；(ii)股份於購股權授出日期前五個交易日在聯交所的平均收市價；及(iii)本公司股份於授出日期的面值。

購股權持有人無權獲派股息或於股東大會上投票。

自採納二零一七計劃後，概無根據該計劃授出購股權。

(b) 股份獎勵計劃

本公司於二零一三年一月十日(「採納日期」)採納股份獎勵計劃(「股份獎勵計劃」)，為期十年。股份獎勵計劃之目的及目標在表彰本集團若干僱員及人士之貢獻，並給予獎勵以挽留該等僱員及人士為本集團之持續經營和發展而努力，亦為本集團進一步發展吸引合適之人才。本公司已設立一個股份獎勵計劃信託。根據股份獎勵計劃，可根據股東於本公司之股東大會上已授出或不時授出之一般授權向獨立受託人配發及發行新獎勵股份，並以信託形式代有關參與者持有，直至有關股份根據股份獎勵計劃的條文歸屬於有關參與者為止。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

37. SHARE-BASED PAYMENTS (Continued)

(b) Share Award Scheme (Continued)

Subject to any early termination as may be determined by the Board of the Company, the Share Award Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date.

The maximum number of shares awarded under the Share Award Scheme shall not exceed 5% of the issued share capital of the Company as at the Adoption Date.

The maximum number of shares which may be awarded to a selected person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

As at 31 December 2019, the number of awarded shares which may be granted under the Share Award Scheme was 44,311,770 (2018: 44,311,770). For the year ended 31 December 2019, no awarded shares were granted pursuant to the Share Award Scheme (2018: Nil).

37. 以股權結算之款項(續)

(b) 股份獎勵計劃(續)

在本公司董事會可決定提早終止的規限下，股份獎勵計劃將由採納日期起十年期間有效及生效。

根據股份獎勵計劃授出的股份最高數目不得超過於採納日期本公司已發行股本的5%。

根據股份獎勵計劃向一名經甄選人士可能授出的股份最高數目不得超過於採納日期本公司已發行股本的1%。

於二零一九年十二月三十一日，按股份獎勵計劃可授出之獎勵股份為44,311,770股股份(二零一八年：44,311,770股股份)。於截至二零一九年十二月三十一日止年度，概無按股份獎勵計劃授出獎勵股份(二零一八年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash flows from operating activities

38. 綜合現金流量表附註

(a) 經營業務之現金流量

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profit from operations	經營溢利	113,677	139,220
Adjustments for:	已作出下列調整：		
Interest income	利息收入	(747)	(300)
Reversal of impairment losses on trade receivables	貿易應收款項減值虧損回撥	—	(764)
Impairment losses on trade receivables	貿易應收款項減值虧損	117	132
Bad debt written off	壞賬撇銷	491	655
Allowance for inventories	存貨撥備	15,868	18,890
Inventories written off	存貨撇銷	11,504	—
Net loss on disposal of property, plant and equipment	出售物業、機器及設備之淨虧損	4,956	486
Property, plant and equipment written off	物業、機器及設備撇銷	221	238
Impairment losses on property, plant and equipment	物業、機器及設備減值虧損	3,326	3,861
Gain on revaluation of land	土地價值重估之收益	(313)	(265)
Depreciation of property, plant and equipment	物業、機器及設備折舊	78,355	82,041
Depreciation on right-of-use assets	使用權資產折舊	10,428	—
Impairment losses on deposit paid	已付按金減值虧損	—	1,364
Impairment losses on investments in associates	於聯營公司投資減值虧損	—	1,652
Operating profit before movements in working capital	未計營運資金變動前的經營溢利	237,883	247,210
Increase in inventories	存貨增加	(1,295)	(19,864)
Increase in right of return assets	退回資產之權利增加	—	(111)
Decrease/(Increase) in restricted bank balance	有限制銀行結餘減少／(增加)	3,654	(2,283)
Decrease in trade receivables	貿易應收款項減少	34,204	32,796
(Increase)/Decrease in contract assets	合約資產(增加)／減少	(3,235)	7,505
(Increase)/Decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項(增加)／減少	(6,790)	24,675
Decrease in trade payables	貿易應付款項減少	(51,276)	(86,205)
(Decrease)/Increase in deposits received, other payables and accruals	已收按金、其他已付款項及應計費用(減少)／增加	(11,467)	10,780
Decrease in contract liabilities	合約負債減少	(484)	(11,112)
Increase in refund liabilities	退款負債增加	—	241
Cash generated from operations	經營所得現金	201,194	203,632
Income tax paid	已付所得稅	(30,372)	(13,272)
Interest paid on bank borrowings	已付銀行借款利息	(11,128)	(13,167)
Interest paid on lease liabilities	已付租賃負債利息	(377)	—
Net cash generated from operating activities	經營業務所得現金淨額	159,317	177,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Major non-cash transaction

