

TENGY

浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd

(a joint stock company established in the People's Republic of China with limited liability)
(於中華人民共和國成立之股份有限公司)

Stock code 股份代號 : 1527

Annual Report
2019 年報

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Bian Yu (*Chairman*)

Mr. Bian Weican

Ms. Bian Shu

Non-executive Directors

Mr. Bian Jianguang

Mr. Zhu Xian Bo (Appointed on 31 May 2019)

Mr. Chen Jiancheng

Independent Non-executive Directors

Mr. Li Jiannan

Mr. Fung Kui Kei

Mr. Zhang Bing

SUPERVISORS

Mr. Chen Xinhua (*Chairman*)

Mr. Fu Jun

Mr. Fang Zhiguo

JOINT COMPANY SECRETARIES

Mr. Wong Hon Kit

Ms. Shen Qiong

AUDIT COMMITTEE

Mr. Fung Kui Kei (*Chairman*)

Mr. Li Jiannan

Mr. Zhang Bing

董事會

執行董事

邊宇先生 (*主席*)

邊偉燦先生

邊妹女士

非執行董事

邊建光先生

祝賢波先生 (於二零一九年五月三十一日獲委任)

陳建誠先生

獨立非執行董事

鄺建楠先生

馮鉅基先生

張炳先生

監事

陳新華先生 (*主席*)

傅均先生

方治國先生

聯席公司秘書

王漢傑先生

沈瓊女士

審核委員會

馮鉅基先生 (*主席*)

鄺建楠先生

張炳先生

Corporate Information

公司資料

NOMINATION COMMITTEE

Mr. Zhang Bing (*Chairman*)
Mr. Fung Kui Kei
Ms. Bian Shu

REMUNERATION COMMITTEE

Mr. Li Jiannan (*Chairman*)
Mr. Chen Jiancheng
Mr. Zhang Bing

AUTHORISED REPRESENTATIVES

Mr. Bian Yu
Mr. Wong Hon Kit

AUDITOR

Zhonghui Anda CPA Limited

LEGAL ADVISERS TO OUR COMPANY

Michael Li & Co. (As to Hong Kong Law)
Zhejiang Confuway Law Firm (As to PRC Law)

HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

TENGY Industrial Park, Paitou Town,
Zhuji City, Zhejiang Province,
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1201, 12th Floor,
Chung Ying Building,
20 Connaught Road West,
Sheung Wan, Hong Kong

提名委員會

張炳先生 (主席)
馮鉅基先生
邊妹女士

薪酬委員會

鄺建楠先生 (主席)
陳建誠先生
張炳先生

授權代表

邊宇先生
王漢傑先生

核數師

中匯安達會計師事務所有限公司

本公司的法律顧問

李智聰律師事務所 (香港法律)
浙江儒毅律師事務所 (中國法律)

中國總部及註冊辦事處

中國
浙江省諸暨市
牌頭鎮天潔工業園區

香港主要營業地點

香港上環
干諾道西20號
中英大廈
12樓1201室

Corporate Information

公司資料

PRINCIPAL BANKERS

Bank of China Zhuji Sub-branch
102 Jiyang Road
Zhuji City
Zhejiang Province
The PRC

Industrial and Commercial Bank of China Zhuji Sub-branch
158 Jiyang Road
Zhuji City
Shaoxing City
The PRC

China Zheshang Bank Co., Ltd. Zhuji Sub-branch
38 Jiangdong Road
Zhuji City
Zhejiang Province
The PRC

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.tengy.com

STOCK CODE

1527

主要往來銀行

中國銀行諸暨支行
中國
浙江省
諸暨市
暨陽路102號

中國工商銀行諸暨支行
中國
紹興市
諸暨市
暨陽路158號

浙商銀行股份有限公司諸暨支行
中國
浙江省
諸暨市
江東路38號

H股過戶登記處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心
54樓

公司網站

www.tengy.com

股份代號

1527

Chairman's Statement 主席報告



On behalf of the Board (“**Board**”) of Directors (“**Directors**”, each being a “**Director**”), I am pleased to announce that Zhejiang Tengy Environmental Technology Co., Ltd (“**Company**” or “**Tengy Environmental**”) and its subsidiaries (collectively the “**Group**”) recorded solid financial results for the year ended 31 December 2019 (“**Year**”).

The Group is a well-established integrated atmospheric pollution control solution provider, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries. The Group is with over 21 years of industry experience and continue to innovate in industrial technologies.

The Group’s operating income during the Year decreased by approximately 15.4% to approximately RMB726.6 million, while the profit before tax during the Year decreased by approximately 2.8% compared to the corresponding period of last year, to approximately RMB45.1 million. Meanwhile, the profit attributable to shareholders of the Company (“**Shareholders**”, each being a “**Shareholder**”) was approximately RMB34.3 million, representing an increase of approximately 9.9% compared to the corresponding period of last year.

本人謹代表董事（「**董事**」）會（「**董事會**」）欣然宣佈浙江天潔環境科技股份有限公司（「**本公司**」或「**天潔環境**」）及其附屬公司（統稱為「**本集團**」）於截至二零一九年十二月三十一日止年度（「**本年度**」）錄得穩健的財務業績。

本集團為著名的綜合大氣污染防治解決方案供應商，主要專注於顆粒物的排放控制，在多個行業為客戶提供特大型除塵器。本集團擁有超過21年的行業經驗且在行業技術方面持續追求創新。

本集團於本年度的營業收入減少約15.4%至約人民幣726.6百萬元，而本年度的稅前溢利則較去年同期減少約2.8%至約人民幣45.1百萬元。同時，本公司股東（「**股東**」）應佔溢利約為人民幣34.3百萬元，較去年同期增加約9.9%。

Chairman's Statement

主席報告

Approximately 81% of the revenue for the Year of the Group is from the sales of electrostatic precipitator (approximately 66%) and bag filter precipitator (approximately 15%), amounting to approximately RMB458.9 million and approximately RMB101.8 million respectively.

The Group believes that, with its leveraging years of industry experience and continual innovation in industrial technologies, the Group possesses a competitive advantage over existing market competitors as well as new entrants in new projects, and also can obtain more new projects from customers in the national electricity industries and also from other industries due to its enhanced reputation as reliable atmospheric pollution control solution provider.

From 2018 to 2019, China's environmental protection efforts have been further strengthened by strictly control the emission of air pollutants and by rolling out a stringent accountability system. Up to now, almost all provinces and cities in China have promulgated relevant policies, financial support or project management plans for ecological environment protection, providing strong support for China's comprehensive promotion of the environmental protection industry.

With increasingly stringent environmental protection inspection, the environmental protection equipment which does not meet the requirements must be upgraded and modified immediately, which in turn will give significant rise to a certain demand for precipitators.

Looking forward, more effort will be put by the Group to enhance its research and development capabilities and to actively seek appropriate acquisition projects, to expand its capabilities of research and development, manufacturing and sales, as well as to access new domestic and international markets.

本年度，本集團約81%的收益來自靜電除塵器（約66%）及袋式除塵器（約15%）的銷售，分別為約人民幣458.9百萬元及約人民幣101.8百萬元。

本集團相信，憑著多年的行業經驗且在行業技術方面持續追求創新，本集團在爭取新項目時較現有市場競爭對手以及新入行者更具競爭優勢，再加上其作為可靠大氣污染防治解決方案供應商日益提高的聲譽，本集團可獲取更多來自國家電力企業以及其他行業客戶的新項目。

二零一八至二零一九年，我國的環保力度進一步加大，嚴格控制氣體污染物排放量，並推出嚴格問責制度。截至目前，我國幾乎所有的省市，均已出台生態環境保護相關政策、資金支持或專案管理方案，為我國全面推進環保產業提供有力的支援。

在日趨嚴格的環保督查力度下，尚未符合要求的環保設備勢必加快更新改造，從而大幅提高對除塵設備的需求。

展望未來，本集團將繼續積極提升研發實力並積極尋找合適的收購項目，從而擴張本集團的研發、製造及銷售能力，以及進入新的國內和國際市場。

Chairman's Statement 主席報告

The Group believes that its established customer base in the PRC and its exposure to overseas markets could help it lay a solid foundation for future expansion in both domestic and overseas markets of the Group, and enable it to become the leading player in the atmospheric pollution control solution industry.

Last, on behalf of the Board, I would like to thank the management team and employees for their tireless efforts and I sincerely thank the Shareholders and investors for their continuing trust in and support to the Group.

The Group will continue to seize market opportunities, protect the blue sky and clear water and build a century-lasting Tengy!

本集團相信，本集團多年來在中國建立的客戶基礎及接觸海外市場的經驗，有助本集團奠下日後在國內外市場擴充的穩固基礎，並使本集團成為大氣污染防治解決方案行業的尖端。

最後，本人謹代表董事會，衷心感謝管理團隊及僱員的不懈努力，以及各股東及投資者一直以來對本集團的信任與支持。

本集團將繼續把握市場機遇，保護藍天碧水，打造百年天潔！

Financial Highlights 財務摘要

Year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	Change 變動
Results	業績			
Revenue	收益	726,647	858,817	(15.4)%
Profit before tax	稅前溢利	45,114	46,408	(2.8)%
Income tax expense	所得稅開支	(10,825)	(15,172)	(28.7)%
Profit and total comprehensive income for the year	年內溢利及全面收入總額	34,289	31,236	9.8%
Earnings per share attributable to ordinary equity holders of the parent	母公司普通權益持有人應佔每股盈利			
- For profit for the year	一年內溢利	0.25	0.23	8.7%

As at 31 December 於十二月三十一日				
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	Change 變動
Results	業績			
Total assets	資產總值	1,598,680	1,504,288	6.3%
Net current assets	流動資產淨值	589,241	557,353	5.7%
Total assets less current liabilities	資產總值減流動負債	755,515	721,226	4.8%
Total liabilities	負債總額	843,165	783,062	7.7%
Total equity	權益總額	755,515	721,226	4.8%

As at 31 December 於十二月三十一日				
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	
Financial Statistics	財務數據			
Current ratio <i>(Note 1)</i>	流動比率 <i>(附註1)</i>	1.7	1.7	
Gearing ratio <i>(Note 2)</i>	資本負債比率 <i>(附註2)</i>	11.5%	12.8%	
Inventory turnover days (days) <i>(Note 3)</i>	存貨周轉天數(天) <i>(附註3)</i>	197.3	164.9	
Trade receivables turnover days (days) <i>(Note 4)</i>	貿易應收款項周轉天數(天) <i>(附註4)</i>	300.1	211.4	
Trade payables turnover days (days) <i>(Note 5)</i>	貿易應付款項周轉天數(天) <i>(附註5)</i>	194.6	172.4	

Financial Highlights

財務摘要

Notes:

1. Current ratio = current assets/current liabilities
2. Gearing ratio = (total bank loan – cash and cash equivalents)/total equity x 100%
3. Inventory turnover days = 365 days/(costs of sales/average balance of inventory (net off impairment))
4. Trade receivables turnover days = 365 days/(revenue/average balance of trade receivables balance (net off impairment))
5. Trade payables turnover days = 365 days/(cost of sales/average trade payables balance)

附註：

1. 流動比率 = 流動資產 / 流動負債
2. 資本負債比率 = (銀行貸款總額 - 現金及現金等價物) / 權益總額 x 100%
3. 存貨周轉天數 = 365天 / (銷售成本 / 存貨平均結餘 (扣除減值))
4. 貿易應收款項周轉天數 = 365天 / (收益 / 貿易應收款項平均結餘 (扣除減值))
5. 貿易應付款項周轉天數 = 365天 / (銷售成本 / 貿易應付款項平均結餘)

Management Discussion and Analysis

管理層討論及分析

OVERVIEW

The Group is a well-established integrated atmospheric pollution control solution provider, with a primary focus on particulate emission control by offering mega-sized precipitators to customers in various industries. The Group has years of industry experience and record of continual innovation in industrial technologies.

During the Year, the Group generated its revenue primarily from (i) sales of environmental protection equipment; (ii) sales of materials; and (iii) rendering of services.

The Group's sales of environmental protection equipment represented tailor-made and integrated atmospheric pollution control solutions offered by the Group to its customers, comprising engineering design, equipment procurement and manufacturing, supervision of installation and commissioning, customer training, and repair and maintenance services provided to its customers on a project basis. During the Year, the Group mainly offered three types of precipitators: electrostatic precipitators, bag filter precipitators and electrostatic-bag composite precipitators.

The Group's sales of materials represented sales of materials, including raw materials, spare parts and components and scrap materials to related parties or independent third parties.

The Group's rendering of services represented its technology consultancy services provided to its customers on a stand-alone basis, which include repair and replacement, and on-site engineering and maintenance services for those projects which were not constructed by the Group.

Precipitators are widely installed at coal-fired power plants, metallurgical plants, paper mills and other industrial production plants. As such, the Group has an extensive range of customers including the project owners of power plants and industrial production plants, or contractors who undertake the construction work of power plants and industrial production plants.

概述

本集團為著名的綜合大氣污染防治解決方案供應商，主要專注於顆粒物的排放控制，在多個行業為客戶提供特大型除塵器。本集團擁有多年的行業經驗且在行業技術方面持續追求創新。

本年度，本集團的收益主要產生自(i)銷售環保設備；(ii)銷售材料；及(iii)提供服務。

本集團銷售環保設備指本集團為客戶提供的度身定製的綜合大氣污染防治解決方案，包括按項目向客戶提供工程設計、設備採購及製造、指導安裝及調試、客戶培訓及維修與維護服務。本年度，本集團主要提供三種除塵器：靜電除塵器、袋式除塵器及電袋複合除塵器。

本集團銷售材料指向關聯方或獨立第三方銷售的材料，包括原材料、備件和部件及廢料。

本集團提供服務指本集團按獨立基準向客戶提供技術諮詢服務，包括向並非由本集團建造的項目提供維修及更換，以及現場工程及維護服務。

由於除塵器已在燃煤電廠、冶金廠、造紙廠及其他工業生產廠房廣泛安裝，因此，本集團的客戶群極為廣泛，包括發電廠及工業生產廠房的項目擁有人，或承包發電廠及工業生產廠房的建造工程的承包商。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

As one of the largest economies in the world, numerous environmental protection policies have been introduced in the PRC. Following the successive promulgation of related laws and regulations such as the “Ten Requirements Controlling Air Pollution”, China’s environmental protection industry revolution has continued to deepen, making the environmental protection industry to be one of China’s key strategic emerging industries with boundless prospects for development.

From 2018 to 2019, China’s environmental protection efforts have been further strengthened. Environmental protection policies and measures have been extended from administrative means to legal, administrative and economic means, which has fully mobilized the proactiveness and initiatives of third parties for pollution control. Market-oriented approach such as environmental protection taxes and sewage permits have been introduced successively. Given the increasingly stringent environmental protection inspection in the PRC, the pace of upgrade and transformation of environmental equipment, which are not in line with the requirements, will surely speed up, creating certain demands for dust-removal equipment.

As China’s key strategic industries, governments at all levels throughout the country also attach great importance to environmental protection industries in provinces and cities, and actively promote energy saving, emission reduction and environmental governance works. For example, Zhejiang Province issued the “Overall Plan for the Reform of Eco-civilization System in Zhejiang Province” (《浙江省生態文明體制改革總體方案》) in July 2017; Shaanxi Province issued the “13th Five-Year Plan for the Protection of Ecological Environment in Shaanxi Province” (《陝西省「十三五」生態環境保護規劃》) in October 2017; Beijing issued the “Administrative Measures of Special Funds for Energy Saving and Emission Reduction and Environmental Protection Projects in Beijing” (《北京市節能減排及環境保護專項資金管理辦法》) in June 2018; and Jiangsu Province introduced the “Three-year Construction Plan for Environmental Infrastructure in Jiangsu Province (2018-2020)” (《江蘇省環境基礎設施三年建設方案(2018-2020年)》) in March 2019.

業務回顧

作為世界最大經濟體之一，中國環保政策密集出台。伴隨著「大氣十條」等相關法規的陸續出台，我國環保產業革命持續深化，使環保產業成為我國重要戰略性新興產業之一，具有極大的發展前景。

二零一八至二零一九年，我國的環保力度進一步加大，環保政策措施由行政手段向法律的、行政的和經濟的手段延伸，第三方治理污染的積極性和主動性被充分調動起來。環保稅、排污許可證等市場化手段陸續推出。在我國日趨嚴格的環保督查力度下，尚未符合要求的環保設備勢必加快更新改造，催生出對除塵設備一定的需求。

作為我國戰略性重點產業，全國各級政府對省市的環保產業也高度重視，紛紛積極推動節能減排和環境治理工作。如二零一七年七月，浙江省發佈《浙江省生態文明體制改革總體方案》；二零一七年十月，陝西省印發《陝西省「十三五」生態環境保護規劃》；二零一八年六月，北京發佈《北京市節能減排及環境保護專項資金管理辦法》；二零一九年三月，江蘇省推出《江蘇省環境基礎設施三年建設方案(2018-2020年)》等等。

Management Discussion and Analysis

管理層討論及分析

Up to now, almost all provinces and cities in China have promulgated relevant policies, financial support or project management plans for ecological environment protection, providing strong support for China's comprehensive promotion of the environmental protection industry.

The Group believes that leveraging on its track record and advanced technologies together with its stable workplaces and staff, its ability to secure new projects will be improved.

Moreover, the Group has completed substantial orders in respect of precipitators related works for different state-owned and private enterprises in 2019. This laid a solid foundation for the Group to secure orders in the environmental protection industry.

For the Year, the revenue and total comprehensive income of the Group amounted to approximately RMB726.6 million and approximately RMB34.3 million respectively. During the Year, the Group's gross profit amounted to approximately RMB125.3 million, representing a decrease of approximately 11.3% as compared with approximately RMB141.2 million of the corresponding period of last year; while the Group's gross margin increased by approximately 16.4% from last year to approximately 17.2%. The increase in the gross margin for the Year of the Group was mainly attributable to the decrease in the price of raw materials of the products produced by the Group during the Year.

For the Year, the value of the Group's new contracts (which represents the aggregate value of the contracts it entered into during a specified period) was approximately RMB790 million. As at 31 December 2019, the Group's backlog (including applicable value-added tax) (which represents the total estimated contract value of work that remains to be completed pursuant to outstanding contracts as of a certain date and assuming performance in accordance with the terms of the contract) was approximately RMB2,231 million.

截至目前，我國幾乎所有的省市，均已出台生態環境保護相關政策、資金支持或專案管理方案，為我國全面推進環保產業提供有力的支援。

本集團相信，憑著以往的業績與先進的技術，加上穩定的工作場所和工作人員，本集團爭取新項目的能力將有所提高。

另外，在二零一九年，本集團為不同的國有企業和私人企業完成了大量的除塵器訂單工作，為在環保產業奠定了結實的基礎。

本年度，本集團的收益及全面收入總額分別為約人民幣726.6百萬元及約人民幣34.3百萬元。本年度，本集團毛利較去年同期的約人民幣141.2百萬元減少約11.3%至約人民幣125.3百萬元而本集團毛利率較去年的約16.4%增加至約17.2%。本集團於本年度的毛利率增加，主要由於本集團於本年度生產的產品原材料價格下跌。

本年度，本集團新合同的價值（即本集團於特定期間訂立的合同總值）約為人民幣790百萬元。於二零一九年十二月三十一日，本集團的未完成合同額（包括適用增值稅）（指根據截至某一特定日期的未完成合同得出的有待完成工程的估計合同總值及根據合同條款作出的假設表現）約為人民幣2,231百萬元。

Management Discussion and Analysis

管理層討論及分析

The Group's profit before tax for the Year decreased to approximately RMB45.1 million while profits attributable to owners of the Company increased to approximately RMB34.3 million, representing a year-on-year decrease of approximately 2.8% and increase of approximately 9.9% respectively. The aforesaid increase in profits attributable to owners of the Company is mainly due to the decrease in the income tax during the Year to approximately RMB10.8 million.

At the time of raising the amount of product sales, the Group spent great effort in enhancing cost management to make its products and solutions more cost competitive. The atmospheric pollution control solutions offered by the Group mainly comprise the atmospheric pollution control devices designed and manufactured on its own. The Group possesses the qualifications and expertise in manufacture and supply of the key atmospheric pollution control system of the projects it undertakes based on customised design proposals. The Group is dedicated to improving its manufacturing process and management system by managing the product quality and operation, reducing energy consumption and assessing the environmental impact in accordance with international standards. The quantitative management, environmental management and quality management systems of the Group were awarded with a number of ISO certificates. These systems help the company in estimating costs, smoothening project operations and improving operating efficiency.

As at 31 December 2019, the Group had 35 registered patents (including 3 invention patents and 32 utility model patents) in the PRC. Based on its strong design and engineering capabilities, the Group primarily provides comprehensive atmospheric pollution control solutions to its customers. The Group offers a wide range of models of electrostatic precipitators which support electricity generators with capacity spanning from 6MW to over 1,240MW. The Group is one of the few manufacturers in the PRC which provides electrostatic precipitators for single generator unit with capacity of 1,000MW or above.

本集團於本年度的稅前溢利減少至約人民幣45.1百萬元，而本公司擁有人應佔溢利則增加至約人民幣34.3百萬元，分別按年減少約2.8%及增加約9.9%。上述本公司擁有人應佔溢利增加乃主要由於本年度所得稅減少至約人民幣10.8百萬元所致。

在提高產品銷售額的同時，本集團大力加強成本管理，使產品及解決方案更具成本競爭力。本集團提供的大氣污染防治解決方案主要包括自主設計及製造的大氣污染防治裝置。本集團擁有根據訂制設計方案製造及供應所承接項目的主要大氣污染防治系統的資歷及專長。本集團致力於改善生產流程及管理系統，按照國際標準管理產品質量及營運、減少所耗用能源及進行環境影響評估。本集團的計量管理、環保管理及質量管理系統獲發多項ISO合格證。該等系統有助公司估算成本，確保項目順利實施以及提升經營效率。

於二零一九年十二月三十一日，本集團在中國擁有35項註冊專利（包括3項發明專利及32項實用新型專利）。基於本集團強大設計及工程能力，本集團主要向客戶提供全面大氣污染防治解決方案。本集團提供的靜電除塵器型號繁多，支持介乎6兆瓦至逾1,240兆瓦的發電機。本集團是中國少數能為1,000兆瓦或以上的單一發電裝置提供靜電除塵器的製造商。

Management Discussion and Analysis

管理層討論及分析

As at 31 December 2019, the Group maintained a total of 550 full-time employees (2018: 617). The remuneration payable to the Group's employees includes basic wages, bonuses and other staff benefit. The Group conducts periodic performance reviews for the employees and determine their remuneration based on factors including qualifications, contributions, years of experience and performance.

於二零一九年十二月三十一日，本集團共有550名全職僱員（二零一八年：617名）。應付予本集團僱員的薪酬包括基本工資、花紅及其他員工福利。本集團定期檢討僱員的表現，按僱員的資歷、貢獻、年資及表現等因素釐定他們的薪酬。

FINANCIAL REVIEW

Revenue

The revenue of the Group amounted to approximately RMB726.6 million for the Year representing a decrease of approximately 15.4% from approximately RMB858.8 million of the corresponding period of last year. The decrease was mainly due to the fact that some large-scale projects of the Group will be completed in 2020 and the revenue of these projects are only recognized in 2020.

The following table sets forth a breakdown of the Group's revenue by segment and each item as a percentage of revenue for the respective years indicated:

財務回顧

收益

本集團的收益由去年同期的約人民幣858.8百萬元減少約15.4%至本年度的約人民幣726.6百萬元。有關減少乃主要由於本集團若干大規模項目將於二零二零年竣工，而該等項目收益僅於二零二零年確認。

下表載列所示各年度本集團按分部劃分的收益明細及各項目佔收益的百分比：

		Year ended 31 December 截至十二月三十一日止年度			
		2019 二零一九年		2018 二零一八年	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
		(Audited) (經審核)		(Audited) (經審核)	
Revenue	收益				
Sales of environmental protection equipment	銷售環保設備	696,284	96	848,815	98
Sales of materials	銷售材料	10,596	1	8,002	1
Rendering of services	提供服務	19,767	3	2,000	1
Total	總計	726,647	100	858,817	100

Management Discussion and Analysis

管理層討論及分析

Revenue generated from sales of environmental protection equipment of the Group amounted to over 96% of its total revenue. Depending on the specifications and requirements of its customers, the Group may provide an integrated set of atmospheric pollution control devices comprising precipitators, desulfurisation system and/or denitrification system, or only provide one type of the said atmospheric pollution control devices on a stand-alone basis towards new installation projects or upgrading or modification projects. A majority of the Group's sales of environmental protection equipment are related to the manufacturing, installation and sales of electrostatic precipitators.

本集團銷售環保設備產生的收益佔總收益達96%以上。視乎客戶的規格及要求，本集團可為新安裝項目或升級或改造項目提供一整套大氣污染防治裝置，包括除塵器、脫硫系統及／或脫硝系統，或只單獨提供上述一種大氣污染防治裝置。本集團大部分銷售環保設備與製造、安裝及銷售靜電除塵器有關。

The following table sets forth a further revenue breakdown of sales of environmental protection equipment by types of atmospheric pollution control solutions for the respective years indicated:

下表載列所示各年度按大氣污染防治解決方案種類劃分的銷售環保設備的進一步收益明細：

		Year ended 31 December 截至十二月三十一日止年度			
		2019 二零一九年		2018 二零一八年	
		RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
		(Audited) (經審核)		(Audited) (經審核)	
Environmental protection equipment	環保設備				
Ash removal and transfers	清除及轉移灰塵				
– Electrostatic precipitator	– 靜電除塵器	458,886	66	537,173	63
– Electronstatic-bag composite precipitator	– 電袋複合除塵器	78,916	11	132,711	16
– Bag filter precipitator	– 袋式除塵器	101,844	15	71,093	8
– Others (e.g. Pneumatic ash conveying system)	– 其他 (如氣力輸灰系統)	3,481	1	23,342	3
– SO ₂ and NO _x emission reduction (desulfurisation and denitrification devices)	– 減少二氧化硫及氮氧化物排放 (脫硫及脫硝裝置)	53,157	7	84,496	10
		696,284	100	848,815	100

Management Discussion and Analysis

管理層討論及分析

The Group's revenue for the Year was mainly generated from sales of electrostatic precipitator and electronstatic-bag composite precipitator. During the Year, as compared with the corresponding period of last year, the revenue derived from sales of electrostatic precipitator and electronstatic-bag composite precipitator were decreased by approximately RMB78.3 million and approximately RMB53.8 million respectively while the revenue derived from sales of bag filter precipitator was increased by approximately RMB30.8 million.

With the experience in delivery of new installation projects, the Group also provided large scale upgrading and modification projects for power plants and other industries. The following table sets forth a revenue breakdown of sales of environmental protection equipment by types of new installation project as well as upgrading/modification project for the respective years indicated:

本集團於本年度的收益主要來自銷售靜電除塵器及電袋複合除塵器。於本年度，與去年同期相比，來自銷售靜電除塵器及電袋複合除塵器的收益分別減少約人民幣78.3百萬元及約人民幣53.8百萬元，而來自銷售袋式除塵器的收益增加約人民幣30.8百萬元。

憑藉有關新安裝項目的交付經驗，本集團亦為發電廠及其他行業提供大規模升級及改造項目。下表載列所示各年度按新安裝項目以及升級／改造項目類型劃分的銷售環保設備的收益明細：

		Year ended 31 December 截至十二月三十一日止年度			
		2019 二零一九年		2018 二零一八年	
		RMB'000 人民幣千元 (Audited) (經審核)	% %	RMB'000 人民幣千元 (Audited) (經審核)	% %
Revenue	收益				
Newly installed	新安裝	570,106	82	779,208	92
Upgrading/modification	升級／改造	126,178	18	69,607	8
		696,284	100	848,815	100

Management Discussion and Analysis

管理層討論及分析

Cost of sales

The Group's costs incurred in sales of environmental protection equipment principally comprise material costs, staff costs, depreciation and overhead costs. The Group's major raw materials used in the manufacturing process of ash removal and transfer devices and desulfurisation and denitrification devices are steel, electrical instruments, filter bags and others.

The cost of sales of the Group amounted to approximately RMB601.3 million for the Year representing a decrease of approximately 16.2% from approximately RMB717.6 million of the corresponding period of last year.