Included in the additions of property, plant and equipment was an amount of approximately HK\$516,000 (2018: HK\$3,458,000) which was transferred from deposits paid for acquisition of property, plant and equipment.

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

38. 綜合現金流量表附註(續)

(b) 主要非現金交易

計入添置物業、機器及設備為約516,000港元(二零一八年: 3,458,000港元), 乃由預付購買物業、機器及設備的按金所轉入。

(c) 融資活動產生的負債對賬

下表詳述本集團融資活動所產生的負債變動(包括現金及非現金變動)。融資活動所產生的負債已經或將會於本集團綜合現金流量表內分類為融資活動現金流量。

	Impact on initial application of HKFRS 16 (note 3)								
	1 January 2019	Restated balance at 1 January 2019	Addition of leased properties	Cash Flows (Note)	Interest expenses	Exchange difference	31 December 2019		
	第16號之 於二零一九年								
	二零一九年 一月一日	影響 一月一日之 重列結餘	新增 租賃物業	現金流	利息開支	匯兌差額	二零一九年 十二月 三十一日		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	千港元	千港元	千港元	千港元	千港元	千港元	千港元		
Bank borrowings (note 30)	銀行借款(附註30)	324,702	—	324,702	—	(76,784)	11,128	—	259,046
Lease liabilities (note 32)	租賃負債(附註32)	—	11,749	11,749	3,829	(4,311)	408	(86)	11,589
Due from associates	應收聯營公司款項	(108)	—	(108)	—	92	—	—	(16)
Due to associates	應付聯營公司款項	3,257	—	3,257	—	(1,947)	—	(5)	1,305
		327,851	11,749	339,600	3,829	(82,950)	11,536	(91)	271,924

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

38. 綜合現金流量表附註(續)

(c) Reconciliation of liabilities arising from financing activities (Continued)

(c) 融資活動產生的負債對賬(續)

		1 January 2018	Cash Flows (Note)	Interest expenses	Exchange difference	31 December 2018
		二零一八年 一月一日	現金流量 (附註)	利息開支	匯兌差額	二零一八年 十二月 三十一日
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Bank borrowings (note 30)	銀行借款(附註30)	368,278	(56,325)	13,167	(418)	324,702
Due from associates	應收聯營公司款項	—	(108)	—	—	(108)
Due to associates	應付聯營公司款項	617	2,772	—	(132)	3,257
		368,895	(53,661)	13,167	(550)	327,851

Note: Included in cash flows was interest paid which was included in cash flows from operating activities.

附註：現金流量包含計入經營活動現金流量的已付利息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

38. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within operating cash flows	在經營現金流量之內	2,625	7,900
Within investing cash flows	在投資現金流量之內	660	—
Within financing cash flows	在融資現金流量之內	3,934	—
		7,219	7,900

These amounts relate to the following:

此等金額與下列各項有關：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Lease rental paid	已付租金	6,559	7,900
Payments for right-of-use assets	使用權資產付款	660	—
		7,219	7,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

39. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases its property under operating lease arrangements, with leases negotiated for a term of one to five years (2018: one to five years). The terms of the leases generally provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2018, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		2018 二零一八年 HK\$'000 千港元
Within one year	一年內	214
In the second to fifth year, inclusive	第二年至第五年(包括首尾兩年)	393
		607

Operating leases relate to factory owned by the Group leased to a retailer with lease terms of 5 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

39. 經營租賃承擔

本集團作為出租人

本集團按經營租賃安排出租其物業，租期為一年至五年(二零一八年：一年至五年)。租賃提供一般以現行市場情況作定期租金調整之條款。

於二零一八年十二月三十一日，本集團根據不可撤銷經營租賃而於下列期間到期的應收未來最低租賃款總額如下：

關於本集團擁有的工廠租賃予零售商之經營租賃，租賃期為五年。承租人無權在租賃期屆滿時購買該物業。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

39. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor (Continued)

At 31 December 2019, minimum lease payments receivable on leases are as follows:

		2019 二零一九年 HK\$'000 千港元
Within one year	一年內	112
In the second year	第二年	112
In the third year	第三年	112
In the fourth year	第四年	65
Total	總數	401

The Group as lessee

At 31 December 2018, the total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

		2018 二零一八年 HK\$'000 千港元
Within one year	一年內	5,818
In the second to fifth year, inclusive	第二年至第五年(包括首尾兩年)	10,585
		16,403

Operating lease payments represent rentals payable by the Group for certain of its office premises, factories, warehouses, staff quarters and office equipment. Leases for office premises, factories, warehouses, staff quarters and office equipment except one warehouse and certain factory premises are negotiated, and rentals are fixed, for a term of 2 months to 5 years.

39. 經營租賃承擔(續)

本集團作為出租人(續)

於二零一九年十二月三十一日，本集團應收最低租賃款項總額如下：

本集團作為承租人

於二零一八年十二月三十一日，本集團根據不可撤銷經營租賃的應付未來最低租賃款項總額如下：

經營租賃付款指本集團須就若干辦公室物業、工廠、貨倉、員工宿舍及辦公室設備支付的租金。辦公室物業、工廠、貨倉、員工宿舍及辦公室設備的租賃(一間貨倉及若干工廠物業除外)經協商而訂立，租金為固定而租期為兩個月至五年。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

39. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessee (Continued)

The Group regularly entered into short-term leases for warehouses, staff quarters and factories. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20. As at 31 December 2019, the outstanding lease commitments relating to these warehouses, offices and factories is HK\$24,000.

40. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

39. 經營租賃承擔(續)

本集團作為承租人(續)

本集團定期訂立倉庫、員工宿舍和工廠短期租賃。於二零一九年十二月三十一日，短期租賃投資組合為與附註20中披露的短期租賃支出相似的短期租賃投資組合。於二零一九年十二月三十一日，與該等倉庫辦公室和工廠之剩餘租賃承諾為 24,000港元。

40. 資本承擔

於報告期間完結日，本集團的資本承擔如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Commitment in respect of acquisition of property, plant and equipment (note)	收購物業、機器及設備承擔(附註)	47,321	26,292

Note: The amount represents the unpaid contractual commitment for the acquisition of property, plant and equipment after netting off with the deposits paid for acquisition of property, plant and equipment included in the consolidated statement of financial position.

附註：該款項為收購物業、機器及設備的未付合約承擔，並經扣除已計入綜合財務狀況表中就收購物業、機器及設備的已付按金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

41. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Purchase from an associate	向聯營公司購買	29	—
Purchase of machinery from an associate	向聯營公司購買機器	—	2,492
Purchase of machinery and machinery parts from and maintenance cost to a related company, Chit Shun Machinery Limited (note (i))	向關聯方公司捷迅機械設備有限公司購買機器、機器零部件及維修成本(附註(i))	—	6,260

Note:

- (i) Mr. Lee has joint control in the related company. These transactions are made between the Company's subsidiaries and the related company under a master agreement dated 7 December 2015 between the related company and the Company, and are continuing connected transactions under the Listing Rules.

On 29 March 2018, Mr. Lee disposed the interest in Chit Shun Machinery Limited and the transactions with Chit Shun Machinery Limited since then were no longer classified as related party or continuing connected transactions.

- (b) The above transactions were entered with the related parties on terms mutually agreed by individual parties. In the opinion of the directors of the Group, these related party transactions were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.
- (c) During the year, compensation paid by the Group to the key management personnel, which were the directors and chief executive officer of the Company, was disclosed in note 16 to the consolidated financial statements.