Gross profit and gross margin

The following table sets forth the breakdown of gross profit and gross margin of the Group (stated as a percentage of revenue) for the respective years indicated:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 (Audited) (經審核)	2018 二零一八年 (Audited) (經審核)
Gross profit (RMB'000)	毛利(人民幣千元)	125,314	141,240
Gross margin (%)	毛利率(%)	17.2%	16.4%

The Group's gross profit of the Year amounted to approximately RMB125.3 million, representing a decrease of approximately RMB15.9 million or 11.3% as compared with approximately RMB141.2 million of the corresponding period of last year. The gross margin of the Group increased to approximately 17.2% for the Year. The increase in gross margin of the Group was attributable to the decrease in the price of raw materials of the products produced by the Group during the Year.

銷售成本

本集團銷售環保設備所產生的成本主要包括材料成本、員工成本、折舊及經常費用成本。本集團用於清除及轉移灰塵裝置以及脫硫及脫硝裝置的製造過程的主要原材料為鋼材、電力儀器、過濾袋及其他。

本集團的銷售成本由去年同期的約人民幣717.6百萬元減少約16.2%至本年度的約人民幣601.3百萬元。

毛利及毛利率

下表載列於所示各年度本集團的毛利及毛利率(以佔收益的百分比呈列)明細:

本集團的毛利由去年同期的約人民幣141.2百萬元減少約人民幣15.9百萬元或11.3%至本年度的約人民幣125.3百萬元。本集團本年度的毛利率增加至約17.2%。本集團毛利率增加主要由於本集團生產的產品原材料價格於本年度下跌所致。

Management Discussion and Analysis

管理層討論及分析

Other income and gains

Other income and gains of the Group during the Year increased to approximately RMB11.3 million, representing an increase of approximately 205.4% from approximately RMB3.7 million of the corresponding period of last year. Such increase is mainly attributable to the following:

- (i) There was a reversal of impairment loss on bill receivables for the Year amounting to approximately RMB2.3 million; and
- (ii) Compared with last year, the income from Government grants in 2019 increased by approximately RMB5.7 million.

Selling and distribution expenses

The Group's selling and distribution expenses of the Year amounted to approximately RMB20.9 million, representing an increase of approximately RMB0.2 million as compared with approximately RMB20.7 million of the corresponding period of last year.

- (i) The travel expenses and business hospitality expenses in 2019 decreased by approximately RMB0.6 million, or approximately 9.0%, to approximately RMB6.1 million as compared with approximately RMB6.7 million of the corresponding of last year.
- (ii) The bid services expenses in 2019 was approximately RMB1.8 million. Compared with the corresponding period of last year, the amount for the Year increased by approximately RMB0.8 million, or 80%, from approximately RMB1.0 million.

其他收入及利得

本集團於本年度的其他收入及利得與去年同期的約人民幣3.7百萬元相比增加約205.4%至約人民幣11.3百萬元，該增加主要原因如下：

- (i) 於本年度內，應收票據減值虧損撥回約人民幣2.3百萬元；及
- (ii) 二零一九年的政府補助收入與去年相比增加約人民幣5.7百萬元。

銷售及分銷開支

本集團的銷售及分銷開支由去年同期的約人民幣20.7百萬元增加約人民幣0.2百萬元至本年度的約人民幣20.9百萬元。

- (i) 二零一九年的差旅費和業務招待費與去年同期的約人民幣6.7百萬元相比，減少約人民幣0.6百萬元或約9.0%至約人民幣6.1百萬元。
- (ii) 二零一九年的投標服務費為約人民幣1.8百萬元。本年度的金額與去年同期的約人民幣1.0百萬元相比，增加約人民幣0.8百萬元或80%。

Management Discussion and Analysis

管理層討論及分析

Administrative expenses

The administrative expenses of the Group for the Year amounted to approximately RMB63.5 million, representing a decrease of approximately 11.3% as compared with approximately RMB71.6 million of the corresponding period of last year, mainly due to:

- (i) the impairment losses in 2019 decreased by approximately RMB12 million from 2018 to approximately RMB18.6 million; and
- (ii) the research and development expenses in 2019 decreased by approximately RMB1 million from 2018 to approximately RMB2 million, mainly due to the decrease in the number of technicians employed by the Group and the related efforts in research and development during the Year.

Finance cost

The finance cost of the Year amounted to approximately RMB6.9 million, representing an increase of 9.5% as compared with approximately RMB6.3 million of the corresponding period of last year.

Income tax expense

The Group's income tax expense of the Year amounted to approximately RMB10.8 million, representing a decrease of 28.9% as compared with approximately RMB15.2 million of the corresponding period of last year.

Trade and bills receivables

As at 31 December 2019, the trade and bills receivables of the Group were approximately RMB800.5 million, increased by approximately RMB146.9 million as compared to approximately RMB653.6 million of the corresponding period of last year, mainly due to (i) the acceleration in the launch of projects, as well as (ii) growth of revenue from continuing operations.

行政開支

本集團的行政開支由去年同期的約人民幣71.6百萬元減少約11.3%至本年度的約人民幣63.5百萬元，主要由於：

- (i) 二零一九年的減值虧損較二零一八年減少約人民幣12百萬元至約人民幣18.6百萬元；及
- (ii) 二零一九年的研發費用較二零一八年減少約人民幣1百萬元至約人民幣2百萬元，主要由於本集團於本年度所僱用的技術人員減少及相關研發力度減少所致。

融資成本

融資成本由去年同期的約人民幣6.3百萬元增加9.5%至本年度的約人民幣6.9百萬元。

所得稅開支

本集團的所得稅開支由去年同期的約人民幣15.2百萬元減少28.9%至本年度的約人民幣10.8百萬元。

貿易應收款項及應收票據

於二零一九年十二月三十一日，本集團的貿易應收款項及應收票據約為人民幣800.5百萬元，較去年同期的約人民幣653.6百萬元增加約人民幣146.9百萬元，主要由於(i)推出項目的進度加快，及(ii)持續經營業務收益增長所致。

Management Discussion and Analysis

管理層討論及分析

Inventories

As at 31 December 2019, the Group experienced an increase of inventories by approximately RMB0.8 million to approximately RMB325.1 million when compared to approximately RMB324.3 million of the corresponding period of last year. The inventories mainly consisted of steels, filter bags, electrical instruments and other components.

Liquidity and capital resources

Cash and cash equivalents

As at 31 December 2019, the cash and cash equivalents of the Group increased by approximately RMB22.9 million to approximately RMB39.3 million when compared to approximately RMB16.4 million of the corresponding period of last year, which was mainly due to:

- (i) the net cash inflow of approximately RMB16.2 million generated from financing activities, which mainly consists of the cash inflow of approximately RMB16.1 million on proceeds from bank borrowings and repayments of bank borrowings;
- (ii) the net cash outflow of approximately RMB4.9 million used in investing activities of the Group in the Year, which mainly consists of the cash outflow of approximately RMB1.1 million on purchase of plants and equipment to cater for the expansion of the Group's business scale and the growing sales; and
- (iii) the net cash inflow of approximately RMB11.6 million generated from the operation of the Group in the Year.

存貨

於二零一九年十二月三十一日，本集團的存貨約為人民幣325.1百萬元，較去年同期的約人民幣324.3百萬元增加約人民幣0.8百萬元。存貨主要包括鋼材、過濾袋、電力儀器及其他部件。

流動資金及資金來源

現金及現金等價物

於二零一九年十二月三十一日，本集團的現金及現金等價物約為人民幣39.3百萬元，較去年同期的約人民幣16.4百萬元增加約人民幣22.9百萬元，主要由於：

- (i) 融資活動所得用現金流入淨額約人民幣16.2百萬元，主要包括銀行借款所得款項及償還銀行借款的現金流入約人民幣16.1百萬元；
- (ii) 本集團於本年度的投資活動所用現金流出淨額約人民幣4.9百萬元，主要包括為配合本集團業務規模擴大及銷售不斷增長而用作購買廠房及設備的現金流出約人民幣1.1百萬元；及
- (iii) 本集團於本年度的經營所產生現金流入淨額約人民幣11.6百萬元。

Management Discussion and Analysis

管理層討論及分析

Indebtedness

As at 31 December 2019, the Group incurred outstanding bank loans of approximately RMB126.2 million.

The debt maturity profile of the Group as at 31 December 2019 is as follows:-

Balance 結餘	Maturity 到期日
RMB126.2 million 人民幣126.2百萬元	Within 1 year 1年內

The net debt to total capital ratio of the Group as at 31 December 2019 is 14.21%.

Net current assets

As at 31 December 2019, the net current assets of the Group (the difference between total current assets and current liabilities) increased by approximately 5.7% from approximately RMB557.4 million of the corresponding period of last year to approximately RMB589.2 million for the Year.

Capital expenditure

No capital expenditures of the Group were used for the purchase of property, plant and equipment in the Year.

Capital structure

The Group generally finances its operations with internally generated resources, bank borrowings and capital raising activities. The liquidity and financing requirements of the Group are reviewed regularly.

債項

於二零一九年十二月三十一日，本集團擁有未償還銀行貸款約人民幣126.2百萬元。

本集團於二零一九年十二月三十一日的債務到期情況如下：—

本集團於二零一九年十二月三十一日的債務淨額對資本總額的比率為14.21%。

流動資產淨值

於二零一九年十二月三十一日，本集團的流動資產淨值（流動資產總值與流動負債的差額）由去年同期的約人民幣557.4百萬元增加約5.7%至本年度的約人民幣589.2百萬元。

資本支出

本集團於本年度並無用於購買物業、廠房及設備的資本支出。

資本結構

本集團一般以內部產生資源、銀行借款及集資活動為其營運提供資金。本集團定期檢討流動資金及融資需求。

Management Discussion and Analysis

管理層討論及分析

Exchange risk

The Group has transactional currency exposures. Such exposures arise from sales by operating units in currencies other than the functional currencies adopted by the units. Approximately 0.4% (2018: 0.9%) of its sales for the Year were denominated in currencies other than the functional currencies of the operating units making the sale. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group's management will constantly monitor the economic situation and the foreign exchange risk profile of the Group, and will consider appropriate hedging measures in the future should the need arise.

Charge on assets

The Group had no charges on its assets as at 31 December 2019 (2018: Nil).

Major acquisitions and disposals

The Group did not have any material acquisition or disposals during the Year.

Significant investments

The Group did not have any significant investments during the Year.

Contingent liabilities

The Group is neither currently involved in any material legal proceedings nor aware of any pending or potential material legal proceedings involving itself. If the Group were involved in such material legal proceedings, the Group would record any loss or contingent events when, based on information then available, it is likely that a loss has been incurred and the amount of the loss can be reasonably estimated.

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

外匯風險

本集團面臨交易貨幣風險。該等風險乃因經營單位以其所用功能貨幣以外的貨幣進行銷售而產生。本年度，本集團約0.4%（二零一八年：0.9%）的銷售是以經營單位所用功能貨幣以外的貨幣計值進行銷售。目前，本集團無意尋求對沖所面臨的外匯波動。然而，本集團的管理層將會持續監控經濟形勢及本集團的外匯風險狀況，並將於日後有需要時考慮適當的對沖措施。

資產抵押

於二零一九年十二月三十一日，本集團並無資產抵押（二零一八年：無）。

重大收購及出售事項

本集團於本年度概無任何重大收購及出售事項。

重大投資事項

本集團於本年度概無任何重大投資事項。

或然負債

本集團目前並無牽涉任何重大法律程序，亦不知悉任何涉及本集團的待決或潛在重大法律程序。倘本集團牽涉於該等重大法律程序中，則本集團會在虧損可能已產生且虧損金額可合理估計時根據當時可獲得的資料記錄任何虧損或或然事項。

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或擔保。

Management Discussion and Analysis

管理層討論及分析

Directors' interest in transaction, arrangement or contract of significance

Save as disclosed in the section "Related Party Transactions" in note 34 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the year ended 31 December 2019 or at any time during the year ended 31 December 2019.

PROSPECTS

In active cooperation with the "Three-Year Action Plan for Winning the Battle for a Blue Sky" (《打贏藍天保衛戰三年行動計劃》) officially issued by the State Council on 27 June 2018, the Group will continue to enhance its research and development capabilities, develop new technologies and expand our product portfolio (such as ash conveyers) to fight the atmospheric pollution control battle for our country for protecting our country's blue sky and water, and give back to the society.

Besides, the Group will actively seek appropriate acquisition projects to expand its capabilities of research and development, manufacturing and sales, as well as to access new domestic and international markets.

The Group hopes to capture the growing opportunities in the atmospheric pollution control solution industry in the PRC through internal research and development and external expansion to consolidate the Group's existing business, and enhance the Group's national and international brand recognition in order to expand the its domestic and international market share.

The Group believes that its established customer base in the PRC and its exposure to overseas markets could help it lay a solid foundation for future expansion in both domestic and overseas markets of the Group, and enable it to become the leading player in the atmospheric pollution control solution industry.

董事於重大交易、安排或合約的權益

除綜合財務報表附註34「關聯方交易」一節所披露者外，本公司、其任何控股公司、附屬公司或同系附屬公司概無訂立董事於當中擁有重大權益且於截至二零一九年十二月三十一日止年度結束時或於截至二零一九年十二月三十一日止年度內任何時間仍然存續的交易、安排或合約。

未來展望

為了積極配合我國政府於二零一八年六月二十七日正式印發的《打贏藍天保衛戰三年行動計劃》，本集團會繼續積極提升研發實力、開發新技術及擴大產品組合（如輸灰系統），為我國打好大氣污染防治攻堅戰，保護我國藍天碧水，回饋社會。

另外，本集團將積極尋找合適的收購項目，從而擴張本集團的研發、製造及銷售能力，以及進入新的國內和國際市場。

本集團希望透過內部研發及外部擴張，從而把握我國大氣污染防治解決方案行業與日俱增的機遇，以鞏固本集團的現有業務，並且提高本集團在國內及國際品牌知名度，以擴大本集團的國內和國際市場份額。

本集團相信，本集團多年來在中國建立的客戶基礎及接觸海外市場的經驗，有助本集團奠下日後在國內外市場擴充的穩固基礎，並使本集團成為大氣污染防治解決方案行業的尖端。

Biographies of Directors, Supervisors and Senior Management

董事、監事及高級管理層簡歷

BOARD OF DIRECTORS

The Board currently consists of nine members, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The powers and duties of the Board include convening Shareholders' meetings and reporting the Board's work at Shareholders' meetings, implementing resolutions passed at Shareholders' meetings, determining the Group's business plans and investment plans, formulating the Group's annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of share capital as well as exercising other powers, functions and duties as conferred by the articles of association of the Company ("**Articles of Association**"). Each of the Directors has entered into a service contract/letter of appointment with the Group.

Executive Directors

Mr. BIAN Yu (邊宇) ("Mr. Bian"), aged 36, is the chairman of the Board and an executive Director appointed on 28 December 2009. Mr. Bian was also appointed as general manager of the Company on 15 May 2017. Mr. Bian has approximately 15 years of experience in the business of provision of atmospheric pollution control solutions. Mr. Bian has also been the executive director of various subsidiaries of the Company including Zhuji City Tianjie Installation Engineering Co., Ltd.* (諸暨市天潔安裝工程有限公司) ("**Tianjie Installation Engineering**") and Zhuji City Tianjie Electronic and Technology Co., Ltd.* (諸暨市天潔電子科技有限公司) and Turpan Environmental Technology Co., Ltd.* (吐魯番天潔環境科技有限公司) since March 2008, June 2009 and July 2013 respectively.

Mr. Bian has worked as a director of Tengy Group Limited* (天潔集團有限公司) ("**TGL**") since August 2003. He is responsible for the overall strategies, planning and business development of TGL. Particularly, he focuses on the management of the business of the provision of atmospheric pollution control solutions carried on by TGL prior to the establishment of the Company in December 2009. From September 2005 to December 2007, he served in various positions such as general commander and general manager in different departments in the subsidiaries of TGL such as Zhejiang Yaoyu Special Steel Co., Ltd.* (浙江潤天磁性材料有限公司) ("**Yaoyu Special Steel**"), Zhejiang Tianjie New Materials Co., Ltd.* (浙江天潔新材料有限公司) ("**Tianjie New Materials**") and Zhejiang Tianjie Magnetic Materials Co., Ltd.* (浙江天潔磁性材料股份有限公司) which were principally engaged in manufacturing, processing and marketing of steel blade and he was mainly responsible for the overall operation and production management.

董事會

董事會現由三名執行董事、三名非執行董事及三名獨立非執行董事共九名成員組成。董事會的權力及職責包括：召開股東大會、於股東大會上報告董事會的工作、推行於股東大會上通過的決議案、釐定本集團的業務計劃及投資計劃、制定本集團的年度預算及決算賬目、制定關於溢利分派及股本增減的方案，以及行使本公司組織章程細則（「**組織章程細則**」）所賦予的其他權力、職能及職責。各董事均已與本集團訂立服務合約／委任函。

執行董事

邊宇先生（「邊先生」），36歲，於二零零九年十二月二十八日獲委任為董事會主席兼執行董事。邊先生亦已於二零一七年五月十五日獲委任為本公司總經理。邊先生於提供大氣污染防治解決方案業務方面具備約15年經驗。邊先生亦自二零零八年三月、二零零九年六月及二零一三年七月起分別擔任本公司多間附屬公司（包括諸暨市天潔安裝工程有限公司（「**天潔安裝工程**」）、諸暨市天潔電子科技有限公司及吐魯番天潔環境科技有限公司）的執行董事。

邊先生自二零零三年八月起擔任天潔集團有限公司（「**TGL**」）的董事，負責TGL的整體策略、規劃及業務發展。尤其是，彼在本公司於二零零九年十二月成立之前均專注於管理TGL所進行有關提供大氣污染防治解決方案的業務。彼於二零零五年九月至二零零七年十二月期間分別於TGL的附屬公司（如浙江潤天磁性材料有限公司（「**潤天磁性**」）、浙江天潔新材料有限公司（「**天潔新材料**」）及浙江天潔磁性材料股份有限公司）的不同部門擔任多項職務，如總指揮及總經理，該等公司主要從事製造、加工及營銷鋼片，而邊先生於該等公司中主要負責整體營運及生產管理。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

He worked as a director in various companies such as Zhejiang Tianjie General Machinery Co., Ltd.* (浙江天潔通用機械有限公司) (“**Tianjie General Machinery**”) (being principally engaged in manufacturing and marketing of machinery and parts) since April 2008, Shanghai Pingchuan Metal Material Co., Ltd.* (上海平川金屬材料有限公司) (being principally engaged in sale of metal materials, construction materials and chemical raw materials) from July 2010 to October 2012, Shanghai Guotuo Mining Investments Limited* (上海國拓礦業投資有限公司) (being principally engaged in management and exploration of mines and development of mining technology) from August 2010 to May 2015, Zhuji Tengy Small Loan Co. Ltd.* (諸暨市天潔小額貸款有限公司) (being principally engaged in providing small loan and financial consultancy service in Zhuji City) from June 2011 to December 2016, and as chairman of the board of Zhuji City Tianyu Industry Investment Ltd.* (諸暨市天宇實業投資有限公司) (being principally engaged in real estate development and property investment) from November 2011 to February 2016 and as executive director of Zhuji City Runtian Property Management Ltd.* (諸暨市潤天物業管理有限公司) (being principally engaged in property management) since September 2011. He was mainly responsible for advising on operational and business strategy of the foregoing entities.

Mr. Bian is currently the Vice President of Zhejiang Association of Equipment Industries for Environmental Protection (浙江省環保裝備行業協會理事會). He has also been the deputy officer member* (副主任委員) of the Electrostatic Precipitator Committee of The Environmental Protection Industry* (中國環境保護產業協會電除塵委員會第六屆電除塵委員會) since February 2014.

Mr. Bian graduated with a bachelor’s degree in mechanical engineering and automation from Zhejiang University (浙江大學) in June 2005. He obtained his master of science degree in corporate and international finance from University of Durham in the United Kingdom in January 2008. He is the son of Mr. Bian Jianguang and the brother of Ms. Bian Shu.

Mr. Bian is a member of the family comprising Mr. Bian Jianguang, Ms. Bian Shu and himself (“**Bian Family**”) and the Bian Family is a controlling Shareholder (within the meaning of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) of the Company (“**Controlling Shareholders**”, each being a “**Controlling Shareholder**”).

彼在多間不同公司擔任董事，例如自二零零八年四月起於浙江天潔通用機械有限公司(「**天潔通用機械**」)(主要從事製造及營銷機械及零件)、自二零一零年七月至二零一二年十月於上海平川金屬材料有限公司(主要從事金屬材料、建築材料及化學原材料銷售)、自二零一零年八月至二零一五年五月於上海國拓礦業投資有限公司(主要從事礦場管理及勘察以及開採技術開發)及自二零一一年六月至二零一六年十二月於諸暨市天潔小額貸款有限公司(主要從事在諸暨市提供小額貸款及金融諮詢服務)擔任董事，並自二零一一年十一月至二零一六年二月擔任諸暨市天宇實業投資有限公司(主要從事房地產開發及物業投資)的董事會主席，以及自二零一一年九月起擔任諸暨市潤天物業管理有限公司(主要從事物業管理)的執行董事。彼主要負責就營運及業務策略向上述實體提供意見。

邊先生現任浙江省環保裝備行業協會理事會的副會長。自二零一四年二月起，其亦擔任中國環境保護產業協會電除塵委員會電除塵委員會的副主任委員。

邊先生於二零零五年六月畢業於浙江大學，獲頒機械工程及自動化學士學位。彼於二零零八年一月自英國杜倫大學取得企業及國際金融理學碩士學位。彼為邊建光先生的兒子及邊姝女士的弟弟。

邊先生為包括邊建光先生、邊姝女士及其自身家族(「**邊氏家族**」)的成員，而邊氏家族是本公司的控股股東(「**控股股東**」)(定義見聯交所證券上市規則(「**上市規則**」))。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Mr. BIAN Weican (邊偉燦), aged 59, is an executive Director and the deputy general manager of the Company appointed on 28 December 2009 and 5 February 2018 respectively. Mr. Bian Weican has approximately 27 years of experience in the business of provision of atmospheric pollution control solutions.

Mr. Bian Weican successively worked in Zhuji County Mechanical Model Plant* (諸暨縣機械模型廠) and Zhejiang Zhuji City Industrial Environmental Protection Equipment Factory* (浙江省諸暨市工業環保設備總廠) from 1982 to 1995 in which he was responsible for manufacturing machinery mould and procuring of raw materials. He worked as the director of the material procuring department of TGL from June 1995 to August 2013 in which he was responsible for the materials procurement planning and management of suppliers.

Mr. Bian Weican graduated from Zhuji County Tongshan Community High School (諸暨縣同山人民公社中心學校) in Zhejiang Province in July 1976.

邊偉燦先生，59歲，分別於二零零九年十二月二十八日及二零一八年二月五日獲委任為本公司執行董事及副總經理。邊偉燦先生於提供大氣污染防治解決方案業務方面具備約27年經驗。

邊偉燦先生自一九八二年至一九九五年曾先後在諸暨縣機械模型廠、浙江省諸暨市工業環保設備總廠等企業任職，彼負責機械模具的生產和原材料採購工作。彼由一九九五年六月至二零一三年八月擔任TGL物資採購部總監，負責物資採購規劃及供應商管理。

邊偉燦先生於一九七六年七月畢業於浙江省的諸暨縣同山人民公社中心學校。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Ms. BIAN Shu (邊姝), aged 38, is an executive Director and the deputy manager of the administration department of the Company. She was appointed as a Director on 1 June 2016, and has served as the deputy manager of the administration department of the Company since September 2014. Previously, Ms. Bian Shu worked as the manager of the human resources department of TGL from February 2006 to January 2010 and was responsible for the human resources management and administration work of TGL. She worked as the chief financial officer of TGL between February 2010 to December 2011 and was responsible for accounting matters and financial planning and management. Ms. Bian Shu served as the vice president of TGL from December 2011 to August 2014, and was responsible for day-to-day operations and management and to deputise the president when necessary. Furthermore, she served as the chairman of the supervisory committee of the Company ("**Supervisory Committee**", each member thereof being "**Supervisor**") from 28 December 2009 to 31 May 2016 and as the employee representative Supervisor from 10 May 2014 to 31 May 2016, and was primarily responsible for supervising and overseeing the performance of the Directors and other senior management members of the Company.

Ms. Bian Shu holds a bachelor's degree of philosophy from Zhejiang University in June 2003. She holds a master degree of international business from the University of Sydney in October 2006. She is the sister of Mr. Bian Yu and the daughter of Mr. Bian Jianguang.

Ms. Bian Shu is a member of the Bian Family and the Bian Family is a Controlling Shareholder.

邊姝女士，38歲，執行董事兼本公司行政部副經理。彼於二零一六年六月一日獲委任為董事及自二零一四年九月起就任本公司行政部副經理。邊姝女士曾於二零零六年二月至二零一零年一月擔任TGL人力資源部經理，負責TGL的人力資源管理及行政工作。彼於二零一零年二月至二零一一年十二月擔任TGL的財務總監，負責會計事宜以及財務規劃及管理。邊姝女士自二零一一年十二月起至二零一四年八月擔任TGL的副總裁，負責日常營運及管理並在必要時代理總裁一職。此外，彼自二零零九年十二月二十八日起至二零一六年五月三十一日擔任本公司監事會（「**監事會**」，各成員為「**監事**」）的主席，且自二零一四年五月十日起至二零一六年五月三十一日擔任職工代表監事，主要負責督導及監察董事及本公司其他高級管理層成員的表現。

邊姝女士於二零零三年六月自浙江大學取得哲學學士學位。彼於二零零六年十月自悉尼大學取得國際商務碩士學位。彼為邊宇先生的姐姐及邊建光先生的女兒。

邊姝女士為邊氏家族的成員，而邊氏家族為控股股東。

Biographies of Directors, Supervisors and Senior Management

董事、監事及高級管理層簡歷

Non-executive Directors

Mr. BIAN Jianguang (邊建光), aged 65, is the vice chairman of the Board and a non-executive Director appointed on 28 December 2009. Mr. Bian Jianguang has approximately 29 years of experience in the business of the provision of atmospheric pollution control solutions.

Mr. Bian Jianguang successively worked as the factory director of Zhuji County Mechanical Model Plant* (諸暨縣機械模型廠) and Zhejiang Zhuji City Industrial Environmental Protection Equipment Factory* (浙江省諸暨市工業環保設備總廠) from 1982 to 1995 in which he was responsible for the overall management and business operation. From June 1995 to August 2003, he served as the chairman of the board of directors and the executive director of TGL and he later resigned as chairman of the board of directors and have been serving as vice chairman of the board of directors of TGL since August 2003 responsible for the overall management and business operation of TGL. He worked as the director of Tianjie General Machinery (being principally engaged in the manufacturing and marketing of machinery and parts) from November 1999 to April 2008 in which he was responsible for its overall management and business operation.

Mr. Bian Jianguang has been working as the executive director of Tianjie New Materials (principally engaged in manufacturing, processing and marketing of steel blade) since June 2009 and the chairman of the board of directors of Tianjie General Machinery (being principally engaged in manufacturing and marketing of machinery and parts) from November 1999 to April 2008. Mr. Bian Jianguang has been also working as an executive director for various companies such as Yaoyu Special Steel (principally engaged in manufacturing, processing and marketing of steel blade) since April 2016 and Zhuji City Tianjie Heavy Development Limited* (諸暨市天潔重工技術有限公司) (being principally engaged in research, design and development of heavy machines) since April 2016, and he is mainly responsible for day-to-day operation and management, and overall business management in these companies.

Mr. Bian Jianguang is the father of Mr. Bian and Ms. Bian Shu. Mr. Bian Jianguang is a member of the Bian Family and the Bian Family is a Controlling Shareholder.

非執行董事

邊建光先生，65歲，於二零零九年十二月二十八日獲委任為董事會副主席及非執行董事。邊建光先生於提供大氣污染防治解決方案業務方面具備約29年經驗。

邊建光先生自一九八二年至一九九五年曾先後在諸暨縣機械模型廠、浙江省諸暨市工業環保設備總廠等企業擔任廠長職務，彼負責企業的整體管理及業務營運。彼由一九九五年六月至二零零三年八月擔任TGL董事會主席兼執行董事，彼其後辭任董事會主席並自二零零三年八月起擔任TGL董事會副主席，負責TGL的整體管理及業務營運。彼由一九九九年十一月至二零零八年四月擔任天潔通用機械的董事，該公司主要從事機械及零部件的製造及市場營銷，而彼負責整體管理及業務營運。

邊建光先生自二零零九年六月起擔任天潔新材料（主要從事製造、加工及營銷鋼片）的執行董事和自一九九九年十一月至二零零八年四月擔任天潔通用機械（主要從事製造及營銷機械及部件）的董事會主席。邊建光先生並擔任多間不同公司的執行董事，例如自二零一六年四月起於潤天磁性（主要從事製造、加工及營銷鋼片）及自二零一六年四月起於諸暨市天潔重工技術有限公司（主要從事研究、設計及開發重工機械），而彼主要負責該等公司的日常營運及管理以及整體業務管理。

邊建光先生為邊先生及邊姝女士的父親。邊建光先生為邊氏家族的成員，而邊氏家族為控股股東。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Mr. ZHU Xian Bo (祝賢波) ("Mr. Zhu"), aged 53, is a non-executive Director appointed on 31 May 2019. He was appointed as the director of the corporate governance department and project management department at the second silk factory in Zhuji City from February 1987 to July 1994; the deputy general manager of Zhuji Jiasi Knitters Co., Ltd.* (諸暨佳思織造有限責任公司) from July 1994 to January 2002; the deputy general manager of Zhejiang Hanyu Security Technology Co., Ltd.* (浙江漢宇安全技術有限公司) from February 2002 to September 2003; the deputy factory director of Zhuji Chengguan Aluminum Products Factory* (諸暨市城關鋁製品廠) from September 2003 to January 2006; the general manager of Zhuji Huahai Anlun Co., Ltd.* (諸暨華海氨綸有限公司) from February 2006 to March 2009; the deputy general manager of Zhejiang Junmashen Aluminium Co., Ltd.* (浙江軍馬神鋁業有限公司) from April 2009 to March 2017. He has served as the vice president of TGL since March 2017.

Mr. Zhu attended the national higher education entrance examination in July 1984, was admitted to Zhejiang Ningbo Mechanic Industrial School* (浙江寧波機械工業學校) in September the same year, and obtained a Diploma of Business Administration from Zhejiang Ningbo Mechanic Industrial School* (浙江寧波機械工業學校) in January 1987; passed the self-study examination for higher education in December 1991 and received a Diploma of Industrial Management Engineering from Zhejiang University of Technology; pursued postgraduate study of management science and engineering in Zhejiang University from June 2000 to March 2002 and obtained completion certificate; received an undergraduate diploma in law through online education from Southwest University of Science and Technology in June 2005. Mr. Zhu was recognised as a senior economist by Zhuji Municipal Personnel Bureau (諸暨市人事局), and was granted the qualification of practising as a senior engineer by Accreditation Commission of Technical Expertise Level of Shanghai Aluminum Trade Association (上海鋁業行業協會專業技術水平職稱評審認證委員會) in April 2011.

祝賢波先生(「祝先生」), 53歲, 於二零一九年五月三十一日獲委任為非執行董事。於一九八七年二月至一九九四年七月擔任諸暨市第二絲廠企管辦、項目辦的主任; 於一九九四年七月至二零零二年一月擔任諸暨佳思織造有限責任公司的副總經理; 於二零零二年二月至二零零三年九月擔任浙江漢宇安全技術有限公司的副總經理; 於二零零三年九月至二零零六年一月擔任諸暨市城關鋁製品廠的副廠長; 於二零零六年二月至二零零九年三月擔任諸暨華海氨綸有限公司的總經理; 於二零零九年四月至二零一七年三月擔任浙江軍馬神鋁業有限公司的副總經理。彼自二零一七年三月起擔任TGL的副總裁。

祝先生於一九八四年七月參加全國高考, 同年九月被浙江寧波機械工業學校取錄, 並於一九八七年一月取得浙江寧波機械工業學校企業管理專業畢業文憑; 於一九九一年十二月通過高等教育自學考試取得浙江工學院工業管理工程專科畢業證書; 於二零零零年六月至二零零二年三月在浙江大學管理科學與工程專業進修研究生課程並取得結業證書; 並於二零零五年六月取得西南科技大學網絡教育法學專業本科畢業證書。祝先生持有諸暨市人事局頒發的經濟師職稱, 並於二零一一年四月經上海鋁業行業協會專業技術水平職稱評審認證委員會評審取得高級工程師任職資格。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Mr. CHEN Jiancheng (陳建誠), aged 56, is a non-executive Director appointed on 5 December 2017. Mr. Chen Jiancheng worked as an assistant to general manager of TGL from June 1995 to January 2000. He served as the vice general manager of Zhejiang Liyu Stainless Steel Co. Ltd.* (浙江立宇不銹鋼有限公司) from June 2003 to December 2008, and became the chief technology officer (技術總監) of TGL since January 2004, primarily responsible for technological research and development as well as product quality control.

Mr. Chen Jiancheng graduated from Zhuji Paitou Middle School* (諸暨市牌頭中學) in July 1979.

Independent Non-executive Directors

Mr. LI Jiannan (酈建楠) ("Mr. Li"), aged 42, is an independent non-executive Director appointed on 18 September 2018. He has over 16 years of experience in accounting and finance industry in the PRC.

Mr. LI obtained a Bachelor's degree in accounting at Southwestern University of Finance and Economics, the PRC in 2001. He is a certified public accountant and a certified tax agent in the PRC. He is currently the director of consultation department of Zhuji City Guangxin Certified Public Accountants Company Limited* (諸暨市廣信會計師事務所有限公司).

Mr. FUNG Kui Kei Jonas (馮鉅基) ("Mr. FUNG"), aged 39, is an independent non-executive Director appointed on 30 March 2018. Mr. FUNG has more than 17 years of work experience in the accounting field. He is extremely experienced in advising on corporate finance matters including pre-IPO, acquisitions and mergers, and corporate governance and general compliance issues for listed companies and private companies.

陳建誠先生，56歲，於二零一七年十二月五日獲委任為非執行董事。陳建誠先生自一九九五年六月至二零零零年一月擔任TGL總經理助理。自二零零三年六月至二零零八年十二月擔任浙江立宇不銹鋼有限公司副總經理。自二零零四年一月起擔任TGL技術總監，主要負責技術研發及產品質量控制。

陳建誠先生於一九七九年七月畢業於諸暨市牌頭中學。

獨立非執行董事

酈建楠先生(「酈先生」)，42歲，於二零一八年九月十八日獲委任為獨立非執行董事。彼在中國的會計及金融行業擁有逾16年經驗。

酈先生於二零零一年在中國西南財經大學取得會計學學士學位。彼為中國註冊會計師及註冊稅務師。彼現時於諸暨市廣信會計師事務所有限公司任職諮詢部主任。

馮鉅基先生(「馮先生」)，39歲，於二零一八年三月三十日獲委任為獨立非執行董事。馮先生在會計領域擁有逾17年的工作經驗。彼在就公司融資事項(包括上市公司及私人公司的首次公開發售、併購及公司管治及一般合規事宜)提供建議方面極富經驗。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Mr. FUNG graduated with a bachelor's degree in accounting from the Hong Kong Polytechnic University (香港理工大學) in October 2003. Mr. FUNG is one of the founders of JMD & PME CPA Limited and OCTOSEC CPA LIMITED, providers of professional corporate advisory to enterprises in Hong Kong, and has been a partner of the same since August 2014 and July 2016 respectively. From May 2011 to March 2014, he worked as the assistant finance manager of AZONA (HK) LIMITED principally engaged in fashion retail. From December 2008 to May 2011, he was the auditor of Shu Lun Pan Hong Kong CPA LIMITED and subsequently the assistant manager of BDO Limited (due to a merger between Shu Lun Pan Hong Kong CPA LIMITED), which is the Hong Kong member firm of BDO International Limited. From January 2006 to October 2008, he was the auditor of BDO Limited. From October 2003 to December 2005, he was an auditor in CWCC, a professional advisory firm providing a full range of business services in Hong Kong and major cities in mainland China.

Mr. FUNG has been a member of the Association of Chartered Certified Accountants ("ACCA") since 2007. He has also been a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") since 2011.

Mr. ZHANG Bing (張炳), aged 38, is an independent non-executive Director appointed on 15 September 2014. Mr. Zhang Bing has approximately 10 years of experience in the field of environmental planning.

Mr. Zhang Bing worked as a lecturer in the School of Environment, Nanjing University (南京大學環境學院) in December 2008 in which he was responsible for teaching and conducting research. He was promoted to an associate professor and assumed the said role from December 2010 to December 2013 in which he was responsible for teaching, conducting research and personnel training, and he later became a professor and has been working since December 2013 in which he is responsible for teaching, conducting research and supervising doctoral students. Mr. Zhang Bing has been the director of the Center for Environmental Management and Policy of Jiangsu Environmental Protection.

馮先生於二零零三年十月畢業於香港理工大學，獲得會計學學士學位。馮先生為向香港企業提供專業企業諮詢的供應商滙業聯通會計師事務所有限公司及奧德盛會計師事務所有限公司的創始人之一，並分別自二零一四年八月及二零一六年七月起一直為該等公司的合夥人。自二零一一年五月至二零一四年三月，彼曾擔任凱崙(香港)有限公司的助理財務經理，主要從事時裝零售。自二零零八年十二月至二零一一年五月，彼曾先後擔任香港立信會計師事務所有限公司的核數師及香港立信德豪會計師事務所有限公司助理經理(因香港立信會計師事務所有限公司合併所致)，而該公司為BDO International Limited的香港成員所。自二零零六年一月至二零零八年十月，彼曾任香港立信德豪會計師事務所有限公司核數師。自二零零三年十月至二零零五年十二月，彼為專業顧問公司CWCC(在香港及中國內地主要城市提供全方位的商業服務)的核數師。

馮先生自二零零七年起為特許公認會計師公會(「ACCA」)的會員。彼自二零一一年起亦為香港會計師公會(「香港會計師公會」)會員。

張炳先生，38歲，於二零一四年九月十五日獲委任為獨立非執行董事。張炳先生在環境規劃領域擁有約10年經驗。

張炳先生於二零零八年十二月擔任南京大學環境學院講師，負責教學及研究。彼自二零一零年十二月起晉升為副教授，任職至二零一三年十二月，負責教學、研究及人員培訓，其後自二零一三年十二月起升任教授並一直擔任此職，負責教學、研究及督導博士生。張炳先生擔任江蘇省環保廳環境管理與政策研究中心主任。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Mr. Zhang Bing was a committee member and the deputy secretary of the second committee of the Society for Environmental Economics of the Chinese Society for Environmental Sciences (中國環境科學學會環境經濟學分會) from October 2008 to September 2012 and has been the director of Chinese Society of Optimisation, Overall Planning and Economical Mathematics, Energy Economics and Management* (中國優選法統籌法與經濟數學研究會能源經濟與管理研究分會) since November 2012.

Mr. Zhang Bing obtained the Scientific and Technological Progress Award (Second Class)* (科學技術進步二等獎) from the Ministry of Education of the People's Republic of China (中華人民共和國教育部) in January 2010, the Eighth Young Scientist Award of the Chinese Society for Environmental Sciences* (第八屆中國環境科學學會青年科技獎) in December 2012 from the Society of Environmental Science of the PRC (中國環境科學學會) and the Environmental Protection and Scientific Award (First Class)* (環境保護科學技術進步獎一等獎) from the Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部) in December 2012.

Mr. Zhang Bing obtained a bachelor's degree in environmental planning from Nanjing University (南京大學) in June 2003 and a doctorate degree in environmental planning and management from Nanjing University (南京大學) in December 2008.

Directors' Service Contracts

All Directors have entered into letters of appointment or service contracts with the Company. As at 31 December 2019, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiary which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

張炳先生自二零零八年十月至二零一二年九月擔任中國環境科學學會環境經濟學分會第二屆委員會委員兼副秘書長，以及自二零一二年十一月起擔任中國優選法統籌法與經濟數學研究會能源經濟與管理研究分會理事。

張炳先生於二零一零年一月獲中華人民共和國教育部頒發科學技術進步二等獎、於二零一二年十二月獲中國環境科學學會頒發第八屆中國環境科學學會青年科技獎，以及於二零一二年十二月獲中華人民共和國環境保護部頒發環境保護科學技術進步獎一等獎。

張炳先生於二零零三年六月自南京大學取得環境規劃學士學位，並於二零零八年十二月自南京大學取得環境規劃與管理博士學位。

董事服務合約

所有董事均已與本公司訂立委任函或服務合約。於二零一九年十二月三十一日，概無建議於應屆股東週年大會上重選連任的董事與本公司或其附屬公司訂立可於一年內在毋須支付賠償（法定補償除外）的情況下終止的服務合約。

Biographies of Directors, Supervisors and Senior Management

董事、監事及高級管理層簡歷

SUPERVISORY COMMITTEE

The Supervisory Committee consists of three members, with two representatives of Shareholders and one representative of employees. The employee representative Supervisor is elected democratically by the employees representative congress, while Shareholder representative Supervisors are elected by the Shareholders. The term of office of each Supervisor is three years, which is renewable upon re-election and re-appointment. The powers and duties of the Supervisory Committee include reviewing and verifying financial reports, business reports and profit distribution proposals prepared by the Board; and if in doubt, appointing certified public accountants and practicing auditors to re-examine the Company's financial information; monitoring the financial activities of the Company, supervising the performance of the Directors, the president and other senior management members, and monitoring whether they had acted in violation of the laws, regulations and Articles of Association in the performance of their duties; requesting the Directors, the president and senior management members to rectify actions which are detrimental to the Company's interests; and exercising other rights given to them under the Articles of Association. Each of the Supervisors has entered into a service contract/appointment letter with the Group.

監事會

監事會包括三名成員，由兩名股東代表及一名職工代表組成。職工代表監事由職工代表大會以民主方式選出，而股東代表監事則由股東選出。各監事的任期為三年，可於重選及重新委任時續期。監事會的權力及職責包括審閱及核實董事會編製的財務報告、業務報告及溢利分派方案；並在有疑問的情況下委任執業會計師及執業核數師重新審查本公司的財務資料；監察本公司的財務活動；監督董事、總裁及其他高級管理層成員的表現，以及監察他們於履行職責時的行為有否違反法律、法規及組織章程細則；要求董事、總裁及高級管理層成員糾正有損本公司利益的行動；以及行使組織章程細則賦予他們的其他權利。各監事已與本集團訂立服務合約／委任函。

Biographies of Directors, Supervisors and Senior Management

董事、監事及高級管理層簡歷

SUPERVISORS

Mr. CHEN Xinhua (陳新華), aged 57, is an employee representative Supervisor and the head of the procurement department of the Company. He joined the Group since 2010.

From January 1997 to May 2000, Mr. Chen Xinhua served as the manager of the department of supplies of Zhejiang Shengjie Environmental Engineering Co. Ltd.* (浙江勝潔環保工程有限公司) and was responsible for the overall departmental management. From June 2000 to October 2001, he served as the manager of technology transformation projects of Tianjie Strip Steel Factory* (天潔帶鋼廠). From November 2001 to May 2003 and from January 2009 to December 2009, he served as the procurement manager and vice general manager of procurement centre, respectively, of TGL, and was responsible for the procurement of raw materials. From June 2003 to December 2008, he served as the vice general manager of Zhejiang Liyu Stainless Steel Co. Ltd.* (浙江立宇不銹鋼有限公司), and was responsible for assisting the general manager in its overall operation.

Mr. Chen was graduated from Shaoxing Vocational Secondary College* (紹興市職工中等專業學校) in July 1990 majoring in industrial enterprise management.

Mr. FU Jun (傅均), aged 39, is a Shareholder representative Supervisor. Prior to joining the Group on 18 October 2014, Mr. Fu Jun taught at the school of computer and information engineering of Zhejiang Gongshang University (浙江工商大學) in December 2009, being a lecturer and an assistant professor successively, responsible for teaching and conducting research.

Mr. Fu Jun obtained a bachelor's degree of bio-medical engineering from Zhejiang University (浙江大學) in June 2004 and a doctorate degree in bio-medical engineering from Zhejiang University (浙江大學) in December 2009. He also completed two years of minor studies in Japanese language in Zhejiang University (浙江大學) in June 2003.

監事

陳新華先生，57歲，為本公司職工代表監事及採購部主管。彼於二零一零年加入本集團。

自一九九七年一月起至二零零零年五月，陳新華先生擔任浙江勝潔環保工程有限公司供應部經理，負責整體部門管理。自二零零零年六月起至二零零一年十月，彼擔任天潔帶鋼廠技術變革項目經理。自二零零一年十一月起至二零零三年五月及自二零零九年一月起至二零零九年十二月，彼分別擔任TGL採購部經理及採購中心副總經理，負責原材料的採購。自二零零三年六月起至二零零八年十二月，彼擔任浙江立宇不銹鋼有限公司副總經理，負責協助總經理進行整體營運。

陳先生於一九九零年七月畢業於紹興市職工中等專業學校，專業為工業企業管理。

傅均先生，39歲，為股東代表監事。於二零一四年十月十八日加入本集團前，傅均先生於二零零九年十二月前往浙江工商大學計算機與信息工程學院任教，歷任講師、副教授，負責教學和推進研究。

傅均先生於二零零四年六月取得浙江大學的生物醫學工程學士學位及於二零零九年十二月取得浙江大學的生物醫學工程博士學位。彼亦於二零零三年六月在浙江大學完成兩年輔修日語課程。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Mr. FANG Zhiguo (方治國), aged 42, is a Shareholder representative Supervisor. Prior to joining the Group on 18 October 2014, he worked as a post-doctoral researcher in environmental science and engineering at the Research Centre for Eco-Environment Sciences of the Chinese Academy of Sciences (中國科學院生態環境研究中心) from July 2005 to August 2008, in which he was responsible for conducting research. He joined the school of environmental science and engineering of Zhejiang Gongshang University (浙江工商大學) in August 2008 and became an assistant professor since October 2009, in which he is responsible for teaching and conducting research.

Mr. Fang Zhiguo obtained a master degree of science majoring in ecology from Zhejiang University (浙江大學) in June 2002 and a doctorate degree in science majoring in ecology from the Graduate School of the Chinese Academy of Science (中國科學院研究生院) (later renamed as the University of Chinese Academy of Sciences (中國科學院大學)) in July 2005. He was a visiting scholar at the University of Oklahoma in the United States from June 2006 to May 2008.

Except as disclosed herein, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters relating to the appointment of Supervisors that need to be brought to the attention of the Shareholders, nor is there any information relating to the Supervisors that is required to be disclosed pursuant to Rule 13.51 (2) of the Listing Rules including matters relating to directorship held by Supervisors in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

方治國先生，42歲，為股東代表監事。於二零一四年十月十八日加入本集團前，彼於二零零五年七月至二零零八年八月在中國科學院生態環境研究中心擔任環境科學與工程博士後研究員，負責進行研究。彼於二零零八年八月加入浙江工商大學環境科學與工程學院，並自二零零九年十月起擔任副教授，負責教學及進行研究。

方治國先生於二零零二年六月獲得浙江大學生態學理學碩士學位，並於二零零五年七月獲中國科學院研究生院（後改稱中國科學院大學）生態學理學博士學位。彼自二零零六年六月至二零零八年五月為美國奧克拉荷馬大學訪問學者。

除本年報所披露者外，經作出一切合理查詢後，就董事所深知、盡悉及確信，並無其他有關委任監事的事宜須提請股東垂注，亦無有關監事的任何資料須根據上市規則第13.51(2)條予以披露，包括過去三年監事在證券於香港或海外任何證券市場上市的任何公眾公司中擔任董事職務的有關事宜。

Biographies of Directors, Supervisors and Senior Management

董事、監事及高級管理層簡歷

SENIOR MANAGEMENT

Mr. QIU Jinxin (邱金鑫), aged 57, is the deputy general manager of the Company appointed on 15 May 2017. Mr. Qiu Jinxin worked as a technician and deputy director of Zhuji City Fertiliser Factory* (諸暨市化肥廠) (being principally engaged in the production and marketing of fertiliser) from August 1983 to July 1993 in which he was responsible for quality control and equipment management. Mr. Qiu Jinxin has approximately 24 years of experience in the business of provision of atmospheric pollution control solutions.

From July 1993 to June 2006, Mr. Qiu Jinxin worked in TGL with the last position as chief engineer, and he was responsible for the research and development of environmental protection precipitator. He worked as the general manager in Zhuji Jieda Environmental Protection Equipment Installation Company Ltd* (諸暨市潔達環保設備安裝有限公司) (being principally engaged in the design, production and installation of environmental protection projects) from July 2006 to December 2008 in which he was responsible for its overall management and operation. From January 2009 to August 2012, he worked as the vice general manager in Zhejiang Oriental Environmental Protection Equipment Co., Ltd* (浙江東方環保設備有限公司) which was principally engaged in the technology development and marketing of environmental protection equipments, and he was responsible for the overall management and operation.

Mr. Qiu Jinxin has been the vice president of the fifth Council of the Environmental Protection Industry Association of Zhejiang Province* (浙江省環保產業協會第五屆理事會) since April 2013 and the deputy secretariat* (副秘書長) of third Council of Environmental Protection Industry Association of Zhuji City* (諸暨市環境保護產業協會第三屆理事會) since December 2012. He has also been the standing council member (常務理事) of the ninth Council of Environmental Science Association of Zhejiang Province* (浙江省環境科學學會第九屆理事會) since 17 April 2015. In December 2005, Mr. Qiu was accredited as senior engineer by Assessment Committee for Qualification of Senior Position for Mechanical Engineering Technician of Zhejiang Province* (浙江省機械工程技術人員高級職務任職資格評審委員會). In July 2016, Mr. Qiu Jinxin was included in the first batch of the expert list of the expert database of Environmental Protection Industry Association of Zhejiang Province* (浙江省環保產業協會).

高級管理層

邱金鑫先生，57歲，於二零一七年五月十五日獲委任為本公司副總經理。邱金鑫先生於一九八三年八月至一九九三年七月期間曾分別擔任諸暨市化肥廠的技術員及車間副主任，諸暨市化肥廠主要從事化肥生產及營銷，彼負責質量監控及設備管理。邱金鑫先生在提供大氣污染防治解決方案業務方面擁有約24年經驗。

邱金鑫先生於一九九三年七月至二零零六年六月期間曾在TGL任職，而最後的職位為總工程師，彼負責環保除塵器的研發。彼於二零零六年七月至二零零八年十二月期間曾擔任諸暨市潔達環保設備安裝有限公司的總經理，該公司主要從事環保項目設計、生產及安裝，彼負責整體管理及營運。彼於二零零九年一月至二零一二年八月期間曾擔任浙江東方環保設備有限公司副總經理，該公司主要從事環保設備的技術開發及營銷，彼負責整體管理及營運。

邱金鑫先生自二零一三年四月起擔任浙江省環保產業協會第五屆理事會的副會長，並自二零一二年十二月起擔任諸暨市環境保護產業協會第三屆理事會的副秘書長。自二零一五年四月十七日起，彼亦擔任浙江省環境科學學會第九屆理事會的常務理事。於二零零五年十二月，邱先生獲浙江省機械工程技術人員高級職務任職資格評審委員會認可為高級工程師。於二零一六年七月，邱金鑫先生入選浙江省環保產業協會專家庫第一批專家名錄。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Ms. WU Fengdi (吳鳳娣), aged 37, has been the Chief Financial Officer of the Company (“**CFO**”) and Board Secretary. She joined the Group and was appointed as the financial manager of the Company on 28 December 2009. Ms. Wu Fengdi has approximately 15 years of experience in accounting in the atmospheric pollution control solutions industry. Ms. Wu Fengdi worked as the chief accountant of TGL from April 2003 to December 2009 and she was responsible for the financials and internal auditing of TGL.

Ms. Wu Fengdi completed three years of studies in accounting at Shaoxing University (紹興文理學院) in January 2008.

Mr. QIU Yonghui (邱永輝), aged 37, is the deputy general manager of the Company appointed on 15 May 2017. He joined the Group in July 2008 as the deputy manager of the technology department. He was appointed as the deputy general manager of the Company on 15 May 2017, responsible for the operation of the technology department.

Mr. Qiu Yonghui is a first-class constructor (一級建造師) and registered environmental protection engineer (註冊環保工程師) in China. He focused on developing movable collecting electrode plate, wet precipitators and high-efficiency desulfurisation equipment. He had participated in designing the movable collecting electrode plate for various projects, including the 2×600MW unit of 貴州華電桐梓發電有限公司 and 2×660MW unit of 國電織金發電有限公司. He had also participated in designing the wet precipitators for various projects, including the 3×50MW unit of 西安西郊熱電 and 12×50MW unit of 威海.

Mr. Qiu Yonghui had acted as a technician and participated in the research and development of a provincial new product “circulating fluidised bed boiler auxiliary electrostatic precipitator (循環流化床鍋爐配套電除塵器) for large generator units (300MW-1000MW)”. This product was accredited with provincial product certification in 2010.

吳鳳娣女士，37歲，擔任本公司首席財務官（「首席財務官」）和董事會秘書。彼於二零零九年十二月二十八日加入本集團及獲委任為本公司財務經理。吳鳳娣女士在大氣污染防治解決方案行業的會計處理方面擁有約15年經驗。吳鳳娣女士於二零零三年四月至二零零九年十二月期間曾擔任TGL的總會計師，負責TGL的財務及內部審計工作。

吳鳳娣女士於二零零八年一月完成在紹興文理學院會計學專業的三年課程。

邱永輝先生，37歲，自二零一七年五月十五日起獲委任為本公司副總經理。彼於二零零八年七月加入本集團就任技術部副經理，且於二零一七年五月十五日獲委任為本公司副總經理負責技術部的營運。

邱永輝先生為中國一級建造師和註冊環保工程師。彼專注開發移動極板，濕式除塵器和高效率脫硫設備。彼曾組織貴州華電桐梓發電有限公司2×600MW機組，國電織金發電有限公司2×660MW機組等項目的移動極板設計。彼亦曾組織西安西郊熱電3×50MW機組和威海12×50MW機組等項目的濕式除塵器設計。

邱永輝先生曾作為技術人員參與省級新產品「大型發電機組(300MW-1000MW)循環流化床鍋爐配套電除塵器」的研發，並在二零一零年通過省級產品認證。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Mr. ZHANG Rixing (張日行), aged 51, is the deputy general manager of the Company appointed on 5 February 2018. He joined the Group in May 2013 as the director of marketing. He was appointed as the deputy general manager of the Company on 5 February 2018, responsible for the operation of the sales department.

Mr. Zhang Rixing graduated from 諸暨農業技術學校 majoring in accounting in 1986. Mr. Zhang Rixing served as the sales supervisor of Zhejiang Zhuji City Industrial Environmental Protection Equipment Factory* (浙江省諸暨市工業環保設備總廠) from July 1993 to August 1994, worked as the sales supervisor of 浙江天潔機械製造有限公司 from September 1994 to May 1995 and the sales supervisor of TGL from June 1995 to April 2003 and was responsible for day-to-day sales management, after-sale matters and liaison with buyers. He also served as the general manager of Zhejiang Liyu Stainless Steel Co. Ltd.* (浙江立宇不銹鋼有限公司) from May 2003 to February 2008.

Ms. XIN Lingling (辛玲玲), aged 44, is the deputy general manager of the Company appointed on 5 February 2018. She joined the Group in March 2016 as the general manager of the Hangzhou branch. She was appointed as the deputy general manager of the Company on 5 February 2018, responsible for the operation of the research and development department.

Ms. Xin Lingling was graduated from Shanghai University of Electric Power (上海電力大學) majoring in power plant thermal power engineering (電廠熱能動力工程). She is a senior engineer in China.

Ms. Xin Lingling served as the chief engineer of 浙江浙大網新機電工程有限公司 from March 2004 to October 2006 and was responsible for project planning. She served as the general manager and the executive director of 杭州中容電力科技有限公司 from November 2006 to April 2010, served as the general manager of 浙江利保環境工程有限公司 from November 2009 to November 2015 and also served as the technical consultant of XJ Lianhua INT'L Environmental Co., Ltd. from April 2015 to February 2016.