41. 關聯方交易

- (a) 除於綜合財務報表其他部份所披露的關聯人士交易及結餘外，年內本集團曾與關聯方進行以下交易：

附註：

- (i) 李先生對此關聯方公司有共同控制。此等交易由本公司之附屬公司及關聯公司按二零一五年十二月七日由關聯公司及本公司訂立之總協議而進行，並構成上市規則之持續關連交易。

於二零一八年三月二十九日，李先生出售捷迅機械設備有限公司權益及與捷迅機械設備有限公司之交易從此不再分類為關聯方或持續關連交易。

- (b) 上述交易均與關聯方按照各方互相協定的條款進行。本集團董事認為，該等關聯方交易乃根據一般商業條款於本集團日常業務的一般過程中進行。
- (c) 年內，本集團已付主要管理人員（為本公司董事及行政總裁）酬金乃於綜合財務報表附註16披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

42. EVENTS AFTER THE REPORTING PERIOD

- (a) On 23 April 2020, the Board of Directors proposed to declare a final dividend of HK2.0 cents (2018: HK3.5 cents) totaling approximately HK\$17,875,000 (2018: HK\$31,282,000) per ordinary share to its shareholders, as further disclosed in note 17 to the consolidated financial statements.
- (b) The outbreak of novel coronavirus near the end of 2019 in the PRC and the continuous spreading all other countries has serious disruption to the business and economic activities of the world. A series of precautionary and control measures have been implementing across the globe. The subsidiaries in the PRC has suspended operation in the first few weeks of February 2020 due the local government's measures to contain the virus, and gradually resumed its operation in mid February. The epidemic might have serious impact to the world's economy and the Group's business. The effect has not been reflected in these consolidated financial statements. Given the dynamic nature of the novel coronavirus, it is not practicable to provide a reasonable estimate of its impact on the Group's financial position, cash flows and operating results at the date on which these financial statements are authorised for issue. The Group will closely monitor its exposure to the risks and uncertainties in connection with the new epidemic.

42. 報告期後事項

- (a) 於二零二零年四月二十三日，董事會建議向股東宣派每股普通股2.0港仙（二零一八年：3.5港仙）共為約17,875,000港元（二零一八年：31,282,000港元）之末期股息，並進一步披露於綜合財務報表附註17。
- (b) 接近二零一九年底，中國爆發新型冠狀病毒疫情，且疫情於其他所有國家持續蔓延，嚴重干擾全球營商及經濟活動。全球已實施一系列預防及監控措施。由於當地政府採取了遏制該病毒的措施，中國的附屬公司已於二零二零年二月首數星期暫停營運，並於二月中旬逐步恢復營運。疫情可能對世界經濟及本集團業務產生嚴重影響。有關影響並未在此等綜合財務報表中反映。鑑於新型冠狀病毒疫情性質多變，在授權刊發此等財務報表之日，就其對本集團財務狀況、現金流量及經營業績的影響提供合理估計乃不切實際。本集團將密切監察其面對新疫情的風險及不確定性。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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

43. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 April 2020.

43. 比較數字

本集團已於二零一九年一月一日採用經修訂的追溯法初步應用香港財務報告準則第16號。在這種方法下，不重列比較信息。會計政策變更的進一步詳情在附註3中披露。

44. 批准綜合財務報表

本綜合財務報表已於二零二零年四月二十三日獲董事會批准並授權刊發。

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

Year ended 31 December

截至十二月三十一日止年度

		2015 二零一五年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
RESULTS	業績					
Revenue	收入	1,539,344	1,742,476	1,738,738	1,852,329	1,554,364
Profit/(Loss) before tax	除稅前溢利／(虧損)	(71,756)	106,154	81,993	125,907	101,331
Income tax expense	所得稅開支	(5,410)	(46,252)	(45,862)	(12,505)	(14,569)
Profit/(Loss) for the year	年內溢利／(虧損)	(77,166)	59,902	36,131	113,402	86,762
Attributable to:	以下人士應佔權益：					
— Owners of the Company	— 本公司權益持有人	(63,489)	59,243	33,998	113,556	88,705
— Non-controlling interests	— 非控股權益	(13,677)	659	2,133	(154)	(1,943)
		(77,166)	59,902	36,131	113,402	86,762

As at 31 December

於十二月三十一日

		2015 二零一五年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	1,791,602	1,865,747	1,768,096	1,719,695	1,635,386
Total liabilities	總負債	(1,060,102)	(1,094,240)	(901,453)	(761,835)	(627,431)
Net assets	淨資產	731,500	771,507	866,643	957,860	1,007,955



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