張日行先生，51歲，自二零一八年二月五日起獲委任為本公司副總經理。彼於二零一三年五月加入本集團就任市場總監，且於二零一八年二月五日獲委任為本公司副總經理負責銷售部的營運。

張日行先生於一九八六年在諸暨農業技術學校畢業，主修會計。張日行先生曾於一九九三年七月至一九九四年八月在浙江省諸暨市工業環保設備總廠擔任銷售科長，於一九九四年九月至一九九五年五月擔任浙江天潔機械製造有限公司銷售科長和於一九九五年六月至二零零三年四月擔任TGL銷售科長，負責日常銷售管理、售後事宜及聯絡買家。彼亦曾於二零零三年五月至二零零八年二月擔任浙江立宇不銹鋼有限公司總經理一職。

辛玲玲女士，44歲，自二零一八年二月五日起獲委任為本公司副總經理。彼於二零一六年三月加入本集團就任杭州分公司總經理一職，且於二零一八年二月五日獲委任為本公司副總經理負責研發部的營運。

辛玲玲女士畢業於上海電力大學，主修電廠熱能動力工程。彼為中國高級工程師。

辛玲玲女士曾於二零零四年三月至二零零六年十月擔任浙江浙大網新機電工程有限公司總工程師一職，負責工程規劃事宜。彼亦曾於二零零六年十一月至二零一零年四月擔任杭州中容電力科技有限公司總經理和執行董事，於二零零九年十一月至二零一五年十一月擔任浙江利保環境工程有限公司總經理一職，以及於二零一五年四月至二零一六年二月擔任許繼聯華國際環境工程有限責任公司技術顧問一職。

Biographies of Directors, Supervisors and Senior Management 董事、監事及高級管理層簡歷

Mr. CHEN Jianguo (陳建國), aged 59, is the deputy general manager of the Company appointed since 3 May 2010. He joined the Group on 28 December 2009 and was appointed as the deputy general manager of the Company on 3 May 2010. Mr. Chen Jianguo has approximately 26 years of experience in the business of provision of atmospheric pollution control solutions.

Chen Jianguo was responsible for the research and development of precipitators, installation of environmental protection equipments and after-sale matters in enterprises such as Zhuji City Industrial Environmental Protection Equipment Factory* (諸暨市工業環保設備總廠) from 1991 to 1998. From June 1995 to December 2009, he worked as the head of the department of engineering and installation of TGL and was responsible for the supervising installation of environmental protection equipment, after-sale matters and liaison with buyers.

Mr. Chen Jianguo graduated from Zhuji County Tongshan Community High School* (諸暨縣同山人民公社中心學校) in Zhejiang Province in July 1977.

陳建國先生，59歲，自二零一零年五月三日起獲委任為本公司副總經理，於二零零九年十二月二十八日加入本集團，並於二零一零年五月三日獲委任為本公司副總經理。陳建國先生在提供大氣污染防治解決方案業務方面擁有約26年經驗。

陳建國自一九九一年至一九九八年期間在諸暨市工業環保設備總廠等企業從事除塵器的研發工作、環保設備安裝及售後事宜。於一九九五年六月至二零零九年十二月，彼擔任TGL工程及安裝部主任，負責監督安裝環保設備、售後事宜及聯絡買家。

陳建國先生於一九七七年七月畢業於浙江省諸暨縣同山人民公社中心學校。

Biographies of Directors, Supervisors and Senior Management

董事、監事及高級管理層簡歷

JOINT COMPANY SECRETARIES

Mr. WONG Hon Kit (王漢傑), and Ms. SHEN Qiong (沈瓊) are the Company's joint company secretaries.

Mr. WONG Hon Kit (王漢傑), aged 30, holds a Bachelor's degree of Business Administration (Hons) in Accountancy from The Hong Kong Polytechnic University. Mr. Wong Hong Kit is currently a member of the Hong Kong Institute of Certified Public Accountants. He has over 9 years of extensive experience in finance, auditing and consulting fields, gaining from an international accounting firm and listed corporation. He served as the financial controller of China Oil Gangran Energy Group Holdings Limited (stock code: 08132), a company listed on the GEM of the Stock Exchange from 2011. He worked as a senior auditor in Deloitte Touche Tohmatsu from 2011 to 2015.

Ms. SHEN Qiong (沈瓊), aged 35, has been one of the joint company secretaries of the Company since 1 November 2014 primarily responsible for the company secretarial and legal matters of the Group. She joined the Group in September 2014 as a legal officer. Ms. Shen Qiong has approximately 10 years of legal experience in relation to business operations.

Ms. Shen Qiong worked as a legal officer in Zhejiang Group Net Environmental Engineering Co., Ltd* (浙江地淨環境工程股份有限公司) (being principally engaged in production and sales of environmental protection equipment and machineries) from August 2006 to December 2008 in which she was responsible for legal and compliance matters. From January 2009 to August 2014, she worked as a legal officer and the assistant to the manager in TGL in which she was responsible for legal and compliance matters.

Ms. Shen Qiong completed a long distance learning course majoring in law from Southwest University of Political Science & Law (西南政法大學) in July 2008. She also obtained a qualification certificate of assistant engineer in municipal engineering issued by Zhuji City Personnel Bureau* (諸暨市人事局) in April 2010.

聯席公司秘書

王漢傑先生及沈瓊女士為本公司聯席公司秘書。

王漢傑先生，30歲，持有香港理工大學工商管理學士（榮譽）會計學位。王漢傑先生現為香港會計師公會會員。彼於財務、審計及諮詢方面擁有超過9年的豐富經驗，彼之經驗由一間國際會計師事務所及上市公司處獲得。彼曾任中油港燃能源集團控股有限公司（一家自二零一一年於聯交所GEM上市的上市公司，股份代號：08132）財務總監職務。彼曾自二零一一年至二零一五年於德勤•關黃陳方會計師行任職高級審計員。

沈瓊女士，35歲，自二零一四年十一月一日起任本公司其中一名聯席公司秘書，主要負責本集團的公司秘書及法律事務。彼於二零一四年九月加入本集團任法務主任。沈瓊女士在業務運營相關法律事務方面有約10年經驗。

沈瓊女士於二零零六年八月至二零零八年十二月擔任浙江地淨環境工程股份有限公司（主要從事環保設備及機械的生產及銷售）的法務主任，主要負責法律及合規事宜。於二零零九年一月至二零一四年八月，沈瓊女士擔任TGL的法務主任兼經理助理，主要負責法律及合規事宜。

沈瓊女士於二零零八年七月在西南政法大學完成遠程教育課程，主修法學。彼亦於二零一零年四月取得諸暨市人事局頒發的市政工程助理工程師資格證書。

Corporate Governance Report

企業管治報告

The Board is pleased to present the corporate governance report of the Company.

CORPORATE GOVERNANCE

The Board is committed to upholding a high standard of corporate governance and business ethics in the firm belief that they are essential for enhancing investors' confidence and maximising shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, comply with increasingly stringent regulatory requirements and fulfill its commitment to excellence in corporate governance.

After reviewing the Company's corporate governance practices and the relevant regulations of the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Listing Rules, the Board is satisfied that the Company complied with the CG Code provisions for the Year save for the deviation below:

- The Board has not adopted a dividend policy during the Year as required by code provision E.1.5 of the CG Code. Nevertheless, it will adopt a dividend policy subject to the shareholders' approval in the upcoming annual general meeting, details of which are set out in the section "Dividend Policy" of this corporate governance report.

BOARD OF DIRECTORS

The Board is committed to providing an effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and the Shareholders. The Board established three Board committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee (each a "Board Committee" and collectively the "Board Committees"), to oversee different areas of the Company's affairs.

The Board currently comprises three executive Directors, namely Mr. Bian, Mr. Bian Weican and Ms. Bian Shu; three non-executive Directors, namely, Mr. Bian Jianguang, Mr. Zhu Xian Bo and Mr. Chen Jiancheng; three independent non-executive Directors, namely, Mr. Li Jiannan, Mr. Fung Kui Kei and Mr. Zhang Bing.

董事會欣然提呈本公司企業管治報告。

企業管治

董事會致力秉持高度企業管治及商業道德標準，確信這對提升投資者信心及增加股東回報而言至關重要。董事會不時檢討其企業管治常規，以符合持份人日益提高的期望、遵守愈趨嚴謹的監管規定並履行其對卓越企業管治的承擔。

董事會經審閱本公司的企業管治常規及上市規則附錄十四所載企業管治守則及企業管治報告（「企業管治守則」）的相關規例後，信納本公司於本年度已遵守企業管治守則條文，惟以下偏離情況除外：

- 於本年度，董事會並無按企業管治守則第E.1.5條採納股息政策。然而，其將採納一項股息政策，惟須待股東於應屆股東週年大會上批准，詳情載於本企業管治報告「股息政策」一節。

董事會

董事會承諾為本公司提供有效及負責任的領導。董事必須個別及共同地為本公司及股東的最佳利益真誠行事。董事會已成立三個董事會委員會，分別為審核委員會、薪酬委員會及提名委員會（各自稱為「董事會委員會」及統稱為「該等董事會委員會」），以監察本公司不同範疇的事務。

董事會現時由三名執行董事（即邊先生、邊偉燦先生及邊姝女士）；三名非執行董事（即邊建光先生、祝賢波先生及陳建誠先生）；三名獨立非執行董事（即鄺建楠先生、馮鉅基先生及張炳先生）組成。

Corporate Governance Report

企業管治報告

Their biographical details and their family relationships (where applicable) are set out in the section headed “Biographies of Directors, Supervisors and Senior Management” above in this annual report. A list of the Directors identifying their roles, functions and independence is available on the Company’s website.

Mr. Bian, an executive Director, the chairman of the Board and the general manager of the Company, is the brother of Ms. Bian Shu (an executive Director) and the son of Mr. Bian Jianguang (a non-executive Director). Save as disclosed herein, there are no other financial, business, family or other material/relevant relationships among the members of the Board.

The Company is committed to the view that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independency on the Board, which facilitates the effective exercise of independent judgements in the course of decision-making. The Company is also committed to the view that the independent non-executive Directors should be of sufficient number, calibre and experience for their views to carry weight, and that they should be free of any business or other relationship which could have interfered or potentially interfere, to any material extent, with the exercise of independent judgment for the purpose of assumptions of directorship in the Company.

Mr. Bian is the chairman of the Board, the executive Director and the general manager of the Company, and is responsible for overseeing the strategic planning, policy formulations as well as corporate development of the Group as well as undertaking the principal decision-making role in the supervision and management of the Company’s overall operations. The Board meets regularly to consider, discuss and review the major and appropriate issues that pertain to the operations of the Company. As such, the Board considers that sufficient measures have been taken and the vesting of the roles of Board management and the management of day-to-day business of the Company in Mr. Bian will not impair the balance of power and authority. It is believed that the said balance is ensured by the effective management of the Board, of which the structure provides the Group with strong and consistent leadership and allows for a more effective and efficient business planning, decision making as well as execution of long term business strategies.

彼等的履歷詳情及彼等的家庭關係（如適用）載於本年報上文「董事、監事及高級管理層簡歷」一節。列明董事角色、職能及獨立身份的董事名單可於本公司網站查閱。

執行董事、董事會主席兼本公司總經理邊先生為執行董事邊姝女士的弟弟，並為非執行董事邊建光先生的兒子。除本報告所披露者外，董事會成員之間並無任何其他財務、業務、家屬或其他重大／相關關係。

本公司堅持認為董事會應包括適當比例的執行董事及非執行董事（包括獨立非執行董事），致使董事會高度獨立，從而於決策過程中有效作出獨立判斷。本公司亦堅持認為獨立非執行董事應有足夠人數、才幹及經驗，以使其意見具有影響力，且彼等不應牽涉可能已對或潛在會對彼等擔任本公司董事職務時行使獨立判斷造成重大干擾的任何業務或其他關係。

邊先生為董事會主席、執行董事兼本公司總經理，負責監督本集團戰略規劃、策略制定及公司發展，並於本公司整體營運的監督管理中擔任主要決策角色。董事會定期會面以考慮、討論及審閱有關本公司營運的重大及適當事宜。因此，董事會認為已採取足夠措施，而由邊先生兼任董事會管理以至本公司日常業務管理的角色，不會削弱權力及權責平衡。相信董事會的有效管理可確保上述平衡，其架構為本集團提供穩健而貫徹的領導方針，並能以更有效及更具效益的方式，作出業務規劃及決策，以及執行長遠業務策略。

Corporate Governance Report

企業管治報告

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews its corporate governance standards. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, investment policies, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the executive Directors and the senior management of which the members should report back and obtain prior approval from the Board before making decisions or entering into any commitments for and on behalf of the Group. In compliance with the code provision D3.1 of the CG Code, the functions and powers that have been delegated are reviewed periodically to ensure that they remain appropriate to the needs of the Group.

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of the Directors and senior management. The Board also reviews the disclosures herein to ensure compliance.

All Board members have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request. Since November 2015, all Directors have been provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each Director to effectively discharge their duties.

All Directors are required to declare to the Board upon their first appointment of directorships or other positions concurrently held in other companies or organisations. These interests are updated on an annual basis and when necessary.

董事會制訂本集團的整體目標及策略、監察及評估其營運及財務表現並審閱其企業管治準則，亦就年度及中期業績、主要交易、董事委任或續聘、投資政策、股息及會計政策等事宜作出決定。董事會已將執行其業務策略及管理本集團業務的日常營運的權力及責任委託予執行董事及高級管理層，高級管理層成員應於為本集團或代表本集團作出決策或訂立任何承諾前向董事會作出報告並獲其事先批准。為遵守企業管治守則的守則條文D3.1，董事會定期檢討所委託的職能及權力，以確保有關委託對本集團的需要仍屬合適。

董事會亦負責制定、檢討及監察本集團的企業管治政策及常規與遵守法律法規情況，以及董事及高級管理層的培訓及持續專業發展。董事會亦審閱本報告內的披露資料，以確保合規。

各董事會成員可分別獨立接觸本集團的高級管理層，以履行彼等的職責。相關董事亦可要求徵詢獨立專業意見，以協助彼等履行職責，費用由本集團承擔。本公司自二零一五年十一月起已每月向所有董事提供有關本公司表現及財務狀況的最新資料，以便董事會全體及每名董事有效地履行其職責。

全體董事須於首次獲委任時向董事會申報彼等同時在其他公司或機構擔任的董事或其他職務，有關利益申報在每年及有需要時更新。

Corporate Governance Report

企業管治報告

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director receives an induction to ensure that he has a proper understanding of the business and operations of the Group and that he is fully aware of his duties and responsibilities as a director under applicable rules and requirements.

In compliance with paragraph A.6.5 of the CG Code, during the Year, the Company organised training sessions to each of the Directors in relation to continuing obligations of a Hong Kong listed company and its directors. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the shareholders and the Group. They serve actively on the Board and Board Committees to provide their independent and objective views.

In compliance with Rules 3.10 (1) and 3.10A of the Listing Rules, the Company appointed three independent non-executive Directors, representing equal to one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10 (2) of the Listing Rules.

董事持續培訓及專業發展

全體董事均知悉彼等對股東的責任，且於履行彼等的職責時已傾注其關注、技術及勤勉，致力發展本集團。每名新任董事均獲提供必要的入職培訓，確保其對本集團的業務及營運有適當了解，並充分理解其於適用規則及規定下身為董事的職責及責任。

為遵守企業管治守則第A.6.5段，於本年度，本公司已為各董事舉辦有關香港上市公司及其董事的持續責任的培訓課程。此外，本公司於董事會會議上向各董事提供有關上市規則及其他適用監管規定的簡介及最新發展，以確保董事遵守有關法規，以及加深彼等對良好企業管治常規的認識。

獨立非執行董事的獨立性

獨立非執行董事的角色乃向董事會提供獨立及客觀的意見，為本集團提供足夠的制約及平衡，以保障股東及本集團整體利益。彼等於董事會及該等董事會委員會上積極提供獨立及客觀的意見。

本公司已遵照上市規則第3.10(1)及3.10A條，委任三名獨立非執行董事，佔董事會人數三分之一。其中一名獨立非執行董事具備上市規則第3.10(2)條所規定的適當會計專業資格或相關財務管理專長。

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Each independent non-executive Director has submitted an annual confirmation in writing on his/her independence to the Company for the Year pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all independent non-executive Directors are independent and free of any relationship that could materially interfere with the exercise of their independent judgement.

NON-EXECUTIVE DIRECTORS

The Group has three non-executive Directors, being Mr. Bian Jianguang, Mr. Zhu Xian Bo and Mr. Chen Jiancheng. At the annual general meeting convened for the year ended 31 December 2015 and held on 1 June 2016, Mr. Bian Jianguang was re-appointed. At the extraordinary general meeting held on 5 December 2017, Mr. Chen Jiancheng was newly appointed while Mr. Zhu Xian Bo was newly appointed at the annual general meeting held on 31 May 2019.

Details of the biographies of Mr. Bian Jianguang, Mr. Zhu Xian Bo and Mr. Chen Jiancheng are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" above in this annual report. Directors emoluments for Non-executive Directors are set out in note 13 to the Financial Statements.

The term of appointment of the non-executive Directors is three years.

BOARD COMMITTEES

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference are available on the Company's website.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

各獨立非執行董事已根據上市規則第3.13條以書面形式向本公司提交其於本年度的年度獨立身份確認書。根據該等確認書的內容，本公司認為全體獨立非執行董事均為獨立，其獨立判斷不會受到任何關係的重大影響。

非執行董事

本集團有三名非執行董事，即邊建光先生、祝賢波先生及陳建誠先生。於二零一六年六月一日舉行的截至二零一五年十二月三十一日止年度的股東週年大會上，邊建光先生獲重新委任。陳建誠先生則於二零一七年十二月五日舉行的臨時股東大會上新獲委任，而祝賢波先生則於二零一九年五月三十一日舉行的股東週年大會上新獲委任。

邊建光先生、祝賢波先生及陳建誠先生的簡歷詳情載於本年報上文「董事、監事及高級管理層簡歷」一節。非執行董事的董事酬金則載於財務報表附註13。

非執行董事的任期為三年。

該等董事會委員會

董事會由包括審核委員會、提名委員會及薪酬委員會在內的多個委員會所支持。各董事會委員會均有經董事會批准的明確書面職權範圍，涵蓋其職責、權力及職能。彼等的職權範圍於本公司網站可供查閱。

所有該等董事會委員會均獲提供足夠資源以履行其職責，包括於需要時取得管理層或專業人士的意見。

Corporate Governance Report

企業管治報告

(i) Audit Committee

The Audit Committee was established with terms of reference in compliance with Rule 3.21 of the Listing Rules as well as paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Fung Kui Kei, Mr. Li Jiannan and Mr. Zhang Bing. Mr. Fung Kui Kei, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee on 30 March 2018.

The principal responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems and relationship with external auditor of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board. These include reviewing the Group's interim and annual reports.

The work performed by the Audit Committee during the Year includes:

- (i) reviewing of the relationship with the external auditors by reference to the work performed by the auditors, its fees and terms of management, and make recommendation to the Board on the reappointment of external auditors;
- (ii) reviewing of the annual and interim results and reports of the Company as to whether they are in compliance with the accounting standards and relevant requirements in relation to financial reporting under the Listing Rules and other laws;
- (iii) reviewing of matters relating to risk management and internal control systems, and the plans and objectives of the internal audit function established by the Company; and
- (iv) reviewing of the Group's accounting principles and practices, financial reporting and statutory compliance matters.

(i) 審核委員會

審核委員會根據上市規則第3.21條及企業管治守則第C.3段所載的職權範圍成立。審核委員會由三名獨立非執行董事組成，分別為馮鉅基先生、鄺建楠先生及張炳先生。馮鉅基先生具備適當專業資格及會計事務經驗，於二零一八年三月三十日獲委任為審核委員會主席。

審核委員會的主要職責是協助董事會就財務申報過程、內部監控及風險管理系統是否有效及維持與本集團外聘核數師關係提供獨立意見、監督審計過程，以及履行董事會委派的其他職責及責任，其中包括審閱本集團的中期及年度報告。

於本年度，審核委員會進行的的工作包括：

- (i) 參考核數師履行之工作、其費用及管理條款，以檢討與外聘核數師之關係，並就續聘外聘核數師向董事會提出推薦建議。
- (ii) 覆核本公司年度及中期業績及報告是否遵循會計準則及上市規則及其他法律項下有關財務申報的規定；
- (iii) 審閱有關風險管理及內部監控系統的事項，以及本公司設立的內部審計職能的計劃及工作目的；及
- (iv) 檢討本集團之會計原則及慣例、財務報告及法規遵守事宜。

Corporate Governance Report

企業管治報告

Pursuant to the meetings of the Audit Committee on 31 March 2020 and 15 April 2020, the Audit Committee has reviewed the consolidated financial statements of the Group for the Year (“**Financial Statements**”), including the accounting principles and practices adopted by the Group, the report prepared by the external auditor covering major findings in the course of the audit, and the selection and appointment of the external auditor. During the Year, two meetings of the Audit Committee were held. The respective attendance records of individual committee members are set out below:

根據審核委員會於二零二零年三月三十一日及四月十五日舉行的會議，審核委員會已審閱本集團本年度的綜合財務報表（「**財務報表**」）（包括本集團採納的會計原則及常規）、外聘核數師所編製的報告（當中涵蓋其於審核過程中的主要調查結果）以及外聘核數師的甄選及委任。於本年度，審核委員會舉行兩次會議。個別委員會成員各自的出席記錄載列如下：

Name of member	成員姓名	Attendance/Number of meetings 出席／會議次數
Mr. Fung Kui Kei (<i>Chairman</i>)	馮鉅基先生 (主席)	2/2
Mr. Zhang Bing	張炳先生	2/2
Mr. Li Jiannan	酈建楠先生	2/2

Corporate Governance Report

企業管治報告

(ii) Remuneration Committee

The Remuneration Committee was established with terms of reference in compliance with Rule 3.25 of the Listing Rules as well as paragraph B.1 of the CG Code. The Remuneration Committee comprises three Directors, namely Mr. Li Jiannan (independent non-executive Director), Mr. Zhang Bing (independent non-executive Director) and Mr. Chen Jiancheng (non-executive Director). Mr. Li Jiannan is the chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration structure and policy for all Directors and senior management as well as the specific remuneration packages for the executive Directors and senior management and on the establishment of a formal and transparent process for developing such remuneration policy. No Director takes part in any discussion on his own remuneration. The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to the members of the Board, market rates and factors such as each Director's workload, performance, responsibility, job complexity and the Group's performance are taken into account.

Pursuant to the meeting of the Remuneration Committee on 31 March 2020, the Remuneration Committee reviewed the remuneration policy and structure relating to, as well as the respective service contracts/letters of appointment of, the Directors and senior management of the Company.

(ii) 薪酬委員會

薪酬委員會根據上市規則第3.25條及企業管治守則第B.1段所載的職權範圍成立。薪酬委員會由三名董事組成，分別為鄺建楠先生（獨立非執行董事）、張炳先生（獨立非執行董事）及陳建誠先生（非執行董事）。鄺建楠先生為薪酬委員會主席。

薪酬委員會的主要職責是檢討全體董事及高級管理層的整體薪酬架構及政策以及執行董事及高級管理層的特定薪酬方案，及就制定此等薪酬政策設立正規而具透明度的程序，並就以上事項向董事會提供建議。概無董事參與有關其本身薪酬的討論。本公司的薪酬政策目標是根據業務需要及行業慣例維持公平及具競爭力的薪酬方案。本公司因應市場水平、各董事的工作量、表現、職責、工作難度及本集團表現等因素，釐定向董事會成員支付的薪酬及袍金水平。

根據薪酬委員會於二零二零年三月三十一日舉行的會議，薪酬委員會已檢討有關董事及本公司高級管理層的薪酬政策及架構以及其各自的服務合約／委任函。

Corporate Governance Report

企業管治報告

During the Year, one meeting of the Remuneration Committee was held. The respective attendance records of individual committee members are set out below:

於本年度，薪酬委員會舉行一次會議。個別委員會成員各自的出席記錄載列如下：

Name of member	成員姓名	Attendance/Number of meetings 出席／會議次數
Mr. Li Jiannan	鄺建楠先生	1/1
Mr. Zhang Bing	張炳先生	1/1
Mr. Chen Jiancheng	陳建誠先生	1/1

The remuneration of members of the senior management of the Group for the Year are set out in note 13 to the Financial Statements.

有關本年度本集團高級管理層成員薪酬載於財務報表附註13。

(iii) Nomination Committee

The Nomination Committee was established with terms of reference in compliance with paragraph A.5 of the CG Code and comprises three Directors, namely Mr. Zhang Bing (independent non-executive Director), Mr. Fung Kui Kei (independent non-executive Director) and Ms. Bian Shu (executive Director). Mr. Zhang Bing is the chairman of the Nomination Committee.

(iii) 提名委員會

提名委員會根據企業管治守則第A.5段所載的職權範圍成立，由三名董事組成，分別為張炳先生（獨立非執行董事）、馮鉅基先生（獨立非執行董事）及邊姝女士（執行董事）。張炳先生為提名委員會主席。

The principal responsibilities of the Nomination Committee are to review the composition of the Board, including its structure, size and diversity, at least annually to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group. It is also responsible for considering and recommending to the Board any suitably qualified person to become a member of the Board, monitoring the succession planning of Directors and assessing the independence of independent non-executive Directors. For details of the nomination policy adopted by the Nomination Committee, please refer to the section "Nomination Policy" in this corporate governance report. The Nomination Committee also gives consideration to the board diversity policy adopted by the Board in March 2015 ("**Board Diversity Policy**") when identifying suitably qualified candidates to become the members of the Board, and the Board reviews the Board Diversity Policy, so as to develop and review measurable objectives for the implementation of the same and to monitor the progress on achieving these objectives. The Board is reasonably diverse in terms of age, professional skills and experience during the Year.

提名委員會的主要職責是至少每年檢討董事會的組成，內容包括其架構、人數及多元性，以確保董事會具備適合本集團業務所需的均衡專業知識、技能及經驗。提名委員會亦負責考慮及向董事會推薦具備合適資格可擔任董事會成員的人士、監察董事繼任安排及評核獨立非執行董事的獨立性。有關提名委員會所採納的提名政策的詳情，請參閱本企業管治報告「提名政策」一節。提名委員會在物色具備合適資格可擔任董事會成員的人士時，亦會考慮董事會於二零一五年三月採納的董事會多元化政策（「**董事會多元化政策**」），而董事會會檢討董事會多元化政策，為實施董事會多元化政策訂立可計量目標並加以檢討，以及監察達成有關目標的進度。於本年度，董事會在年齡、專業技能及經驗方面的程度屬合理。

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Pursuant to the meeting of the Nomination Committee on 31 March 2020, the Nomination Committee reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors. During the Year, one meeting of the Nomination Committee was held. The respective attendance records of individual committee members are set out below:

根據提名委員會於二零二零年三月三十一日舉行的會議，提名委員會已檢討董事會的架構、人數及組成，並已評核獨立非執行董事的獨立性。於本年度，提名委員會舉行一次會議。個別委員會成員各自的出席記錄載列如下：

Name of member	成員姓名	Attendance/Number of meetings 出席／會議次數
Mr. Zhang Bing (<i>Chairman</i>)	張炳先生 (主席)	1/1
Ms. Bian Shu	邊姝女士	1/1
Mr. Fung Kui Kei	馮鉅基先生	1/1

CORPORATE GOVERNANCE FUNCTIONS

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

The Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the extent of compliance of the Company with the "Model Code for Securities Transactions by Directors of Listed Issuers" under Appendix 10 to the Listing Rules ("**Model Code**") and the CG Code as well as the relevant disclosures herein.

企業管治職能

董事會負責履行企業管治守則第D.3.1段所載的職能。

董事會已檢討本公司的企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司在遵守法律及監管規定方面的政策及常規、本公司遵守上市規則附錄十所載的《上市發行人董事進行證券交易的標準守則》(「**標準守則**」)及企業管治守則的情況及在本報告內的相關披露。

Corporate Governance Report

企業管治報告

BOARD PROCEEDINGS

Pursuant to the Articles of Association, the Board is required to hold at least four Board meetings each year, to be convened and hosted by the chairman of the Board. A notice of at least fourteen days shall be dispatched for a regular Board meeting.

The quorum for a Board meeting is the presence of at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting. The secretary to the Board is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

During the Year, four Board meetings were held and the respective attendance records of individual Board members are set out below:

董事會議事程序

根據組織章程細則，董事會每年須舉行最少四次由董事會主席召開及主持的董事會會議。董事會定期會議須提前至少十四天通知。

董事會會議的法定人數至少為董事總數的一半。董事可親身出席董事會會議，或以書面形式委任另一董事為其受委代表出席董事會會議。董事會秘書負責編製及備存董事會會議記錄，並確保該等會議記錄可供任何董事查閱。

於本年度，董事會舉行4次會議，個別董事會成員各自的出席記錄載列如下：

Name of Director	董事姓名	Attendance/Number of meetings 出席／會議次數
Mr. Bian Yu	邊宇先生	4/4
Mr. Bian Weican	邊偉燦先生	4/4
Ms. Bian Shu	邊姝女士	4/4
Mr. Bian Jianguang	邊建光先生	4/4
Mr. Zhang Yuanyuan ^{Note 1}	章袁遠先生 ^{附註1}	2/2
Mr. Chen Jiancheng	陳建誠先生	4/4
Mr. Fung Kui Kei	馮鉅基先生	4/4
Mr. Zhang Bing	張炳先生	4/4
Mr. Li Jiannan	鄺建楠先生	4/4
Mr. Zhu Xian Bo ^{Note 1}	祝賢波先生 ^{附註1}	2/2

Note 1: Mr. Zhang Yuanyuan resigned as the non-executive director of the Company with effect from 31 May 2019 and he was replaced by Mr. Zhu Xian Bo on 31 May 2019.

附註1: 章袁遠先生自二零一九年五月三十一日起辭任本公司非執行董事，並於二零一九年五月三十一日由祝賢波先生接替彼の職位。

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GENERAL MEETINGS

During the Year, the Company convened one annual general meeting held on 31 May 2019. The respective attendance records of individual Board members are set out below:

Name of Director	董事姓名	Attendance/Number of meetings 出席／會議次數
Mr. Bian Yu	邊宇先生	1/1
Mr. Bian Weican	邊偉燦先生	1/1
Ms. Bian Shu	邊姝女士	1/1
Mr. Bian Jianguang	邊建光先生	1/1
Mr. Zhang Yuanyuan ^{Note 1}	章袁遠先生 ^{附註1}	1/1
Mr. Chen Jiancheng	陳建誠先生	1/1
Mr. Zhang Bing	張炳先生	1/1
Mr. Fung Kui Kei	馮鉅基先生	1/1
Mr. Li Jiannan	鄺建楠先生	1/1

Note 1: Mr. Zhang Yuanyuan resigned as the non-executive director of the Company with effect from 31 May 2019 and he was replaced by Mr. Zhu Xian Bo on 31 May 2019.

股東大會

於本年度，本公司於二零一九年五月三十一日召開一次股東週年大會。個別董事會成員各自的出席記錄載列如下：

附註1：章袁遠先生自二零一九年五月三十一日起辭任本公司非執行董事，並於二零一九年五月三十一日由祝賢波先生接替彼的職位。

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the Articles of Association, Directors shall be subject to election at the Company's general meetings with a term of office of three years and may be re-elected. The Company has implemented a set of effective procedures for the appointment of new Directors. The Nomination Committee shall, in accordance with provisions of the relevant laws and regulations and the Articles of Association, take into account the practical situations of the Company, consider the selection criteria, selection procedures and terms of office of the Directors, and record and submit the resolutions to the Board for approval. All newly nominated Directors are subject to election and approval at general meetings.

委任及重選董事

根據組織章程細則，董事須於本公司股東大會上獲選任，任期為三年，並可獲重新選任。本公司已就委任新董事實施一套有效程序。提名委員會須按照相關法律法規及組織章程細則的條文，在顧及本公司的實際情況後，考慮董事的甄選準則、甄選程序及任期，並記錄及提交決議案予董事會批准。所有新獲提名的董事均須經股東大會選任及批准。

Corporate Governance Report

企業管治報告

BOARD DIVERSITY POLICY

The Board adopted the Board Diversity Policy in March 2015. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision is based on merit and contribution that the selected candidates is expected to bring to the Board.

NOMINATION POLICY

The Company has a nomination policy of having a board of directors with a diversity of skills and experience. The selection and proposed appointment of the Directors are submitted to the approval of both the Nomination Committee and the Board, and the re-election of Directors is conducted in accordance with the Articles. The criteria of assessing a candidate include his/her reputation for integrity, accomplishment, experience and reputation in the business and industry and commitment in respect of sufficient time, interest and attention to the businesses of the Company and its subsidiaries. If a candidate is proposed to be appointed as an independent non-executive Director, his/her independence shall be assessed in accordance with the requirements under the Listing Rules.

DIVIDEND POLICY

The Company will adopt a dividend policy subject to the shareholders' approval in the upcoming annual general meeting.

The proposed dividend policy will provide the Board the discretion to declare and distribute dividends to Shareholders subject to the provisions of the constitutional documents of the Company, and applicable laws and regulations. In considering whether to recommend or declare dividends, the Board will also take into account a number of factors including but not limited to operations, earnings, financial condition, cash flow situation, business conditions and strategies, interests of shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant. Any final dividend for a financial year will be subject to shareholders' approval.

董事會多元化政策

董事會於二零一五年三月採納董事會多元化政策。本公司明白及信納董事會多元化能提升其表現質素的神益。甄選人選按一系列多元化範疇為基準，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期。最終按人選的長處及預期可為董事會提供的貢獻而作決定。

提名政策

本公司設有提名政策，以成立具備多元化技能及經驗的董事會。甄選及建議委任董事須提交至提名委員會及董事會，以供批准，而重選董事須按照細則進行。評估候選人的標準包括其信譽、在商業和行業的成就、經驗及聲譽以及承諾為本公司及其附屬公司的業務投入足夠的時間、興趣及關注。倘候選人獲建議委任為獨立非執行董事，須根據上市規則規定評估其獨立性。

股息政策

本公司將採納一項股息政策（須待股東於應屆股東週年大會上批准）。

於本公司章程文件的條文及適用法律法規的規限下，建議股息政策將為董事會提供向股東宣派及分派股息的酌情權。於考慮是否建議或宣派股息時，董事會亦將考慮多項因素，包括但不限於營運、盈利、財務狀況、現金流量狀況、業務狀況及戰略、股東權益、派付股息之任何限制及董事會認為可能相關之任何其他因素。財政年度的任何末期股息將須獲得股東批准。

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企業管治報告

SUPERVISORY COMMITTEE

The Supervisory Committee consists of three members. The employee representative Supervisor, namely Mr. Chen Xinhua, was elected by employee representatives, whilst the remaining two Supervisors were elected by the Shareholders. Mr. Chen Xinhua entered into a service contract with the Company on 1 January 2016, and each of Mr. Fu Jun and Mr. Fang Zhiguo signed a letter of appointment on 31 May 2019. Pursuant to the Articles of Association, the term of office of the Supervisors shall be three years. The functions and duties of the Supervisory Committee include, but are not limited to, reviewing and verifying financial reports and, if in doubt, appointing certified public accountant and practicing auditor to re-examine the Company's financial information; monitoring the business activities of the Company; supervising the performance of the Directors, the chairman of the Board and other senior management members, and monitoring whether they had acted in violation of the laws, regulations and Articles of Association in the performance of their duties; requesting the Directors, the chairman of the Board and senior management members to rectify actions which damage the Company's interests; and exercising other rights given to them under the Articles of Association.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group adopted the Model Code as the code of conduct on securities transactions entered into by the Directors and Supervisors, in order to govern such transactions. Having made specific written enquiries, all Directors and Supervisors confirmed their compliance with the provisions under the Model Code throughout the Year.

監事會

監事會由三名成員組成，職工代表監事陳新華先生由職工代表選舉產生，而餘下兩名監事則由股東選舉產生。陳新華先生已於二零一六年一月一日與本公司訂立服務合約，而傅均先生及方治國先生各自已於二零一九年五月三十一日簽訂委任函。根據組織章程細則，監事任期應為期三年。監事會的職能及職責包括但不限於：審閱及核實財務報告，如有任何疑問，委任執業會計師及執業核數師重新審閱本公司的財務資料；監督本公司的業務活動；監督董事、董事會主席及其他高級管理層成員的表現、監察彼等在履行職責時有否違反法律、法規及組織章程細則；要求董事、董事會主席及高級管理層成員糾正損害本公司利益的行動；及行使組織章程細則賦予彼等的其他權利。

證券交易的標準守則

本集團採納標準守則作為董事及監事進行證券交易的行為守則以規管該等交易。經作出特定書面查詢後，全體董事及監事確認，彼等於本年度一直遵守標準守則的相關條文。

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JOINT COMPANY SECRETARIES

Mr. Wong Hon Kit and Ms. Shen Qiong are the joint company secretaries of the Company.

Being the joint company secretaries, Mr. Wong and Ms. Shen serve an important role in ensuring good information flow within the Board and that the Board policies and procedures are followed. Both of them are responsible for advising the Board on corporate governance matters and facilitating induction and professional development of Directors.

During the Year, the joint company secretaries of the Company complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of each of the said joint company secretaries are set out in the section headed “Biographies of Directors, Supervisors and Senior Management” above in this annual report.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Board acknowledges its responsibility to prepare the Financial Statements which give a true and fair view of the Group’s state of affairs, results and cash flows for the Year and in accordance with the Hong Kong Financial Reporting Standards issued by the HKICPA, and the disclosure requirements under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong). The Company selected appropriate accounting policies and applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Group has adequate resources to continue in business for the foreseeable future and is not aware of any material uncertainties relating to any events or conditions that may affect the business of the Group or cast doubts on its ability to continue as a going concern.

The responsibilities of Zhonghui Anda CPA Limited, the Company’s external auditor, with respect to financial reporting are set out in the section headed “Independent Auditors’ Report” below in this annual report.

聯席公司秘書

王漢傑先生及沈瓊女士為本公司聯席公司秘書。

作為聯席公司秘書，王先生及沈女士於確保董事會成員間有效交流資訊以及董事會政策及程序得以遵守方面擔當重要角色。彼等負責就企業管治事宜向董事會提供意見及安排董事的入職培訓及專業發展。

本公司聯席公司秘書已於本年度內遵守上市規則第3.29條項下的相關專業培訓規定。上述各聯席公司秘書的履歷詳情載於本年報上文「董事、監事及高級管理層簡歷」一節。

財務報告及內部監控

財務報告

董事會明白本身有責任根據香港會計師公會頒佈的香港財務報告準則及公司條例（香港法例第622章）的披露規定編製財務報表，以令其真實而公平地反映本集團於本年度的事務狀況、業績及現金流量。本公司根據審慎合理的判斷及估計，選擇合適的會計政策並貫徹採用。董事會認為本集團具備充足資源於可見未來繼續經營業務，且並不知悉有關可能影響本集團業務或使本集團持續經營能力成疑的事件或狀況出現任何重大不確定因素。

本公司外聘核數師中匯安達會計師事務所有限公司就財務報告所承擔的責任，載於本年報下文「獨立核數師報告」一節。

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INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the establishment and development of the internal control and risk management framework, as well as the regular review of the internal control procedures and policies and risk management practices of the Group. The Audit Committee is responsible for advising on and overseeing the internal control and risk management issues, and assuming an active role in communicating the best practice in the aforesaid issues to the Directors and senior management of the Group. The senior management members are responsible for the execution of internal control policies and procedures as well as risk assessment practices implemented by the Group. Amid the Group's set-up of its internal audit department, the CFO and the joint company secretaries of the Group are currently carrying out the internal audit function and assisting the Board and senior management to review, maintain and advise on the internal control and risk management framework and the implementation of the relevant policies, procedures and practices of the Group.

The Group's risk management practices are to manage the risks that it internally and externally encounters. With the assistance of the whistle blowing policies to be adhered to by all staff, the Group's risks could be kept at a manageable level.

During the Year, the Board or its representatives conducted a regular walk-through examination on internal controls and risk management throughout the Group, including analysing the internal control and risk management system as a whole, interviewing and discussing with managers on issues in which their respective departments were involved, assessing on the effectiveness of policies, procedures and practices, and taking advices from the joint company secretaries and CFO.

The Board also carry out a review of the enhanced internal control policies and procedures as well as risk management practices of the Group in accordance with paragraph C.2.1 of the CG Code annually, including financial, operational and compliance controls as well as risk management functions of the Group. During the Year, the Board reviewed the effectiveness of the Group's internal control policies and procedures as well as risk management practices, and considered that they are adequate and effective.

內部監控及風險管理

董事會負責建立及制訂內部監控及風險管理框架，並定期檢討本集團的內部監控程序及政策以及風險管理常規。審核委員會負責就內部監控及風險管理問題提出建議並進行監察，並積極就上述問題的最佳常規與董事及本集團高級管理層溝通。高級管理層成員負責執行本集團採納的內部監控政策及程序以及風險評估常規。在本集團設立其內部審計部門的期間，本集團財務總監及聯席公司秘書目前正肩負內部審計職能，協助董事會及高級管理層檢討及維護本集團內部監控及風險管理框架、相關政策及程序以及常規的實施，並就此提出建議。

本集團的風險管理常規乃為管理其所面對的內部及外部風險。在全體員工堅持執行舉報政策的幫助下，本集團的風險可保持在可管理水平。

於本年度，董事會或其代表就本集團的內部監控及風險管理進行常規演練檢查，包括分析整體內部監控及風險管理制度、諮詢經理並與彼等討論所涉及各自部門的問題、評估政策、程序及常規的有效性以及自聯席公司秘書及財務總監獲取建議。

董事會亦根據企業管治守則第C.2.1段對本集團的經改善內部監控政策及程序以及風險管理常規進行年度檢討，包括本集團的財務、營運及合規監控以及風險管理職能。於本年度，董事會完成檢討本集團的內部監控政策及程序以及風險管理常規的有效性，並認為屬充分且有效。

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企業管治報告

The Board, the Audit Committee, the Company's senior management will continue to review the relevant policies, procedures and practices in order to maintain a high level of corporate governance over the operation of the Group.

董事會、審核委員會及本公司高級管理層將持續檢討相關政策、程序及常規以就本集團的營運維持高水平的企業管治。

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

外聘核數師及核數師酬金

Zhonghui Anda CPA Limited was re-appointed as the external auditor of the Company on 31 May 2019. During the Year, the fees period to Zhonghui Anda CPA Limited in respect of its annual audit services provided to the Group was approximately HK\$1.16 million.

中匯安達會計師事務所有限公司於二零一九年五月三十一日獲續聘為本公司外聘核數師。本年度內，就中匯安達會計師事務所有限公司為本集團提供年度審計服務而支付的費用約為港幣1.16百萬元。

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the Year.

本年度內，董事會與審核委員會之間對外聘核數師的揀選及委任事宜並無分歧。

A summary of services provided by the external auditors for the year ended 31 December 2019 and their corresponding remuneration are as follows:

截至二零一九年十二月三十一日止年度，外聘核數師所提供服務及其相應酬金的概要如下：

Nature of service 服務性質	Amount 金額 HK\$'000 千港元
Audit service 審計服務	1,157
Non-audit service 非審計服務	18

Corporate Governance Report

企業管治報告

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company aims to, by virtue of its corporate governance structure, enable all Shareholders an equal opportunity to exercise their rights in an informed manner and allow them to engage actively with the Company. Under the Articles of Association, the shareholder communication policy and other relevant internal procedures of the Company, the Shareholders enjoy, among others, the following rights:

(i) Participation in general meetings

The general meetings of the Company provide an opportunity for direct communication between the Board and the Shareholders. The Company encourages the participation of the shareholders through annual general meetings and other general meetings where the Shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders no less than 45 days before the meeting. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual Directors.

(ii) Enquiries and proposals to the Board

The Company encourages Shareholders to attend Shareholders' meetings and make proposals by either directly raising questions on both operational and governance matters to the Board and Board Committees at the general meetings or providing written notice of such proposals for the attention of the Company secretary at the registered office of the Company in the PRC currently at TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, The PRC or the principal place of business in Hong Kong at Room 1201, 12th Floor, Chung Ying Building, 20 Connaught Road West, Sheung Wan, Hong Kong.

股東通訊及股東權利

本公司旨在透過其企業管治架構，讓全體股東有平等機會在知情情況下行使其權利，並讓其積極參與本公司事務。根據組織章程細則、股東通訊政策及本公司其他相關內部程序，股東可享有（其中包括）以下權利：

(i) 參加股東大會

本公司的股東大會為董事會與股東提供直接溝通機會。本公司鼓勵股東透過出席股東週年大會及其他股東大會參與本公司事務，會上股東可與董事會會面及交流意見，並行使其表決權利。本公司須安排於舉行大會前不少於45天，向股東發出大會通告及載有提呈決議案詳情的通函。在股東大會上，各重大事項（包括選舉個別董事）將會提呈獨立決議案。

(ii) 向董事會查詢及提出建議

本公司鼓勵股東出席股東大會，通過在股東大會向董事會及該等董事會委員會就營運及管治事宜直接提問作出建議，或將有關建議的書面通知送交本公司的中國註冊辦事處（現時位於中國浙江省諸暨市牌頭鎮天潔工業園區）或香港主要營業地點（地址為香港上環干諾道西20號中英大廈12樓1201室），註明本公司秘書收啟。

Corporate Governance Report

企業管治報告

(iii) Convening extraordinary general meetings

Pursuant to the Articles of Association, the Board shall convene an extraordinary general meeting or class meeting as soon as possible where any Shareholder holding, severally or jointly, 10% or more of the Company's issued shares carrying voting rights requests in writing for the convening of an extraordinary general meeting or class meeting. The Shareholders holding, severally or jointly, 10% or more of voting shares may request the Board to convene an extraordinary general meeting or class meeting by signing and submitting one or several written requests with the same format and contents and specifying the agenda of the meeting. An extraordinary general meeting or class meeting shall be convened by the Board as soon as practicable upon receipt of the aforesaid written request. The aforesaid shareholding shall be calculated on the basis of the date on which the relevant Shareholders submit the written request. If the Board fails to dispatch a notice of convening such meeting within 30 days upon receipt of the aforesaid written request, the shareholder who proposed to convene the meeting is entitled to propose to the Supervisory Committee to convene a meeting. If the Supervisory Committee has not issued a notice of the meeting within five (5) days after the passing of the relevant resolution by the board of supervisors, the Shareholders individually or jointly holding 10% or more of the shares of the Company for more than 90 consecutive days may convene and hold such a meeting by themselves. The procedures for convening such meeting should follow those for convening a general meeting or class meeting of Shareholders by the Board to the greatest extent practicable.

(iii) 召開臨時股東大會

根據組織章程細則，若單獨或合計持有本公司有表決權的已發行股份10%或以上的股東以書面形式要求召開臨時股東大會或類別股東大會，董事會則須盡快內召開臨時股東大會或類別股東大會。單獨或合計持有表決權的股份10%或以上的股東，可以簽署及提交一份或者數份同樣格式內容的書面要求，提請董事會召開臨時股東大會或類別股東大會，並闡明會議的議題。董事會在收到前述書面要求後應當在切實可行範圍內儘快召開臨時股東大會或類別股東大會。前述持股數按相關股東提出書面要求當日計算。如果董事會在收到前述書面要求後30天內沒有發出召開有關大會的通告，提出該要求的股東有權向監事會提議召開，如果監事會在收其通過相關決議案後五(5)天內沒有發出召開有關大會的通告，連續90日以上單獨或合計持有本公司股份10%或以上的股東可以自行召集和主持。召開有關大會的程序應當盡最大可能與董事會召開股東大會或類別股東大會的程序相同。

Corporate Governance Report

企業管治報告

All reasonable expenses incurred for the purpose of convening and holding the aforesaid meeting by Shareholders due to the failure of the Board to hold such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the Director(s) who have defaulted their duties.

(iv) Procedures for putting forward proposals at a general meeting

In overseeing and monitoring the business operation of the Company, the Shareholders have the right to put forward proposals and raise inquiries. Shareholders individually or together holding 3% or more of the Company's voting Shares have the right to put up ad-hoc proposals in writing to the Board ten days before the holding of the general meeting, and the Board shall notify other shareholders within two days after receipt of the proposals and submit them to the general meeting for consideration and approval.

The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and the Articles of Association.

CONSTITUTIONAL DOCUMENTS

There was no change in the Articles of Association during the Year.

The Articles of Association are available on the respective websites of the Stock Exchange and the Company.

股東因董事會未應前述要求舉行會議而自行召開並舉行會議的話，其所產生的一切合理費用應當由本公司承擔，並從本公司欠付失職董事的款項中扣除。

(iv) 在股東大會上提出議案的程序

股東在監察及監控本公司業務營運的過程中，有權提出議案及質詢。單獨或合計持有本公司有表決權的股份3%或以上的股東，有權在股東大會舉行前十天以書面形式向董事會提出臨時議案，而董事會應在收到有關議案後兩天內知會其他股東並將有關議案遞交股東大會以供審批。

所提出的議案內容須屬於股東大會職責範圍內且具有明確主題及具體議決事宜，並須符合法律、行政法規及組織章程細則的相關規定。

憲章文件

組織章程細則於本年度內概無任何變動。

組織章程細則於聯交所及本公司各自的網站可供查閱。

Directors' Report

董事會報告

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

PRINCIPAL ACTIVITIES

The Company is a well-established integrated atmospheric pollution control solution provider, with a primary focus on particulate emission control by offering mega-size precipitators to customers in various industries. During the Year, the Group mainly offers three types of precipitators: electrostatic precipitators, bag filter precipitators and electrostatic-bag composite precipitators.

The principal activities and other particulars of the Company's subsidiaries are set out in note 1 to the Financial Statements.

FINANCIAL POSITION AND RESULTS

The Group's financial position as at 31 December 2019 and the Group's profit for the Year are set out in the section headed "Financial Highlights" above in this annual report.

A discussion and analysis of the Group's performance during the Year and the key factors affecting its financial position and results are set out in the section headed "Management Discussion and Analysis" above in this annual report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out in the section headed "Five-Year Financial Summary" below in this annual report. This summary does not form part of the audited Financial Statements.

DIVIDENDS

The Board does not recommend the payment of final dividend for the Year.

CONNECTED TRANSACTIONS

(I) Particulars of the transactions

Hereinbelow are a list of the connected transactions entered into by the Company or members of the Group with connected parties that continued upon Listing and were disclosed in the prospectus dated 24 September 2015 prepared for the purpose of the Listing ("**Prospectus**") and circular of projection of related party/connected transactions dated 15 April 2019 ("**Circular**") with no further changes after implementation except as provided herein otherwise.

董事欣然提呈年報連同本集團於本年度的經審核綜合財務報表。

主要業務

本公司為著名的綜合大氣污染防治解決方案供應商，主要專注於顆粒物的排放控制，在多個行業為客戶提供特大型除塵器。於本年度，本集團主要提供三種除塵器：靜電除塵器、袋式除塵器及電袋複合除塵器。

本公司附屬公司的主要業務及其他詳情載於財務報表附註1。

財務狀況及業績

本集團於二零一九年十二月三十一日的財務狀況及本集團於本年度的溢利載於本年報上文「財務摘要」一節。

本集團於本年度的表現討論及分析以及影響其財務狀況及業績的主要因素載於本年報上文「管理層討論及分析」一節。

財務概要

本集團過去五個財政年度的業績、資產及負債概要載於本年報下文「五年財務數據摘要」一節。該摘要並不屬於經審核財務報表的一部分。

股息

董事會不建議派發本年度末期股息。

關連交易

(I) 交易詳情

下表載列本公司或本集團成員公司與關連方訂立並於上市後持續的關連交易，有關交易已於日期為二零一五年九月二十四日就上市而編製的招股章程（「招股章程」）及日期為二零一九年四月十五日的預測之關聯方／關連交易的通函（「通函」）中披露，執行後除本年報另行所載的情況外並無其他變動。

Directors' Report

董事會報告

Description of the transactions 交易概述	Inquiry Index 查詢索引
<p>On 25 April 2015, the Company, as lessee, entered into a tenancy agreement which renewed on 1 January 2018, the renewed agreement ending on 31 December 2020 with TGL, as lessor and the holding company of the Group, with respect to the office premises with a gross floor area of approximately 2,700 sq.m. situated at Xinle Village and Xinsheng Village, Paitou Town, Zhuji City, Zhejiang Province, the PRC ("TGL Office Building") for use as office building ("TGL Office Lease Agreement"). Reason for entering into the TGL Office Lease Agreement was that the Company commenced the use of the TGL Office Building four years ago mainly as its office, and any relocation would cause unnecessary costs and disruption. The annual rental payable by the Company under the TGL Office Lease Agreement was determined on normal commercial terms with reference to, and was reviewed by professional surveyors and valuers independent of the Group to be fair, reasonable and consistent with, the prevailing market rates of similar properties in the locality. The Company would have the right to renew the lease under the TGL Office Lease Agreement subject to compliance with all applicable laws and regulations of the PRC as well as the requirements under the Listing Rules. The lessor also granted the Company an option to purchase the TGL Office Building subject to the terms of the lease under the TGL Office Lease Agreement, and such option is exercisable in whole or in part with respect to such premises. The price of purchase, where applicable, of the TGL Office Building shall be the higher of (i) the fair market value of the relevant premises at the time of exercise of the option and (ii) an amount calculated by reference to the net book value of the relevant premises at the time of commencement of the lease, the rental amount, the leasing period as well as the Group's financing costs. The amount of total rental payment to TGL for the Year is included in note 34 to the Financial Statements. The Group expects the total rental fees payable to TGL in 2018 under the TGL Office Lease Agreement to be approximately RMB230,000.</p>	<p>For further details regarding the TGL Office Lease Agreement, please refer to the section headed "Connected Transactions" in the Prospectus.</p>
<p>於二零一五年四月二十五日，本公司（作為承租人）與本集團控股公司TGL（作為出租人）就位於中國浙江省諸暨市牌頭鎮新樂村及新升村，總建築面積約2,700平方米的辦公室物業（「TGL辦公大樓」）訂立租賃協議，且於二零一八年一月一日續約，續約租期截至二零二零年十二月三十一日止，作辦公大樓用途（「TGL辦公室租賃協議」）。訂立TGL辦公室租賃協議的理由是本公司於四年前開始使用TGL辦公大樓，主要用作辦公室，任何遷移將產生不必要的成本及造成業務中斷。本公司於TGL辦公室租賃協議下應付的年度租金乃按一般商業條款並參考當地同類物業的當前市價釐定。獨立於本集團的專業測量公司及估值師已審查TGL辦公室租賃協議下租賃應付的年度租金並確認租金屬公平合理且與當地類似物業的當前市價相符。本公司有權續訂TGL辦公室租賃協議下的租約，惟須符合所有適用的中國法律及法規和上市規則的規定。出租人亦已向本公司授出購買TGL辦公大樓的選擇權，惟須受TGL辦公室租賃協議下的租賃條款所規限，而本公司則可就物業行使全部或部分選擇權。TGL辦公大樓的購買價（如適用）須為下列較高者：(i)行使選擇權時，相關物業的公平市價及(ii)參照租賃開始時相關物業的賬面淨值、租金、租期及本集團融資成本計算的數額。本年度我們應向TGL支付的租金總額載於財務報表附註34。本集團預期二零一八年根據TGL辦公室租賃協議應付予TGL的租賃費用總額約為人民幣230,000元。</p>	<p>有關TGL辦公室租賃協議的更多詳情，請參閱招股章程「關連交易」一節。</p>

Directors' Report

董事會報告

Description of the transactions 交易概述	Inquiry Index 查詢索引
<p>On 25 April 2015, the Company entered with TGL, the holding company of the Group, into a power supply agreement which renewed on 1 January 2018, the renewed agreement ending on 31 December 2020 (“TGL Power Supply Agreement”), under which TGL would procure supply of electricity to the Company in the premises on lease from TGL under the TGL Office Lease Agreement and the TGL Industrial Lease Agreement in relation to daily operation of the Company’s office as well as the manufacturing and processing of goods which include the outer casings of the precipitators. Reason for entering into the subject agreement was that the Company commenced the use of the premises under the TGL Office Lease Agreement and the TGL Industrial Lease Agreement four years ago, and such premises are owned by TGL and accordingly the power supply services registered with the relevant power enterprises are in the name of TGL. In light of the foregoing circumstances, any procurement for alternate source of power supply would cause unnecessary costs and disruption. Whilst no additional costs would be charged by TGL, the amount payable by the Company under the TGL Power Supply Agreement for the provision of electricity supply was determined on with reference to the fee scale implemented by the PRC Government. Payment would be furnished to TGL on a cost basis on 25th day of each calendar month in accordance with the actual amount of electricity consumed by the Company of that particular month, and such consumption amount should be confirmed by both parties to the TGL Power Supply Agreement by jointly inspecting the readings on the relevant meters on 5th day of each calendar month. The amount of total utility payment to TGL for the Year is included in note 34 to the Financial Statements. The Group expects the total utility fees payable to TGL in 2018 under the TGL Power Supply Agreement to be capped at approximately RMB5,000,000.</p> <p>於二零一五年四月二十五日，本公司與本集團控股公司TGL訂立供電協議，且於二零一八年一月一日續約，續約年期截至二零二零年十二月三十一日止（「TGL供電協議」）。據此，TGL將就TGL辦公室租賃協議及TGL工業租賃協議下向TGL租用的物業為本公司取得電力供應，以應本公司辦公室日常營運和製造及加工貨品（包括除塵器的外殼）之需。訂立上述協議的理由是本公司於四年前開始使用TGL辦公室租賃協議及TGL工業租賃協議下的物業，該等物業由TGL擁有，故在相關電力企業登記的供電服務乃以TGL的名義進行。有見及此，若需取得任何其他供電來源，將產生不必要的成本及造成業務中斷。TGL不會收取額外成本，而本公司根據TGL供電協議就電力供應應付的金額乃參考中國政府執行的價格範圍釐定。本公司將根據每月實際耗電量於每個曆月第25天按成本向TGL支付電費，而耗電量應由TGL供電協議訂約雙方在每個曆月第5天共同讀取相關電表讀數後確認。本年度我們應向TGL支付的公用事業費用總額載於財務報表附註34。本集團預期於二零一八年根據TGL供電協議應付予TGL的公用事業費用總額上限約為人民幣5,000,000元。</p>	<p>For further details regarding the TGL Power Supply Agreement, please refer to the section headed “Connected Transactions” in the Prospectus.</p> <p>有關TGL供電協議的更多詳情，請參閱招股章程「關連交易」一節。</p>

Directors' Report

董事會報告

Description of the transactions 交易概述	Inquiry Index 查詢索引
<p>On 25 April 2015, the Company, as purchaser, entered with Tianjie General Machinery, as service provider and the wholly-owned subsidiary of TGL, into a processing service agreement which renewed on 1 January 2018, the renewed agreement ending on 31 December 2020 ("Processing Services Agreement"), under which Tianjie General Machinery agreed to provide processing services such as the processing of steel to the Group. Reason for entering into the Processing Services Agreement was that Tianjie General Machinery has been providing the Company with processing services of consistent quality since January 2012 and that Tianjie General Machinery is familiar with the Group's products and requirements. Further, due to the geographical proximity between Tianjie General Machinery and us, the transportation costs are relatively low. In light of the foregoing circumstances, the Directors considered it would be in the interests of the Group to continue its relationship with Tianjie General Machinery on sourcing of such processing services therefrom upon the Listing. The amount payable by the Company under the Processing Services Agreement would be ascertained through its regular contacts with independent suppliers in order to keep itself abreast of the market conditions and accordingly to ensure that its engagement with Tianjie General Machinery for the supply of processing services would be fair and reasonable as well as in line with prevailing market practices. Furthermore, before placing any purchase order of processing services, the Company would also obtain quotations from comparable processing services that might be available from other independent suppliers for the purpose of determining whether viable alternatives of comparable quality could be obtained in a timely manner and at the most competitive price. The amount of total processing services payment to Tianjie General Machinery for the Year is included in note 34 to the Financial Statements. The Group expects the total service fees payable to Tianjie General Machinery in 2018 under the Processing Services Agreement to be capped at approximately RMB8,500,000.</p>	<p>For further details regarding the Processing Services Agreement, please refer to the section headed "Connected Transactions" in the Prospectus.</p>
<p>於二零一五年四月二十五日，本公司（作為買方）已與TGL全資附屬公司天潔通用機械（作為服務供應商）訂立加工服務協議，且於二零一八年一月一日續約，續約年期截至二零二零年十二月三十一日止（「加工服務協議」），據此，天潔通用機械同意向本集團提供鋼材加工等加工服務。訂立加工服務協議的理由是自二零一二年一月起，天潔通用機械一直為本公司提供品質如一的加工服務，及天潔通用機械熟悉本集團的產品及規定。此外，由於我們與天潔通用機械之間的地理位置臨近，運輸成本相對較低。有見及此，董事認為上市後繼續維持本集團與天潔通用機械之間的關係及向天潔通用機械外判有關加工服務符合本集團利益。為確保本公司委聘天潔通用機械提供加工服務屬公平合理及符合現行市場慣例，其將定期接觸獨立供應商以了解最新市況，以此釐定根據加工服務協議應支付的金額。此外，於下發任何加工服務的採購訂單前，本公司亦會取得其他獨立供應商可提供的可比較加工服務的報價，以釐定是否能及時按最具競爭力的價格取得質量相當的替換選擇。本年度應向天潔通用機械支付的加工服務費總額載於財務報表附註34。本集團預期於二零一八年根據加工服務協議應付予天潔通用機械的服務費總額上限約為人民幣8,500,000元。</p>	<p>有關加工服務協議的更多詳情，請參閱招股章程「關連交易」一節。</p>

Directors' Report

董事會報告

Description of the transactions 交易概述	Inquiry Index 查詢索引
<p>On 1 January 2019, the Company, as seller, entered with Zhejiang Yuyuan Machinery Technology Co., Limited, as purchaser and the wholly-owned subsidiary of TGL, into a Sales of Material Agreement which renewed on 1 January 2019, the renewed agreement ending on 31 December 2019 (“Sales of Material Agreement”), under which Zhejiang Yuyuan Machinery Technology Co., Limited agreed to purchase material such as the Mobile garage control box from the Group. Reason for entering into the Sales of Material Agreement was that Group has been providing Zhejiang Yuyuan Machinery Technology Co., Limited with material of consistent quality since January 2019 and that Zhejiang Yuyuan Machinery Technology Co., Limited is satisfied with the Group’s products and requirements. Further, due to the geographical proximity between Zhejiang Yuyuan Machinery Technology Co., Limited and us, the transportation costs are relatively low. In light of the foregoing circumstances, the Directors considered it would be in the interests of the Group to continue its relationship with Zhejiang Yuyuan Machinery Technology Co., Limited on sales of such material therefrom upon the Listing. The amount receivable by the Company under the Sales of Material Agreement would be ascertained through its regular contacts with independent customer in order to keep itself abreast of the market conditions and accordingly to ensure that its engagement with Zhejiang Yuyuan Machinery Technology Co., Limited for the purchase of material would be fair and reasonable as well as in line with prevailing market practices. Furthermore, before placing any sales order of material, the Company would also provide quotations to comparable sales that might be available from other independent customers for the purpose of determining whether viable alternatives of comparable quality could be provided in a timely manner and at the most competitive price. The amount of total sales receivable from Zhejiang Yuyuan Machinery Technology Co., Limited for the Year is included in note 34 to the Financial Statements. The Group expects the total sales receivables from Zhejiang Yuyuan Machinery Technology Co., Limited in 2019 under the Sales of Material Agreement to be capped at approximately RMB500,000.</p>	<p>For further details regarding the Sales of Material Agreement, please refer to the section headed “Projection of related party/connected transactions” in the Circular</p>
<p>於二零一九年一月一日，本公司（作為賣方）與TGL全資附屬公司浙江宇遠機械科技有限公司（作為買方）訂立材料銷售協議，且於二零一九年一月一日續訂，續約年期截至二零一九年十二月三十一日止（「材料銷售協議」）。據此，浙江宇遠機械科技有限公司同意向本集團購買移動車庫控制盒等材料。訂立材料銷售協議的理由是本集團自二零一九年一月起一直向浙江宇遠機械科技有限公司提供品質如一的材料，及浙江宇遠機械科技有限公司亦滿意本集團的產品及規定。此外，由於我們與浙江宇遠機械科技有限公司之間的地理位置臨近，運輸成本相對較低。有見及此，董事認為上市後繼續維持本集團與浙江宇遠機械科技有限公司之間的關係及向其出售相關材料符合本集團利益。為確保本集團為浙江宇遠機械科技有限公司提供材料採購屬公平合理及符合現行市場慣例，本集團將定期接觸獨立客戶以了解最新市況，以此釐定根據材料銷售協議應收取的金額。此外，於下發任何材料銷售訂單前，本公司亦會提供其他獨立客戶可提供的可比較銷售報價，以釐定是否能及時按最具競爭力的價格提供質量相當的替換選擇。本年度應向浙江宇遠機械科技有限公司收取的銷售總額載於財務報表附註34。本集團預期於二零一九年根據材料銷售協議應收取浙江宇遠機械科技有限公司的銷售總額上限約為人民幣500,000元。</p>	<p>有關材料銷售協議的更多詳情，請參閱通函「預測之關聯方／關連交易」一節。</p>

Directors' Report

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(II) Confirmation opinion by independent non-executive Directors on connected transactions

The independent non-executive Directors (Note 1) reviewed all connected transactions as mentioned above and confirmed that:

- (1) Such transactions were conducted in the ordinary course of business of the Company;
- (2) Such transactions were conducted on normal commercial terms or, if transactions available for comparison were insufficient to determine whether the terms of such transactions are normal commercial terms, from the perspective of the Company, the terms of such transactions were no less favourable than the terms offered to or by independent third parties; and
- (3) Such transactions were conducted in accordance with the terms of the agreements governing relevant transactions, which terms were fair and reasonable and in the interests of the Shareholders as a whole.

Note 1: All connected transactions have been confirmed by Mr. Zhang Bing, Mr. Fung Kui Kei and Mr. Li Jianna.

(III) Confirmation opinion from the Company's external auditor on connected transactions

Having reviewed the connected transactions disclosed in this annual report, Zhonghui Anda CPA Limited issued a letter to the Board to confirm nothing came to their attention that caused them to believe such connected transactions:

- (1) not having been approved by the Board;
- (2) not having been carried out, in all material respects, based on the pricing policy of the Company (if the transaction involves provision of goods or services by the Company);
- (3) not having been carried out, in all material respects, in accordance with terms of agreements governing the relevant transactions; and
- (4) having exceeded the caps as disclosed in the Prospectus.

(II) 獨立非執行董事關於關連交易的確認意見

獨立非執行董事(附註1)審閱上述所有關連交易,並確認:

- (1) 該等交易屬本公司的日常業務;
- (2) 該等交易是按照一般商業條款進行,或如可供比較的交易不足以判斷該等交易的條款是否為一般商業條款,則對本公司而言,該等交易的條款不遜於獨立第三方可取得或提供的條款;及
- (3) 該等交易是根據有關交易的協議條款進行,而條款屬公平合理,並且符合股東的整體利益。

附註1: 所有關連交易已經張炳先生、馮鉅基先生及鄺建楠先生確認。

(III) 本公司外聘核數師關於關連交易的確認意見

經審閱本年報中披露的關連交易信息後,中匯安達會計師事務所有限公司已致函董事會確認彼等並無得悉任何問題可致使彼等相信該等關連交易出現以下情況:

- (1) 未經董事會批准;
- (2) (若交易涉及由本公司提供貨品或服務)未在各重大方面按照本公司的定價政策而進行;
- (3) 在各重大方面並非根據有關交易的協議條款進行;及
- (4) 超逾招股章程披露的上限。

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(IV) Related party/connected transactions in note 32 to the audited financial statements of the Company for the Year

Out of the list of the related party/connected transactions set out in note 34 to the Financial Statements, the following transactions constitute connected transactions for the purpose of Chapter 14A of the Listing Rules under which the requirements have been fully complied with. Details of the said compliance are as follows:

(IV) 本公司本年度經審核財務報表附註32的關聯方／關連交易

財務報表附註34所載的關聯方／關連交易的清單中，下列交易構成上市規則第十四A章的關連交易，並已全面遵守有關規定。該合規詳情載列如下：

Connected party 關連方	Type of connected transaction 關連交易類型	Agreement for the connected transactions 關連交易協議	Whether or not constituting connected transaction or continuing connected transaction (connected relationship) 是否構成關連交易或持續關連交易（關連關係）	Details of the connected transaction 關連交易詳情	Whether or not in compliance with the disclosure requirements under Chapter 14A of the Listing Rules 是否已符合上市規則第十四A章的披露規定
TGL	Lease	TGL Office Lease Agreement	Continuing connected transaction (a Controlling Shareholder)	Lease of premises to the Company for use as its office building	Yes (exempt from the circular and the independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements pursuant to Rule 14A.76 (2)(a) of the Listing Rules, having taken into account the aggregated annual transaction amount under the Zhejiang Qinuo Office Lease Agreement, the TGL Office Lease Agreement and the TGL Industrial Lease Agreement in light of similarity in their nature)
TGL	租賃	TGL辦公室租賃協議	持續關連交易（為一控股股東）	本公司承租物業用作辦公大樓用途	是 (鑑於性質相似而經會計浙江奇諾辦公室租賃協議、TGL辦公室租賃協議及TGL工業租賃協議的年度交易金額，根據上市規則第14A.76(2)(a)條獲豁免遵守函詢及獨立股東批准規定但須遵守申報、年度審閱及公告規定)

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Connected party 關連方	Type of connected transaction 關連交易類型	Agreement for the connected transactions 關連交易協議	Whether or not constituting connected transaction or continuing connected transaction (connected relationship) 是否構成關連交易或持續關連交易(關連關係)	Details of the connected transaction 關連交易詳情	Whether or not in compliance with the disclosure requirements under Chapter 14A of the Listing Rules 是否已符合上市規則第十四A章的披露規定
TGL	Supply of utilities	TGL Power Supply Agreement	Continuing connected transaction (a Controlling Shareholder)	Supply of electricity to the Company in the premises on lease from TGL under the TGL Office Lease Agreement and the TGL Industrial Lease Agreement in relation to daily operation of the Company's office as well as the manufacturing and processing of certain goods	Yes (being a continuing connected transaction on buying of consumer services exempt from the reporting, annual review, announcement, circular and the independent Shareholders' approval requirements pursuant to Rule 14A.97 of the Listing Rules)
TGL	提供公用事業	TGL供電協議	持續關連交易(為一控股股東)	向本公司根據TGL辦公室租賃協議及TGL工業租賃協議向TGL租用的物業提供電力,以應本公司辦公室日常營運和製造及加工若干貨品之需	是 (為購買消費服務的持續關連交易,根據上市規則第14A.97條獲豁免遵守申報、年度審閱、公告、通函及獨立股東批准規定)
Tianjie General Machinery	Provision of services	Processing Services Agreement	Continuing connected transaction (a subsidiary of a Controlling Shareholder)	Provision of processing services, such as the processing of steel, to the Group	Yes (exempt from the circular and the independent Shareholders' approval requirements but subject to the reporting, annual review and announcement requirements pursuant to Rule 14A.76 (2)(a) of the Listing Rules)
天潔通用機械	提供服務	加工服務協議	持續關連交易(為一控股股東的附屬公司)	向本集團提供鋼材加工等加工服務	是 (根據上市規則第14A.76(2)(a)條獲豁免遵守通函及獨立股東批准規定但須遵守申報、年度審閱及公告規定)
Zhejiang Yuyuan Machinery Technology Co., Limited	Sales of Material	Sales of Material Agreement	Continuing connected transaction (a subsidiary of a Controlling Shareholder)	Sales of material, such as the mobile garage control box from the Group	Yes (being continuing connected transaction on selling of material exempt from reporting. Annual review, announcement, circular and the independent Shareholders' approval requirements pursuant to Rule 14A.76 (2)(a) of the Listing Rules).
浙江宇遠機械科技有限公司	銷售材料	材料銷售協議	持續關連交易(為一控股股東的附屬公司)	銷售材料,如本集團的移動車庫控制盒	是 (為銷售材料的持續關連交易,根據上市規則第14A.76(2)(a)條獲豁免遵守申報、年度審閱、公告、通函及獨立股東批准規定)

Directors' Report

董事會報告

CLOSURE OF REGISTER OF MEMBERS

The registration of the transfer of Shares will be suspended from Saturday, 30 May 2020 to Tuesday, 30 June 2020 (both days inclusive) in order to ascertain the Shareholders' entitlement to the attendance in the annual general meeting to be convened for the Year ("2019 AGM"). All Shareholders who wish to attend the 2019 AGM must deliver their properly completed H Shares transfer forms accompanied by the relevant share certificates to the Registrar of H Shares in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 29 May 2020, for registration.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the Group's sales to its five largest customers and its largest customer accounted for 41.7% and 12.8% (2018: 29.8% and 8.1%) of the Group's total sales, respectively.

For the Year, the Group's purchases from its five largest suppliers and its largest supplier accounted for 28.5% and 10.1% (2018: 23.6% and 8.0%) of the Group's total cost of sales, respectively.

During the Year, none of the Directors, their close associates nor the Shareholders (which, to the best knowledge and belief of the Directors, owned more than 5% of the Company's issued capital) had any interest in any of the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT, AND CONSTRUCTION IN PROGRESS

Details of movements in the property, plant and equipment and construction in progress during the Year are set out in notes 16 to the Financial Statements.

暫停辦理股份過戶登記

股份過戶登記手續將於二零二零年五月三十日(星期六)至二零二零年六月三十日(星期二)止期間(包括首尾兩天)暫停辦理,以確認股東出席本年度將召開的股東週年大會(「二零一九年股東週年大會」)的權利。所有欲出席二零一九年股東週年大會的股東,須將已填妥的H股過戶表格連同有關股票於二零二零年五月二十九日(星期五)下午四時三十分前交回香港H股股份過戶登記處卓佳證券登記有限公司(地址為香港皇后大道東183號合和中心54樓)進行登記。

主要客戶及供應商

於本年度,本集團向其五大客戶及最大客戶作出的銷售分別佔本集團總銷售的41.7%及12.8%(二零一八年:29.8%及8.1%)。

於本年度,本集團向其五大供應商及最大供應商作出的採購分別佔本集團總銷售成本的28.5%及10.1%(二零一八年:23.6%及8.0%)。

於本年度,概無董事、其緊密聯繫人或股東(據董事所知及所信,擁有本公司已發行股本逾5%)於本集團任何五大客戶及供應商中擁有任何權益。

物業、廠房及設備以及在建工程

本年度物業、廠房及設備以及在建工程變動的詳情載於財務報表附註16。

Directors' Report

董事會報告

SHARE CAPITAL

Details of movements in the share capital of the Group during the Year are set out in note 29 to the Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movement in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 93 of this annual report.

As at 31 December 2019, the Group's reserves available for distribution, calculated in accordance with the provisions of PRC Company Law (中國公司法), amounted to approximately RMB331.8 million.

BANK LOANS

Details of bank loans of the Group as at 31 December 2019 are set out in note 27 to the Financial Statements.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES

At no time during the Year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors, Supervisors or chief executive of the Company or their respective associates or close associates (as respectively defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

股本

本集團於本年度股本變動的詳情載於財務報表附註29。

儲備及可供分派儲備

本集團於本年度儲備變動的詳情載於本年報第93頁綜合權益變動表。

於二零一九年十二月三十一日，本集團的可供分派儲備按中國公司法條文計算，約為人民幣331.8百萬元。

銀行貸款

本集團於二零一九年十二月三十一日銀行貸款的詳情載於財務報表附註27。

收購本公司證券的權利

本公司或其任何控股公司或附屬公司或其任何同系附屬公司於本年度任何時間概無訂立任何安排，致使本公司的董事、監事或高級行政人員或彼等各自的聯繫人或緊密聯繫人（相關定義見上市規則）擁有任何權利可認購本公司或其任何相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」））的證券或可透過收購本公司或任何其他團體公司的股份或債券獲取利益。

Directors' Report

董事會報告

DIRECTORS AND SUPERVISORS

The Directors and the Supervisors being in office during the Year and up to the date of this annual report were as follows:

Executive Directors

Mr. Bian Yu (*Chairman*)
Mr. Bian Weican
Ms. Bian Shu

Non-Executive Directors

Mr. Bian Jianguang
Mr. Zhu Xianbo (appointed on 31 May 2019)

Mr. Chen Jiancheng

Independent non-executive Directors

Mr. Li Jiannan
Mr. Fung Kui Kei
Mr. Zhang Bing

Supervisors

Mr. Chen Xinhua (*Chairman*)
Mr. Fu Jun
Mr. Fang Zhiguo

BOARD OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of each of the Directors, the Supervisors and senior management members of the Company are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" above in this annual report.

董事及監事

於本年度及直至本年報日期的在任董事及監事如下：

執行董事

邊宇先生 (*主席*)
邊偉燦先生
邊姝女士

非執行董事

邊建光先生
祝賢波先生
(於二零一九年五月三十一日獲委任)
陳建誠先生

獨立非執行董事

鄺建楠先生
馮鉅基先生
張炳先生

監事

陳新華先生 (*主席*)
傅均先生
方治國先生

董事會、監事及高級管理層

各董事、監事及本公司高級管理層成員的履歷詳情載於本年報上文「董事、監事及高級管理層簡歷」一節。

Directors' Report

董事會報告

CONFIRMATION ON INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received from each of the independent non-executive Directors an annual confirmation on independence pursuant to Rule 3.13 of the Listing Rules, and the Company considers all independent non-executive Directors are independent pursuant to the Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

Each of the executive Directors and non-executive Directors entered into a service contract with the Company on the respective appointment date.

Mr. Fung Kui Kei and Mr. Li Jiannan respectively entered into a service contract with the Company on 30 March 2018 and 18 September 2018. The principal particulars of these service contracts and letters of appointment are (a) for a term commencing from the respective effective dates of their appointment until the day on which the next general meeting of the Shareholders for re-election of Directors is held; and (b) are subject to termination in accordance with their respective terms.

As required under the Opinions on Further Promotion of Standardising Operations and Intensifying Reform of Overseas Listed Companies (Guojingmaogai No. [1999]230), the Supervisory Committee shall be with external Supervisors comprising more than half of its composition, among whom Mr. Fu Jun and Mr. Fang Zhiguo are independent.

None of the Directors and the Supervisors had entered into a service contract with the Company or its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

獨立非執行董事的獨立性確認

本公司接獲各獨立非執行董事根據上市規則第3.13條發出的年度獨立性確認書，並認為，根據上市規則，全體獨立非執行董事為獨立人士。

董事及監事的服務合約及委任函

執行董事及非執行董事各自已於各自委任日期與本公司訂立服務合約。

馮鉅基先生及酈建楠先生分別已於二零一八年三月三十日和二零一八年九月十八日與本公司訂立服務合約。該等服務合約及委任函主要包括(a)任期由彼等各自的委任生效日期開始直至就重選董事而舉行下屆股東大會之日期為止；及(b)可根據各自條款予以終止。

誠如《關於進一步促進境外上市公司規範運作和深化改革的意見》(國經貿改[1999]230號)規定，監事會須由超過一半外部監事組成，其中，傅均先生及方治國先生為獨立監事。

董事及監事概無與本公司或其附屬公司訂立任何可於一年內在毋須支付賠償(法定補償除外)的情況下終止的服務合約。

Directors' Report

董事會報告

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACT, TRANSACTION OR ARRANGEMENT OF SIGNIFICANCE

None of the Directors and the Supervisors or an entity connected with the Directors and the Supervisors had a material interest, either directly or indirectly, in any contract, transaction or arrangement of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or subsisted at the end of the Year.

Save as the related party/connected/continuing connected transactions disclosed herein, no contracts of significance (including those in relation to provision of services) between members of the Group and the controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the Year or at any time during 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.

EMOLUMENT POLICY

The Nomination Committee and the Remuneration Committee were set up for, among others, reviewing and making recommendations on remuneration policy and scheme for directors, supervisors, senior management and employees, taking into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

The Company has not adopted any share award scheme or share option scheme.

董事及監事於重大合約、交易或安排的權益

董事及監事或與董事及監事有關連的實體概無於本公司或其任何附屬公司於本年度訂立或於本年度結束時仍存續且對本集團業務屬重大的任何合約、交易或安排中直接或間接擁有重大權益。

除本報告所披露的關聯方／關連／持續關連交易外，於本年度末或於本年度任何時候，本集團成員公司與本公司的控股股東或其任何附屬公司間概無訂立任何重大合約（包括與提供服務相關者）。

管理合約

於本年度，概無就本公司整體或任何重大部分業務的管理及行政工作訂立任何合約，亦不存在任何有關合約。

酬金政策

提名委員會與薪酬委員會已成立，以（其中包括）檢討董事、監事、高級管理層及僱員的薪酬政策及計劃，並就此提供建議，當中會考慮可比較公司支付的薪金、董事的時間投入及責任，以及本集團的表現。

本公司並無採納任何股份獎勵計劃或購股權計劃。

Directors' Report

董事會報告

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST-PAID INDIVIDUALS

Details of the remuneration of the Directors, the Supervisors and five highest-paid individuals are set out in notes 13 to the Financial Statements, under which the bonuses paid to or otherwise receivable by the relevant individuals form part of the item "Salaries, allowances and benefits in kind". During the Year, no amounts were paid to or received by any of the relevant individuals (i) as an inducement to join or upon joining the Company and (ii) as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

PENSION SCHEMES

Particulars of the pension schemes of the Group are set out in note 13 to the Financial Statements.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND SUPERVISORS

Save as disclosed in the section headed "Biographies of Directors, Supervisors and Senior Management" above in this annual report, there were no changes during the Year to any information required to be disclosed by the Directors and the Supervisors pursuant to paragraph (a) to (e) and (g) of Rule 13.51 (2) of the Listing Rules.

董事、監事及五名最高薪酬人士的薪酬

董事、監事及五名最高薪酬人士的薪酬詳情載於財務報表附註13，各相關人士獲支付或以其他方式應收的花紅列為「薪金、津貼及實物福利」的一部分。於本年度，概無任何相關人士獲支付或收取任何金額，作為(i)加盟本公司或加盟本公司後的獎金及(ii)就辭任有關管理本集團任何成員公司事務的職位所作出的離職補償。

退休金計劃

本集團的退休金計劃詳情載於財務報表附註13。

董事及監事的資料變動

除在本年報上文「董事、監事及高級管理層簡歷」一節中所披露者外，本年度，概無任何資料變動須由董事及監事根據上市規則第13.51(2)條(a)至(e)及(g)段作出披露。

Directors' Report

董事會報告

Directors' and chief executive's interest and/or short position in the shares, underlying shares and debentures of the Company

As at 31 December 2019, the interests and short positions of each of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO"), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") were as follows:

1. Long position in respect of domestic shares of the Company ("**Domestic Shares**") as at 31 December 2019:

董事及高級行政人員於本公司的股份、相關股份及債券的權益及／或淡倉

於二零一九年十二月三十一日，本公司各董事及高級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（香港法例第571章）（「證券及期貨條例」）第XV部）的股份、相關股份及債券中擁有記錄於本公司根據證券及期貨條例第352條的規定存置的登記冊的權益及淡倉；或須根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）另行通知本公司及聯交所的權益及淡倉如下：

1. 於二零一九年十二月三十一日就本公司內資股（「內資股」）持有的好倉：

Name of Director	Capacity/ Nature of interest	Number of Domestic Shares	Approximate % of total issued Domestic Shares 佔已發行 內資股總數的 概約百分比(%)	Approximate % of Company's share capital 佔本公司 股本的 概約百分比(%)
董事姓名	身份／權益性質	內資股數目		
Mr. Bian Yu 邊宇先生	Beneficial owner 實益擁有人	13,266,032	13.27	9.83
	Interest in a controlled corporation (Note 1) 受控制法團權益 (附註1)	46,169,147	46.17	34.20
Mr. Bian Jianguang 邊建光先生	Beneficial owner 實益擁有人	6,843,000	6.84	5.07
	Interest in a controlled corporation (Note 1) 受控制法團權益 (附註1)	46,169,147	46.17	34.20

Directors' Report

董事會報告

Name of Director	Capacity/ Nature of interest	Number of Domestic Shares	Approximate % of total issued Domestic Shares 佔已發行 內資股總數的 概約百分比(%)	Approximate % of Company's share capital 佔本公司 股本的 概約百分比(%)
董事姓名	身份／權益性質	內資股數目		
Mr. Bian Weican 邊偉燦先生	Beneficial owner 實益擁有人	1,851,000	1.85	1.37
Ms. Bian Shu 邊妹女士	Beneficial owner 實益擁有人	3,933,000	3.93	2.91
	Interest in a controlled corporation (Note 1) 受控制法團權益(附註1)	46,169,147	46.17	34.20
Mr. Chen Jiancheng 陳建誠先生	Beneficial owner 實益擁有人	1,851,000	1.85	1.37

Notes:

1. According to the disclosure of interest filings, these 46,169,147 domestic shares in the Company are beneficially owned by TGL which is in turn approximately 64.08% owned by Mr. Bian Yu, approximately 22.81% owned by Mr. Bian Jianguang and approximately 13.11% owned by Ms. Bian Shu. Pursuant to Part XV of the SFO, Mr. Bian Yu, Mr. Bian Jianguang and Ms. Bian Shu are deemed to be interested in TGL's interest in the Company.

附註：

1. 根據所披露的權益存檔資料，本公司的該等46,169,147股內資股均由TGL實益擁有，而TGL則由邊宇先生擁有約64.08%的權益，由邊建光先生擁有約22.81%的權益及由邊妹女士擁有約13.11%的權益。根據證券及期貨條例第XV部，邊宇先生、邊建光先生及邊妹女士被視為於TGL所持的本公司權益中擁有權益。

Directors' Report

董事會報告

Substantial shareholders' interests and/or short position in the shares and underlying shares of the Company

According to the register of substantial shareholders (not being a director or chief executive of the Company) required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2019, the Company had been notified of the following substantial shareholders' interests and short positions. These interests are in addition to those disclosed above in respect of the directors and chief executive of the Company.

主要股東於本公司的股份及相關股份的權益及／或淡倉

根據證券及期貨條例第XV部第336條規定存置的主要股東（並非本公司董事或高級行政人員）名冊所記錄，於二零一九年十二月三十一日，本公司獲知下列主要股東的權益及淡倉。此等權益並不包括以上披露的本公司董事及高級行政人員的權益。

1. Long position in respect of Domestic Shares as at 31 December 2019:

1. 於二零一九年十二月三十一日就內資股持有的好倉：

Name	Capacity/ Nature of interest	Number of Domestic Shares	Approximate % of total issued Domestic Shares 佔已發行 內資股總數的 概約百分比(%)	Approximate % of Company's share capital 佔本公司 股本的 概約百分比(%)
名稱／姓名	身份／權益性質	內資股數目		
TGL (Note 1) TGL (附註1)	Beneficial owner 實益擁有人	46,169,147	46.17	34.20
Ms. Bao Guo (Note 2) 鮑國女士 (附註2)	Family interest of spouse 配偶的家族權益	59,435,179	59.44	44.03
Ms. Xu You (Note 3) 徐幼女士 (附註3)	Family interest of spouse 配偶的家族權益	53,012,147	53.01	39.27
Mr. Zhang Yuan Yuan (Note 4) 章袁遠先生 (附註4)	Family interest of spouse 配偶的家族權益	50,102,147	50.10	37.11
寧波梅山保稅港區道博宏川 股權投資合夥企業 (有限合夥)	Beneficial owner 實益擁有人	5,727,200	5.73	4.24
杭州九益投資合夥企業 (有限合夥)	Beneficial owner 實益擁有人	5,318,200	5.32	3.94

Directors' Report

董事會報告

Notes:

1. TGL is directly interested in approximately 34.20% in the Company.
2. Ms. Bao Guo, the spouse of Mr. Bian Yu, is deemed to be interested in Mr. Bian Yu's interests in the Company by virtue of the SFO.
3. Ms. Xu You, the spouse of Mr. Bian Jianguang, is deemed to be interested in Mr. Bian Jianguang's interests in the Company by virtue of the SFO.
4. Mr. Zhang Yuan Yuan, the spouse of Ms. Bian Shu, is deemed to be interested in Ms. Bian Shu's interests in the Company by virtue of the SFO.

2. Long position in respect of H Shares of the Company ("H Shares") as at 31 December 2019:

Name	Capacity/ Nature of interest	Number of H Shares	Approximate % of total issued H Shares 佔已發行 H股總數的 概約百分比(%)	Approximate % of Company's share capital 佔本公司 股本的 概約百分比(%)
名稱/姓名	身份/權益性質	H股數目		
Shou Erjun 壽爾均	Beneficial owner 實益擁有人	6,000,000	17.14	4.44
Hong Kong Joint Financial Investment Ltd	Beneficial owner 實益擁有人	5,504,400	15.73	4.08
Zhao Kaiyuan (Note 5) 趙開源 (附註5)	Interest in a controlled corporation 受控制法團權益	5,504,400	15.73	4.08

Notes:

5. Mr. Zhao Kaiyuan, the controlling shareholder of Hong Kong Joint Financial Investment Ltd, is deemed to be interested in Hong Kong Joint Financial Investment Ltd's interests in the Company by virtue of the SFO.

附註:

1. TGL直接擁有本公司約34.20%的權益。
2. 根據證券及期貨條例，鮑國女士（邊宇先生的配偶）被視為於邊宇先生所持的本公司權益中擁有權益。
3. 根據證券及期貨條例，徐幼女士（邊建光先生的配偶）被視為於邊建光先生所持的本公司權益中擁有權益。
4. 根據證券及期貨條例，章袁遠先生（邊姝女士的配偶）被視為於邊姝女士所持的本公司權益中擁有權益。

2. 於二零一九年十二月三十一日就本公司H股（「H股」）持有的好倉：

附註:

5. 趙開源先生為Hong Kong Joint Financial Investment Ltd控股股東，根據證券及期貨條例，趙開源先生被視為於Hong Kong Joint Financial Investment Ltd所持的本公司權益中擁有權益。

Directors' Report

董事會報告

Purchase, sale or redemption of listed securities

From the date of listing of the shares of the Company in the Stock Exchange up to 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the PRC Company Law, which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

Audit Committee

The Group's audit committee ("**Audit Committee**") has reviewed with the accounting principles and practices adopted by the Group, and discussed with the management the internal control and financial reporting matters. The Audit Committee also reviewed and confirmed the unaudited consolidated financial statements of the Group for the Year. The relevant financial information are prepared under the Hong Kong Financial Reporting Standards.

Events after the reporting period

On 1 April 2020, the Company entered into a Processing Services Agreement with Zhejiang Tianjie New Material Co., Ltd.* (浙江天潔新材料有限公司) ("**Tianjie New Material**") for a term of three years. Pursuant to the Processing Services Agreement, Tianjie New Material agreed to provide processing services of rock wool to the Company. The annual cap for the service fees under the Processing Services Agreement will not exceed RMB3 million throughout the term of the agreement.

Tengy Group Limited, also known as Tianjie Group Co., Ltd.* (天潔集團有限公司) ("**TGL**") is the controlling shareholder of the Company. Tianjie New Material is a wholly-owned subsidiary of TGL. Therefore, Tianjie New Material is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Processing Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, but are exempt from the circular (including independent financial advice) and Shareholders' approval requirements as required under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 1 April 2020.

購買、出售或贖回上市證券

由本公司股份於聯交所上市日期至二零一九年十二月三十一日，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。

優先購買權

組織章程細則或中國公司法概無有關優先購買權的條文，規定本公司必須按現有股東的持股比例向現有股東發售新股份。

審核委員會

本集團審核委員會 ("**審核委員會**") 已審閱本集團所採納的會計原則及慣例，並與管理層討論內部監控及財務報告事宜。審核委員會亦已審閱及確認本集團本年度的未經審核綜合財務報表，有關財務資料按香港財務報告準則編製。

報告期後事項

於二零二零年四月一日，本公司與浙江天潔新材料有限公司 ("**天潔新材料**") 訂立加工服務協議，為期三年。根據加工服務協議，天潔新材料同意向本公司提供岩棉加工服務。加工服務協議項下的服務費用年度上限於整段協議期限內將不超過人民幣3百萬元。

天潔集團有限公司 ("**TGL**") 為本公司控股股東。天潔新材料為TGL的全資附屬公司。因此，根據上市規則第十四A章，天潔新材料為本公司的關連人士。因而加工服務協議項下擬進行的交易根據上市規則第十四A章構成本公司的持續關連交易，惟豁免於上市規則第十四A章項下通函（包括獨立財務建議）及股東批准之規定。有關詳情，請參閱本公司日期為二零二零年四月一日之公告。

Directors' Report

董事會報告

Major customers and suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year ended 31 December 2019 is as follows:

		Percentage of the Group's total revenue 佔本集團總收益百分比	
		2019 二零一九年	2018 二零一八年
The largest customer	最大客戶	12.7%	8.0%
Five largest customers in aggregate	五大客戶合共	41.5%	29.5%

		Percentage of the Group's total purchase 佔本集團總採購百分比	
		2019 二零一九年	2018 二零一八年
The largest supplier	最大供應商	10.0%	10.6%
Five largest suppliers in aggregate	五大供應商合共	23.2%	28.2%

So far as the Directors are aware, the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's total number of issued shares) do not have any interest in these major customers and suppliers during the year.

Distributable reserves

As at 31 December 2019, the Company had the following reserves available for distribution, calculated in accordance with the provisions of the PRC Company Law:

RMB331.8 million

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, the Company maintained a sufficient public float as required under the Listing Rules.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company and their respective close associates (as defined in the Listing Rules) has any interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group during the Year.

主要客戶及供應商

有關主要客戶及供應商於截至二零一九年十二月三十一日止年度分別應佔本集團銷售及採購的資料如下：

就董事所知，董事、其緊密聯繫人或任何本公司股東（就董事所知擁有本公司已發行股份總數逾5%）年內並無於該等主要客戶及供應商中擁有任何權益。

可供分派儲備

於二零一九年十二月三十一日，本公司擁有以下可供分派儲備，乃按中國公司法的條文計算：

人民幣331.8百萬元

公眾持股量水平

於刊發本年報前的最後實際可行日期，根據本公司公開可得的資料及據董事所知，本公司已按上市規則要求維持公眾持股量水平。

競爭權益

於本年度，董事或本公司控股股東及彼等各自的緊密聯繫人（定義見上市規則）概無於與本集團業務競爭或可能競爭的業務中擁有任何權益，或與本集團有任何其他利益衝突。

Directors' Report

董事會報告

COMPLIANCE WITH NON-COMPETE UNDERTAKING

Each of Mr. Bian, Mr. Bian Jianguang and Ms. Bian Shu (the Controlling Shareholders) has confirmed to the Company that he/she has complied with the non-compete undertaking given by them to the Company on 20 October 2014. The independent non-executive Directors have reviewed the status of compliance and enforcement of the non-compete undertaking and confirmed that all the undertakings thereunder have been complied with for the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the Year, the Company complied with all code provisions as set out in the CG Code.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

SIGNIFICANT LEGAL PROCEEDINGS

For the Year, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

AUDITOR

The Financial Statements have been audited by Zhonghui Anda CPA Limited, who shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Zhonghui Anda CPA Limited as auditor of the Group is to be proposed at the 2019 AGM.

By order of the Board

Bian Yu
Chairman

Zhuji City, Zhejiang Province, the PRC, 15 April 2020

遵守不競爭承諾

控股股東邊先生、邊建光先生及邊妹女士各自已向本公司確認，其已遵守其於二零一四年十月二十日向本公司出具的不競爭承諾。獨立非執行董事已檢討不競爭承諾的遵守及執行情況，並確認於本年度已遵守所有承諾。

遵守企業管治守則

於本年度，本公司已遵守企業管治守則載列的全部守則條文。

上市證券持有人稅項減免及豁免

本公司並不知悉股東因持有本公司證券而獲得任何稅項減免及豁免。

重大法律訴訟

於本年度，本公司並無牽涉任何重大訴訟或仲裁，而據董事所知，本公司亦無任何待決或面臨威脅的重大訴訟或申索。

核數師

財務報表已由中匯安達會計師事務所有限公司審計，其將退任並符合資格及願意接受續聘。在二零一九年股東週年大會上將提呈續聘中匯安達會計師事務所有限公司為本集團核數師的一項決議案。

承董事會命

主席
邊宇

中國浙江省諸暨市，二零二零年四月十五日

Supervisory Committee Report

監事會報告

In 2016, the current session of the Supervisory Committee was established in accordance with the PRC Company Law and resolutions of general meetings. The current session of the Supervisory Committee comprises three Supervisors, namely Mr. Chen Xinhua, Mr. Fu Jun and Mr. Fang Zhiguo.

In the Year, for the Company's long term interests and Shareholders' interests, the Supervisory Committee acted in strict compliance with relevant laws, regulations, rules, regulatory documents, the Articles of Association and Listing Rules and earnestly performed their duties of supervision as to the acts of the Directors and senior management of the Company. The main area of work of the Supervisory Committee in 2019 is summarised as follows:

I. MEETING CONDUCTED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee convened two meetings in the Year.

II. WORK OF THE SUPERVISORY COMMITTEE

The work of the first session of the Supervisory Committee mainly comprised the followings:

1. Inspection over implementation of resolutions of the general meetings

The Supervisory Committee exercised supervision over and inspection of the implementation of the resolutions in general meetings by the Board and the senior management through observation and attendance at the Board meetings and general meetings. The Supervisory Committee is of the opinion that the Directors and senior management of the Company have diligently performed their duties in compliance with resolutions of the general meetings. No violation of any laws or regulations or Articles of Association or any act which jeopardises the interests of the Company or Shareholders has been found in the performance of the Company's Directors and senior management.

於二零一六年，現屆監事會根據中國公司法及股東大會決議案成立。現屆監事會由三名監事組成，分別為陳新華先生、傅均先生及方治國先生。

本年度，監事會嚴格遵照相關法律、法規、規則、監管文件、組織章程細則及上市規則行事，對董事及本公司高級管理層的行動認真履行監督責任，維護本公司的長遠利益及股東權益。監事會於二零一九年的主要工作範疇概述如下：

I. 監事會舉行的會議

本年度，監事會召開了兩次會議。

II. 監事會工作

首屆監事會的工作主要包括以下內容：

1. 檢查股東大會決議案執行情況

監事會透過觀察及列席董事會會議及股東大會，對董事會及高級管理層執行股東大會決議案的情況進行監督檢查。監事會認為，董事及本公司高級管理層能夠按照股東大會的決議案勤勉履行職責。本公司董事及高級管理層的表現中未發現違法、違規、違反組織章程細則及損害本公司或股東利益的行為。

Supervisory Committee Report

監事會報告

2. Inspection over legal compliance of the Group's operations

The Supervisory Committee exercised supervision on a regular basis over the legal compliance and rationality of the Group's operation and management in its ordinary work. It has also exercised supervision over work performance of the Board and senior management. The Supervisory Committee is of the opinion that the Group's operation is sound and rational, and is in compliance with all applicable laws, regulations and rules and the Articles of Association. The members of the Board and senior management of the Group have conscientiously and diligently performed their duties, and none of their act would prejudice the interests of the Group or the Shareholders.

3. Inspection over the Group's daily operating activities

The Supervisory Committee exercised supervision over the Group's operating activities. The Supervisory Committee is of the opinion that the Group has maintained a sound internal control system and made a great progress in the formulation and implementation of its internal work procedures, thus effectively controlled its exposure to various operating risks. The Group's operation is in compliance with the PRC laws and regulations and the Articles of Association.

2. 檢查本集團依法經營情況

監事會在日常工作中，定期對本集團經營及管理的合法性、合規性進行監督，亦對董事會及高級管理層的工作表現進行了監督。監事會認為，本集團經營正常且規範，並遵守所有適用法律、法規、規則和組織章程細則。董事會成員和本集團高級管理層盡職勤勉，忠於職守，未有損害本集團或股東利益的行為。

3. 檢查本集團日常經營活動情況

監事會對本集團經營活動進行監督。監事會認為本集團已經建立完善的內部監控制度，在內部工作流程的制定和執行上取得很大的進步，有效地控制了各項經營風險。本集團的經營遵守中國的法律、法規及組織章程細則。

Supervisory Committee Report

監事會報告

4. Inspection over the Group's financial condition

The Supervisory Committee reviewed the Financial Statements, supervised and inspected the Group's implementation of relevant financial policies and legislations as well as details on the Group's assets, financial income and expenditure. The Supervisory Committee is of the opinion that the Financial Statements fairly reflected the Group's financial position and operating results.

Looking forward, the Supervisory Committee will continue to carry out its duties in strict compliance with the Articles of Association and the relevant laws and regulations and protect the interests of the Shareholders.

Chen Xinhua

Chairman of the Supervisory Committee

Zhuji City, Zhejiang Province, the PRC, 15 April 2020

4. 檢查本集團的財務狀況

監事會已審閱財務報表，監督及檢查本集團貫徹執行相關財務政策及法規情況以及本集團資產及財務收支的詳細情況。監事會認為，財務報表能公平反映本集團的財務狀況及經營業績。

展望未來，監事會將繼續嚴格按照組織章程細則和相關法律及法規，履行其職務，維護股東的權益。

監事會主席

陳新華

中國浙江省諸暨市，二零二零年四月十五日

Independent Auditor's Report

獨立核數師報告



To the shareholders of Zhejiang Tengy Environmental Technology Co., Ltd

(A joint stock company incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Zhejiang Tengy Environmental Technology Co., Ltd (the Company) and its subsidiaries (collectively referred to as the Group) set out on pages 90 to 159, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, 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.

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.

致浙江天潔環境科技股份有限公司股東

(於中華人民共和國註冊成立之股份有限公司)

意見

吾等已審計載列於第90頁至第159頁浙江天潔環境科技股份有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,綜合財務報表包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

吾等認為,綜合財務報表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為編製。

意見基礎

吾等已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審計。吾等在該等準則下承擔的責任已於本報告核數師就審計綜合財務報表須承擔的責任一節作進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」),吾等獨立於貴集團,並已根據守則履行其他道德責任。吾等相信,吾等所獲得的審計憑證能充足及適當地為吾等的意見提供基礎。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

(i) Inventories

Refer to Note 20 to the consolidated financial statements

The Group tested the amount of inventory for impairment. This impairment test is significant to our audit because the balance of inventory of RMB325,135,000 as at 31 December 2019 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on ordering and holding of inventory;
- Evaluating the Group's impairment assessment;
- Assessing the marketability of the inventory;
- Assessing the budget cost of inventory;
- Assessing the ageing of the inventory;
- Assessing the net realisable values of the inventory; and
- Checking subsequent sales and usage of the inventory.

We consider that the Group's impairment test for inventory is supported by the available evidence.

關鍵審計事項

關鍵審計事項為根據吾等的專業判斷，吾等認為對本期綜合財務報表的審計最為重要的事項。此等事項在吾等審計整體綜合財務報表及就此發表意見時處理，而吾等不會就此等事項提供單獨的意見。

(i) 存貨

請參閱綜合財務報表附註20

貴集團對存貨數量進行減值測試。該減值測試對吾等的審計具有重大意義，原因是於二零一九年十二月三十一日的存貨餘額為人民幣325,135,000元，屬綜合財務報表的重大事項。此外，貴集團的減值測試涉及應用判斷且以估計為依據。

吾等的審計程序包括（其中包括）：

- 評估 貴集團訂購及持有存貨的程序；
- 評估 貴集團的減值評估；
- 評估存貨的可銷售性；
- 評估存貨的預算成本；
- 評估存貨的賬齡；
- 評估存貨的可變現淨值；及
- 檢查存貨的後續銷售及使用情況。

吾等認為 貴集團的存貨減值測試得到現有證據的支持。

Independent Auditor's Report

獨立核數師報告

(ii) Trade and bills receivables

Refer to Note 21 to the consolidated financial statements

The Group tested the amount of trade and bills receivables for impairment. This impairment test is significant to our audit because the balance of trade and bills receivables of RMB800,542,000 as at 31 December 2019 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the customers;
- Evaluating the Group's impairment assessment;
- Assessing ageing of the debts;
- Assessing creditworthiness of the customers;
- Checking subsequent settlements from the customers; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade and bills receivables is supported by the available evidence.

(ii) 貿易應收款項及應收票據

請參閱綜合財務報表附註21

貴集團對貿易應收款項及應收票據進行減值測試。該減值測試對吾等的審計具有重大意義，原因是於二零一九年十二月三十一日的貿易應收款項及應收票據餘額為人民幣800,542,000元，屬綜合財務報表的重大事項。此外，貴集團的減值測試涉及應用判斷且以估計為依據。

吾等的審計程序包括（其中包括）：

- 評估 貴集團向客戶授出信貸限額及信貸期的程序；
- 評估 貴集團與客戶的關係及交易歷史；
- 評估 貴集團的減值評估；
- 評估債項的賬齡；
- 評估客戶的信用；
- 核對來自客戶的後續結算；及
- 評估於綜合財務報表披露的 貴集團所承受的信貸風險。

吾等認為，貴集團對貿易應收款項及應收票據的減值測試得到現有證據的支持。

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

The directors of the Company (the Directors) are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

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.

其他資料

貴公司董事（「董事」）須對其他資料負責。其他資料包括 貴公司年報內的所有資料，但不包括綜合財務報表及吾等的核數師報告。其他資料預期於本核數師報告日期後提供予吾等。

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

就吾等審計綜合財務報表而言，吾等的責任為在取得上文所識別的其他資料時閱讀其他資料，並在此過程中，考慮其他資料是否與綜合財務報表或吾等在審計過程中所了解的情況存在重大抵觸或似乎存在重大錯誤陳述的情況。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製真實且公平的綜合財務報表，及實施董事認為必要的該等內部控制，以使所編製的綜合財務報表不存在任何由於欺詐或錯誤而導致的重大錯誤陳述。

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。

Independent Auditor's Report

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Audit Engagement Director
Practising Certificate Number P06353
Hong Kong, 15 April 2020

核數師就審計綜合財務報表須承擔的責任

吾等的目標是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等僅向閣下（作為整體）報告，除此之外本報告別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，倘合理預期它們單獨或匯總起來可能影響使用者依賴該等綜合財務報表所作出的經濟決定，則有關錯誤陳述可被視作重大。

有關吾等就審計綜合財務報表承擔的責任的進一步描述載於香港會計師公會網站：

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

該描述為吾等核數師報告的組成部分。

中匯安達會計師事務所有限公司
執業會計師
方德程
審計項目董事
執業證書號碼P06353
香港，二零二零年四月十五日

Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue	收益	7	726,647	858,817
Cost of sales	銷售成本		(601,333)	(717,577)
Gross profit	毛利		125,314	141,240
Other income	其他收入	8	11,333	3,726
Distribution and selling expenses	分銷及銷售開支		(20,922)	(20,690)
Administrative expenses	行政開支		(63,455)	(71,580)
Other expenses	其他開支		(247)	(10)
Finance costs	融資成本	10	(6,909)	(6,278)
Profit before tax	稅前溢利		45,114	46,408
Income tax	所得稅	11	(10,825)	(15,172)
Profit and total comprehensive income for the year attributable to owners of the Company	本公司擁有人應佔年內溢利及全面收入總額	12	34,289	31,236
Earnings per share <i>Basic and diluted (RMB per share)</i>	每股盈利 基本及攤薄(每股人民幣)	15	0.25	0.23

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

		Notes	At 31 December 2019 於二零一九年 十二月 三十一日 RMB'000 人民幣千元	At 31 December 2018 於二零一八年 十二月 三十一日 RMB'000 人民幣千元 (Restated) (經重列)	At 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元 (Restated) (經重列)
Non-current assets	非流動資產				
Property, plant and equipment	物業、廠房及設備	16	77,495	81,629	86,906
Right-of-use assets	使用權資產	17	43,020	45,001	46,982
Intangible assets	無形資產	18	65	193	389
Deferred tax assets	遞延稅項資產	28	40,147	33,887	25,479
Deposit paid for intangible asset	已付無形資產按金		1,292	1,292	-
Pledged deposits	已抵押存款	24	4,255	1,871	3,577
			166,274	163,873	163,333
Current assets	流動資產				
Inventories	存貨	20	325,135	324,280	470,939
Trade and bills receivables	貿易應收款項及應收票據	21	800,542	653,581	619,345
Contract assets & cost	合同資產及成本	22	200,005	261,028	193,201
Prepayment, deposits and other receivables	預付款項、按金及其他應收款項	23	25,558	45,771	44,544
Investments at fair value through profit or loss	按公平值計入損益的投資	19	1,077	-	-
Tax receivable	應收稅項		-	-	14,323
Pledged deposits	已抵押存款	24	40,782	39,323	86,169
Bank and cash balances	銀行及現金結餘	24	39,307	16,432	47,706
			1,432,406	1,340,415	1,476,227
Current liabilities	流動負債				
Trade and bills payables	貿易應付款項及應付票據	25	366,417	363,337	419,709
Contract liabilities	合同負債	22	233,103	202,284	310,482
Other payables and accruals	其他應付款項及應計費用	26	106,944	108,185	109,379
Bank loans	銀行貸款	27	126,207	109,000	110,000
Tax payable	應付稅項		10,494	256	-
			843,165	783,062	949,570
Net current assets	流動資產淨值		589,241	557,353	526,657

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

		At 31 December 2019 於二零一九年 十二月 三十一日 RMB'000 人民幣千元	At 31 December 2018 於二零一八年 十二月 三十一日 RMB'000 人民幣千元 (Restated) (經重列)	At 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元 (Restated) (經重列)
Total assets less current liabilities	資產總值減流動負債	755,515	721,226	689,990
NET ASSETS	資產淨值	755,515	721,226	689,990
Capital and reserves	資本及儲備			
Share capital	股本	29	135,000	135,000
Share premium	股份溢價	239,064	239,064	239,064
Reserves	儲備	30 (a)	381,451	347,162
TOTAL EQUITY	權益總額	755,515	721,226	689,990

The consolidated financial statements on pages 90 to 159 were approved and authorised for issue by the board of directors on 15 April 2020 and are signed on its behalf by:

第90頁至第159頁所載的綜合財務報表已於二零二零年四月十五日獲董事會批准及授權刊發，並由下列董事代表簽署：

Bian Yu
邊宇

Bian Weican
邊偉燦

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔					
		Share capital	Share premium	Statutory surplus reserve	Safety production reserve	Retained profits	Total
		股本	股份溢價	盈餘儲備	儲備	保留溢利	總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	135,000	239,064	35,366	6,006	274,554	689,990
Total comprehensive income for the year	年內全面收入總額	-	-	-	-	31,236	31,236
Appropriation to statutory surplus reserve	劃撥至法定盈餘儲備	-	-	3,172	-	(3,172)	-
Appropriation to safety production reserve	劃撥至安全生產儲備	-	-	-	855	(855)	-
At 31 December 2018	於二零一八年十二月三十一日	135,000	239,064	38,538	6,861	301,763	721,226
At 1 January 2019	於二零一九年一月一日	135,000	239,064	38,538	6,861	301,763	721,226
Total comprehensive income for the year	年內全面收入總額	-	-	-	-	34,289	34,289
Appropriation to statutory surplus reserve	劃撥至法定盈餘儲備	-	-	3,815	-	(3,815)	-
Appropriation to safety production reserve	劃撥至安全生產儲備	-	-	-	395	(395)	-
At 31 December 2019	於二零一九年十二月三十一日	135,000	239,064	42,353	7,256	331,842	755,515

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

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash flows from operating activities	經營活動現金流量		
Profit before tax	稅前溢利	45,114	46,408
Adjustments for:	就以下各項調整：		
Finance costs	融資成本	6,909	6,278
Interest income	利息收入	(713)	(1,197)
Foreign exchange difference, net	外匯差額淨額	(285)	(258)
Depreciation on property, plant and equipment	物業、廠房及設備折舊	5,224	6,756
Amortisation of intangible assets	無形資產攤銷	128	196
Depreciation on right-of-use assets	使用權資產折舊	1,981	1,981
Changes in investments at fair value through profit or loss	按公平值計入損益的投資變動	78	-
Impairment loss on trade receivables (Reversal of)/impairment loss on bills receivables	貿易應收款項減值虧損 (撥回)/ 減值虧損	18,803	30,590
Impairment loss on other receivables	其他應收款項減值虧損	(2,345)	4,573
		403	159
Operating cash flows before working capital changes	營運資金變動前的經營現金流量	75,297	95,486
Change in inventories	存貨變動	(855)	146,659
Change in trade and bills receivable	貿易應收款項及應收票據變動	(163,419)	(69,399)
Change in prepayment, deposits and other receivables	預付款項、按金及其他應收款項變動	19,810	(1,386)
Change in trade and bills payables	貿易應付款項及應付票據變動	3,080	(56,372)
Change in contract assets	合同資產變動	61,023	(67,827)
Change in contract liabilities	合同負債變動	30,819	(108,198)
Change in other payables and accruals	其他應付款項及應計費用變動	(1,241)	(1,194)
Cash generated from/(used in) operations	經營業務所產生/(所用)現金	24,514	(62,231)
Interest received	已收利息	713	1,197
Interest paid	已付利息	(6,909)	(6,278)
Tax paid	已付稅項	(6,847)	(9,001)
Net cash generated from/(used in) operating activities	經營活動所產生/(所用)現金淨額	11,471	(76,313)

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

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash flows from investing activities	投資活動現金流量		
Purchase of property, plant and equipment	購買物業、廠房及設備	(1,100)	(1,479)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	10	-
Deposit paid for intangible asset	已付無形資產按金	-	(1,292)
Change in pledged deposits	已抵押存款變動	(3,843)	48,552
Net cash (used in)/generated from investing activities	投資活動(所用)/所產生現金淨額	(4,933)	45,781
Cash flows from financing activities	融資活動現金流量		
New short-term bank loans raised	新增短期銀行貸款	276,140	185,200
Repayment of bank loans	償還銀行貸款	(260,088)	(186,200)
Net cash generated from/(used in) financing activities	融資活動所產生/(所用)現金淨額	16,052	(1,000)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	22,590	(31,532)
Cash and cash equivalents at beginning of year	年初現金及現金等價物	16,432	47,706
Effect of foreign exchange rate changes, net	匯率變動影響淨額	285	258
Cash and cash equivalents at end of year	年末現金及現金等價物	39,307	16,432
Analysis of cash and cash equivalents	現金及現金等價物分析		
Bank and cash balances	銀行及現金結餘	39,307	16,432

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

Zhejiang Tengy Environmental Technology Co., Ltd (the "Company") was incorporated in the People's Republic of China (the "PRC") as a joint stock company with limited liability. The address of its registered office is TENG Y Industrial Park, Paitou Town, Zhuji City, Zhejiang Province, PRC. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively the "Group") were principally engaged in design, development, manufacturing, installation and sale of environmental pollution prevention equipment and electronic products. The principal activities of the Company's subsidiaries are set out in note 36 to the consolidated financial statements.

In the opinion of the directors of the Company (the "Directors"), Tengy Group Limited, a company incorporated in the PRC, is the holding company.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

1. 一般資料

浙江天潔環境科技股份有限公司(「本公司」)為一間在中華人民共和國(「中國」)註冊成立的股份有限公司。本公司註冊辦事處位於中國浙江省諸暨市牌頭鎮天潔工業園區。本公司的股份於香港聯合交易所有限公司(「聯交所」)主板上市。

本公司及其附屬公司(統稱為「本集團」)主要從事環保污染防治設備及電子產品的設計、開發、製造、安裝及銷售。本公司附屬公司的主要業務載於綜合財務報表附註36。

本公司董事(「董事」)認為，天潔集團有限公司為控股公司，該公司於中國註冊成立。

2. 採納新訂及經修訂香港財務報告準則

於本年度，本集團已採納由香港會計師公會(「香港會計師公會」)所頒佈所有與其營運相關，並於二零一九年一月一日開始的會計年度生效的新訂及經修訂香港財務報告準則(「香港財務報告準則」)。香港財務報告準則包括香港財務報告準則(「香港財務報告準則」)；香港會計準則(「香港會計準則」)；及詮釋。除下文所述者外，採納該等新訂及經修訂香港財務報告準則不會導致本集團的會計政策、本集團財務報表的呈列及本年度與過往年度的報告金額出現重大變動。

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

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

HKFRS 16 Leases (“HKFRS 16”)

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as “operating leases” under HKAS 17 “Leases”.

HKFRS 16 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

		31 December 2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元
Assets	資產		
Increase in right-of-use assets	使用權資產增加	45,001	46,982
Decrease in prepaid land lease payments	預付土地租賃款項減少	(45,001)	(46,982)

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs, issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the investments at fair value through profit or loss and derivative instruments which are carried at their fair values/fair values less costs to sell.

2. 採納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」)

於採納香港財務報告準則第16號時，本集團就先前已根據香港會計準則第17號「租賃」分類為「經營租賃」的租賃確認使用權資產及租賃負債。

香港財務報告準則第16號已追溯應用，並令財務報表內呈報的綜合金額有以下變動：

本集團並無應用已頒佈但尚未生效之新訂香港財務報告準則。採納該等新訂香港財務報告準則將不會對本集團的財務報表產生重大影響。

3. 主要會計政策

該等綜合財務報表乃按照香港會計師公會頒佈的香港財務報告準則、聯交所證券上市規則以及香港公司條例的適用披露規定編製。

該等綜合財務報表乃按歷史成本慣例編製，經按公平值計入損益的投資及按其公平值／公平值減去出售成本列賬的衍生工具修訂。

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

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires management to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 to the consolidated financial statements.

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

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, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

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

編製符合香港財務報告準則的綜合財務報表須採用主要假設及估計，亦要求管理層於應用該等會計政策的過程中作出判斷。該等涉及關鍵判斷的範疇及假設及估計對該等綜合財務報表而言屬重大的範疇，在綜合財務報表附註4披露。

於編製該等綜合財務報表時應用的主要會計政策載列如下。

綜合賬目

綜合財務報表包括本公司及其附屬公司編製截至十二月三十一日止的財務報表。附屬公司指本集團擁有控制權的實體。當本集團承受或享有參與實體所得的可變回報，且有能透過其對實體的權力影響該等回報時，則本集團控制該實體。當本集團的現有權力賦予其目前掌控有關業務（即大幅影響實體回報的業務）的能力時，則本集團對該實體擁有權力。

在評估控制權時，本集團會考慮其潛在投票權以及其他人士持有的潛在投票權，以釐定其是否擁有控制權。僅在持有人能實際行使潛在投票權的情況下，方會考慮其權利。

附屬公司的賬目由其控制權轉至本集團當日起綜合入賬，直至控制權終止之日起不再綜合入賬。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Consolidation (Continued)

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 relating to that subsidiary and any related accumulated foreign currency translation reserve.

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.

Foreign currency translation

(a) 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 Renminbi, which is the Company's functional and presentation currency.

3. 主要會計政策 (續)

綜合賬目 (續)

出售附屬公司而導致失去控制權的利得或虧損乃指(i)出售代價公平值連同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連同與該附屬公司有關的任何餘下商譽以及任何相關累計外幣換算儲備兩者間差額。

集團內公司間的交易、結餘及未變現溢利予以對銷。除非交易提供已轉讓資產出現減值的憑證，未變現虧損亦予以對銷。附屬公司的會計政策在必要時會作出更改，以確保與本集團所採納的政策一致。

外幣換算

(a) 功能及呈報貨幣

本集團各實體的財務報表內項目均以該實體業務所在主要經濟環境通行的貨幣（「功能貨幣」）計量。綜合財務報表以人民幣呈列，該貨幣為本公司的功能及呈報貨幣。

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

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Foreign currency translation (Continued)

(b) *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 values 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.

外幣換算 (續)

(b) 各實體財務報表的交易及結餘

外幣交易於初始確認時使用交易日期的通行匯率換算為功能貨幣。以外幣為單位的貨幣資產及負債按各報告期末的通行匯率換算。此換算政策產生的利得及虧損於損益內確認。

按公平值計量及以外幣計值的非貨幣項目乃按釐定公平值當日的匯率換算。

當非貨幣項目的利得或虧損於其他全面收益確認時，該利得或虧損的任何匯兌部份於其他全面收益確認。當非貨幣項目的利得或虧損於損益確認時，該利得或虧損的任何匯兌部份於損益確認。

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截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currency translation (Continued)

(c) 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 rates (unless this average 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 the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in 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.

3. 主要會計政策 (續)

外幣換算 (續)

(c) 綜合賬目時進行換算

功能貨幣與本公司的呈報貨幣不同的所有本集團實體的業績及財務狀況均按以下方法換算為本公司的呈報貨幣：

- 各財務狀況表所列的資產及負債按財務狀況表日期的收市匯率換算；
- 收入及支出均按平均匯率換算，除非該平均值並非為按於交易日期的匯率累計影響的合理近似值，在此情況下，收入及支出乃按交易日期匯率換算；及
- 一切因此而產生的匯兌差額均在外幣換算儲備內確認。

於綜合賬目時，換算境外實體的投資淨額及借款所產生的匯兌差額於外幣換算儲備內確認。當境外業務被出售時，有關匯兌差額作為出售的利得或虧損的一部份於綜合損益內確認。

因收購海外實體而產生的商譽及公平值調整，均作為有關境外實體的資產與負債，並按收市匯率換算。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment

Buildings comprise mainly factories and offices. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	4.75%
Plant and machinery	9.50%
Office equipment	19%-31.67%
Motor vehicles	23.75%

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 machinery 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.

3. 主要會計政策 (續)

物業、廠房及設備

樓宇主要包括工廠及辦公室。物業、廠房及設備乃按成本減累計折舊及減值虧損列賬。

僅於有關項目的未來經濟利益很可能流入本集團而該項目成本能可靠計量時，後續成本方會計入資產賬面值中，或確認為個別資產（視適用情況而定）。所有其他維修及保養於產生期間於損益確認。

物業、廠房及設備的折舊乃按足以撇銷其成本減剩餘價值的比率，於估計可使用年期内使用直線法計算。主要年率如下：

樓宇	4.75%
廠房及機器	9.50%
辦公室設備	19%-31.67%
汽車	23.75%

剩餘價值、可使用年期及折舊方法於各報告期末予以檢討，並作出調整（倘適用）。

在建工程指在建樓宇及等待安裝的廠房及機器，並按成本減去減值虧損列賬。當有關資產可供使用時，折舊即開始。

出售物業、廠房及設備的利得或虧損為相關資產銷售所得款項淨額與賬面值之間的差額，並於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Patents and computer software are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10 years and 3 years respectively.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land use rights	2% – 3.33%
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研發支出

研究活動的支出於其產生期間內確認為開支。

無形資產

本集團收購的無形資產按成本減累計攤銷(當估計可使用年期為有限)及減值虧損列賬。

專利及電腦軟件按成本減去累計攤銷及減值虧損列賬。攤銷分別按10年及3年的估計可使用年期以直線法計算。

租賃

本集團為承租人

租賃於租賃資產可供本集團使用時確認為使用權資產及相應租賃負債。使用權資產乃按成本減累計折舊及減值虧損列賬。使用權資產乃按撇銷成本的比率，於資產使用年期與租期二者中的較短者使用直線法計算折舊。主要年率如下：

土地使用權	2% – 3.33%
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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

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.

3. 主要會計政策 (續)

租賃 (續)

本集團為承租人 (續)

使用權資產乃按成本 (包括初步計量租賃負債金額、預付租賃款項、初步直接成本及恢復成本) 計量。倘有關利率或本集團的遞增借款利率可予確定，租賃負債包括使用租約內所述利率折現租賃付款的現值淨額。各租賃付款於負債與融資成本之間作出分配。融資成本於租期內在損益內扣除，以使租賃負債餘額的息率固定。

與短期租賃相關的付款及低價值資產租賃於租期內以直線法在損益內確認為開支。短期租賃乃為初步租期為12個月或少於12個月的租賃。低價值資產為價值低於5,000美元的資產。

存貨

存貨按成本與可變現淨值兩者的較低者列賬。成本按加權平均基準釐定。製成品及在製品的成本包括原材料、直接人工及所有生產經常開支的應佔部份及分包費用 (如適用)。可變現淨值按一般業務過程的估計銷售價格減去估計完成成本及估計銷售所需成本計算。

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

確認及終止確認金融工具

當本集團成為工具合約條款的一方時，會在財務狀況表確認金融資產及金融負債。

當自資產收取現金流量的合約權利屆滿時；或本集團將資產所有權絕大部份風險及回報轉讓時；或本集團概無轉讓亦無保留資產所有權絕大部份風險及回報惟並無保留對資產的控制權時，則終止確認金融資產。於終止確認金融資產時，資產賬面值與已收代價的總和差額於損益確認。

當有關合約內指定的責任獲解除、取消或屆滿時終止確認金融負債。終止確認金融負債的賬面值與已付代價的差額於損益確認。

金融資產

倘根據合約條款規定須於有關市場所規定期限內購入或出售資產，則金融資產按交易日基準確認入賬及終止確認，並按公平值加直接交易成本作初步確認，惟按公平值計入損益的投資則除外。收購按公平值計入損益的投資之直接應佔交易成本即時於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial assets (Continued)

Financial assets of the Group are classified under the following category:

(i) *Financial assets at amortised cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- (a) the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- (b) the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) *Investments at fair value through profit or loss*

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

3. 主要會計政策 (續)

金融資產 (續)

本集團的金融資產分類如下：

(i) *按攤銷成本列賬的金融資產*

撥歸此類的金融資產(包括貿易應收款項及其他應收款項)須同時符合下列兩項條件：

- (a) 持有資產的業務模式是為持有資產以收取合約現金流量；及
- (b) 資產的合約條款於特定日期產生僅為支付本金及未償還本金利息的現金流量。

有關項目其後以實際利息法按攤銷成本減預期信貸虧損的虧損撥備計量。

(ii) *按公平值計入損益的投資*

倘金融資產不符合按攤銷成本計量之條件及按公平值計入其他全面收益之債務投資條件，則金融資產分類為此類別，惟本集團於初步確認時指定並非持作買賣用途的股本投資為按公平值計入其他全面收益則另作別論。

按公平值計入損益的投資其後按公平值計量，而公平值變動產生的任何利得或虧損於損益確認。於損益確認的公平值利得或虧損乃扣除任何利息收入及股息收入。利息收入及股息收入於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost and contract assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables and contract assets, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables and contract assets) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

3. 主要會計政策 (續)

預期信貸虧損的虧損撥備

本集團就按攤銷成本列賬的金融資產及合同資產的預期信貸虧損確認虧損撥備。預期信貸虧損為加權平均信貸虧損，並以發生違約風險的金額作為加權數值。

於各報告期末，倘金融工具的信貸風險自初始確認以來已大幅增加，本集團將按相等於該金融工具的預計存續期內所有可能發生的違約事件導致的預期信貸虧損（「存續期預期信貸虧損」）的金額就貿易應收款項及合同資產計量一項金融工具的虧損撥備。

於報告期末，倘金融工具（貿易應收款項及合同資產除外）的信貸風險自初步確認後並未大幅增加，則本集團將按相等於存續期預期信貸虧損部份（指報告期後12個月內可能發生的違約事件所導致的該金融工具的預期信貸虧損）的金額計量該金融工具的虧損撥備。

預期信貸虧損金額或為調整報告期末虧損撥備至所需金額所作撥回金額乃於損益確認為減值利得或虧損。

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

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.

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 end of the reporting period.

現金及現金等價物

就現金流量表而言，現金及現金等價物指銀行及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期高流通性的投資（可即時轉換為已知數額現金及受極輕微價值變動風險所限）。現金及現金等價物亦包括須按要求償還及為本集團整體現金管理一部份的銀行透支。

金融負債及股本工具

金融負債及股本工具乃根據合同安排的實質內容以及香港財務報告準則中金融負債及股本工具的定義予以分類。股本工具為可證明於本集團經扣除所有負債後於資產中擁有的剩餘權益的任何合同。就特定類別的金融負債及股本工具採納的會計政策載列於下文。

借款

借款初步按公平值，扣除所產生的交易成本確認，其後使用實際利率法按攤銷成本計量。

除非本集團有無條件權利延遲償還負債直至報告期末後最少12個月，否則借款應分類為流動負債。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Trade and other payables

Trade and other payables are stated 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.

Derivative financial instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

3. 主要會計政策 (續)

貿易應付款項及其他應付款項

貿易應付款項及其他應付款項初步按公平值列賬，其後則採用實際利率法按攤銷成本計量，惟如貼現影響並不重大，則以成本列賬。

衍生金融工具

衍生工具（包括業務合併下的或然代價）已初步確認，其後按公平值計量，而因公平值變動產生的任何利得或虧損於損益中確認。

股本工具

本公司發行的股本工具乃按已收取的所得款項扣除直接發行成本入賬。

客戶合同收益

收益乃按經參考業務慣例後與客戶訂立的合同所訂明的代價計量，且不包括代第三方收取的金額。就客戶付款與轉移已承諾產品或服務之間的期限超過一年的合約，代價會就重大融資部分的影響作出調整。

本集團透過將產品或服務的控制權轉移予客戶而完成其履約責任時確認收益。視乎合同的條款及適用於該合同的法律，履約責任可隨時間或於某一時間點完成。倘屬下列情況，履約責任乃隨時間完成：

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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

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Revenue from contracts with customers

(Continued)

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

客戶合同收益 (續)

- (a) 當客戶同時取得及消費本集團履約所提供的利益；
- (b) 當本集團的履約行為創建或改良一項其於被創建或改良時受客戶控制的資產；或
- (c) 當本集團的履約行為並無創建一項對本集團有替代用途的資產，及本集團對至今已完成的履約行為擁有可強制執行付款的權利。

倘履約責任屬隨時間完成，收益會經參考已完成履約責任的進度確認。否則，收益於客戶取得產品或服務的控制權時確認。

其他收入

利息收入使用實際利率法按時間比例確認。

Notes to the Consolidated Financial Statements

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For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Employee benefits

(a) 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 at the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) 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 in profit or loss represents contributions payable by the Group to the funds.

(c) 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.

僱員福利

(a) 僱員休假權利

僱員的年假及長期服務假期權利乃於僱員享有有關權利時確認。本集團為截至報告期末僱員已提供的服務而產生的年假及長期服務假期的估計負債作出撥備。

僱員的病假及產假權利直至僱員正式休假時方予確認。

(b) 退休金責任

本集團為所有僱員提供定額供款退休計劃。本集團及僱員向計劃作出的供款乃根據僱員基本薪金的百分比計算。於損益內扣除的退休福利計劃成本指本集團應付予有關基金的供款。

(c) 離職福利

離職福利於本集團不能撤回提供該等福利時及本集團確認重組成本並涉及支付離職福利時(以較早日期為準)確認。

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

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.

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

Taxation

Income tax represents the sum of the current tax and deferred tax.

借款成本

因收購、建設或生產合資格資產(即需要一段較長時間方可達致其擬定用途或出售的資產)而直接應佔的借款成本會撥充資本,作為該等資產的部分成本,直至該等資產大致上可作其擬定用途或出售時為止。在特定借款用作合資格資產支出前暫作投資所賺取的投資收入須自撥充資本的借款成本扣除。

就於一般情況及用作取得合資格資產而借入的資金而言,可撥充資本的借款成本金額乃按該項資產的支出所採用的資本化比率釐定。資本化比率為適用於本集團該期間內尚未償還借款(不包括就取得合資格資產而借入的特定借款)的加權平均借款成本。

所有其他借款成本均在產生期間於損益內確認。

政府補助

政府補助於合理確保本集團將遵守有關補助的條件及可獲取有關補助後方會予以確認。

稅項

所得稅指即期稅項及遞延稅項的總和。

Notes to the Consolidated Financial Statements

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For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Taxation (Continued)

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the 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 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.

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.

稅項 (續)

即期應付稅項按年內應課稅溢利計算。應課稅溢利與於損益內確認的溢利不同，原因是應課稅溢利不包括其他年度的應課稅或可予扣稅的收入或開支項目，亦不包括免稅或不可扣稅的項目。本集團的即期稅項負債按報告期末前已頒佈或實際頒佈的稅率計算。

遞延稅項按財務報表內資產及負債賬面值與計算應課稅溢利所用相關稅基的差額確認。遞延稅項負債一般按所有應課稅暫時差額確認入賬，而遞延稅項資產則會在可能有應課稅溢利可供作抵銷可予扣減暫時差額、未動用稅項虧損或未動用稅項抵免時確認入賬。倘暫時差額因商譽或在不影響應課稅溢利及會計溢利的交易中初次確認（業務合併除外）其他資產及負債而產生，則有關資產及負債不予確認。

於附屬公司的投資產生的應課稅暫時差額乃確認為遞延稅項負債，惟本集團可控制暫時差額的撥回及有關暫時差額可能不會於可預見將來撥回則除外。

遞延稅項資產的賬面值於各報告期末進行檢討，並予以扣減直至不再可能有足夠應課稅溢利可供收回全部或部份資產為止。

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綜合財務報表附註

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截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Taxation (Continued)

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.

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.

稅項 (續)

遞延稅項乃根據於報告期末已實施或實質上已實施的稅率，按預期在負債償還或資產變現期間適用的稅率計算。遞延稅項乃於損益中確認，惟倘遞延稅項與其他全面收益或直接於權益確認的項目相關，則在此情況下亦會在其他全面收益或直接於權益內確認。

遞延稅項資產及負債的計量反映按照本集團預期於報告期末可收回或結算其資產及負債的賬面值方式計算而得出的稅務結果。

當有合法執行權利許可將即期稅項資產與即期稅項負債抵銷，並涉及與同一稅務機關徵收的所得稅有關且本集團擬按淨額基準結算其即期稅項資產及負債時，則遞延稅項資產及負債可互相對銷。

Notes to the Consolidated Financial Statements

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For the year ended 31 December 2019

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

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

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

分部報告

經營分部及財務報表所呈報各分部項目的金額，乃根據向本集團各項業務分配資源及評估其業績表現而定期向本集團最高行政管理層提供的財務資料當中而識別。

個別重大經營分部不會就財務報告目的而合併，除非相關分部具有類似的經濟特徵，且產品及服務性質、生產流程性質、客戶類型或類別、分銷產品或提供服務所用方法及監管環境的性質相似。符合上述多數標準的非個別重大經營分部可合併。

關聯方

關聯方乃與本集團有關聯的人士或實體。

- (a) 倘屬以下人士，即該人士或該人士家庭近親成員與本集團有關聯：
- (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本公司或本公司母公司的主要管理層成員。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

關聯方 (續)

(b) 倘符合下列任何條件，即實體與本集團有關聯：

- (i) 該實體與本公司屬同一集團的成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關聯）。
- (ii) 一間實體為另一實體的聯營公司或合營企業（或另一實體為成員公司的集團旗下成員公司的聯營公司或合營企業）。
- (iii) 兩間實體均為同一第三方的合營企業。
- (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司。
- (v) 實體為本集團或與本集團有關聯的實體就僱員利益設立的離職福利計劃。倘本集團本身便是該計劃，提供資助的僱主亦與本集團有關聯。
- (vi) 實體受(a)項所識別人士控制或受共同控制。
- (vii) 於(a)(i)項所識別人士對實體有重大影響力或屬該實體（或該實體的母公司）主要管理層成員。
- (viii) 該實體（或集團（而該實體為當中成員）內任何成員公司）向本公司或本公司的母公司提供主要管理人事服務。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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截至二零一九年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than deferred tax assets, investments, inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

資產減值

本集團於各報告期末檢討其有形及無形資產(遞延稅項資產、投資、存貨及應收款項除外)的賬面值,以釐定有否跡象顯示該等資產出現減值虧損。倘存在任何該等跡象,則估計資產的可收回金額以釐定任何減值虧損程度。倘無法估計個別資產的可收回金額,則本集團估計資產所屬現金產生單位的可收回金額。

可收回金額為公平值減出售成本與使用價值兩者中的較高者。評估使用價值時,估計未來現金流量會按照可反映現時市場對貨幣時間值及資產特定風險的評估的稅前貼現率,貼現至其現值。

倘資產或現金產生單位的可收回金額估計低於其賬面值,則資產或現金產生單位的賬面值減至其可收回金額。減值虧損即時於損益確認,惟倘相關資產以重估價值列賬,在此情況下減值虧損視作重估價值減少處理。

倘減值虧損於日後撥回,則資產或現金產生單位的賬面值增至其可收回金額經修訂估計,惟增加後的賬面值不得高於假設過往年度並無就資產或現金產生單位確認減值虧損而釐定的賬面值(扣除攤銷或折舊)。減值虧損撥回即時於損益確認,惟倘相關資產以重估價值列賬,在此情況下減值虧損撥回視作重估價值增加處理。

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3. SIGNIFICANT ACCOUNTING POLICIES 3. 主要會計政策 (續)

(Continued)

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.

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 or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the 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. CRITICAL JUDGEMENTS AND KEY ESTIMATES 4. 關鍵判斷及主要估計

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.

撥備及或然負債

當本集團因已發生的事件須承擔現有法定或推定責任，而履行責任有可能導致經濟利益流出，並能可靠估計責任金額的情況下，須對該等時間或金額不確定的負債確認撥備。倘貨幣時間值重大，則撥備的金額乃按預期用於履行該責任的支出的現值列賬。

倘需要流出經濟利益的機會不大，或責任金額無法可靠估計，則責任乃披露為或然負債，除非經濟利益流出的可能性極低則另作別論。可能出現的責任（即是否存在將僅取決於日後是否會發生一宗或多宗事件）亦披露為或然負債，惟經濟利益流出的可能性極低者則除外。

報告期後事項

為本集團於報告期末狀況提供額外資料或顯示持續經營假設並不適合的報告期後事項均屬於調整事項，於財務報表內反映。並非屬調整事項的報告期後事項如屬重大，則於綜合財務報表附註中披露。

估計不確定因素的主要來源

於報告期末，極可能導致下一個財政年度資產及負債的賬面值須作重大調整，有關未來的主要假設及估計不確定因素的其他主要來源載述如下。

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4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(a) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(b) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(c) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are contained in note 28 to the consolidated financial statements.

4. 關鍵判斷及主要估計 (續)

估計不確定因素的主要來源 (續)

(a) 滯銷存貨撥備

滯銷存貨撥備根據存貨賬齡及估計存貨可變現淨值作出。評估撥備金額涉及判斷及估計。倘日後實際結果與原來估計有所不同，則有關差額將影響上述估計出現變動期間存貨的賬面值及撥備開支／撥回。

(b) 呆壞賬減值虧損

本集團根據貿易應收款項及其他應收款項的可收回性作出的評估，包括每名債務方的現時信貸及過往收賬記錄，就呆壞賬作出減值虧損。倘事件或情況變動顯示餘款或會無法收回，則產生減值。識別呆壞賬須使用判斷及估計。倘實際結果與原來估計有所不同，則有關差額將影響上述估計出現變動年度貿易應收款項及其他應收款項的賬面值及呆賬開支。

(c) 遞延稅項資產

倘可能有應課稅溢利可用以抵銷未動用的稅項虧損，則就未動用的稅項虧損確認遞延稅項資產。管理層須根據未來應課稅溢利的大致時間及數額以及未來稅務計劃策略作出重大判斷，以釐定可確認的遞延稅項資產金額。進一步詳情載於綜合財務報表附註28。

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4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) 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. This estimate is 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 or sold.

Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

5. 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.

4. 關鍵判斷及主要估計 (續)

估計不確定因素的主要來源 (續)

(d) 物業、廠房及設備以及折舊

本集團釐定其物業、廠房及設備的估計可使用年期、剩餘價值及相關折舊開支。該估計以性質及功能相若的物業、廠房及設備實際可使用年期及剩餘價值的過往經驗為基準。倘可使用年期及剩餘價值與先前估計不同，本集團將修訂折舊開支，或撇銷或撇減已報廢或出售的技術上過時或非策略性資產。

倘物業、廠房及設備項目的估計可使用年期及／或剩餘價值有別於先前估計，則計提額外折舊。可使用年期及剩餘價值於各財政年結日根據情況變化進行檢討。

5. 財務風險管理

本集團業務活動承受多項財務風險：外幣風險、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項目專注於金融市場的不可預測性及尋求降低對本集團財務表現造成的潛在不利影響。

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5. FINANCIAL RISK MANAGEMENT 5. 財務風險管理 (續)

(Continued)

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the executive directors.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

(a) 外幣風險

由於本集團大部分業務交易、資產及負債主要以本集團實體功能貨幣計值，故本集團所承受的外幣風險不高。本集團現時並無就外幣交易、資產及負債制定外幣對沖政策。本集團將密切監察外幣風險，並將於有需要時考慮對沖重大外幣風險。

(b) 信貸風險

本集團僅與知名及信譽良好的第三方進行交易。本集團持續監察應收款項結餘，就並非按相關營運單位的功能貨幣計值的交易而言，本集團未經執行董事的特別批准不會提供信用期。

本集團其他金融資產（包括現金及現金等價物、已抵押存款及其他應收款項）的信貸風險來自交易對手方違約，所承受的最高風險等於該等工具的賬面值。

由於本集團僅與知名及信譽良好的第三方進行交易，故無需抵押品。信貸風險的集中程度按客戶／交易對手的分析管理。本集團並無重大的集中信貸風險，原因是本集團貿易應收款項的客戶基礎較為分散。

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5. FINANCIAL RISK MANAGEMENT 5. 財務風險管理 (續)

(Continued)

(b) Credit risk (Continued)

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables and prepayments, deposits and other receivables are disclosed in notes 21 and 23, respectively, to the consolidated financial statements.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

(b) 信貸風險 (續)

有關本集團承受的來自貿易應收款項及應收票據以及預付款項、按金及其他應收款項的信貸風險的進一步量化數據分別披露於綜合財務報表附註21及23。

本集團通過比較金融資產於報告日期之違約風險與於初始確認日期之違約風險，以評估金融資產之信貸風險有否於各報告期內按持續基準大幅增加。本集團亦考慮所得合理及有理據支持之前瞻性資料。尤其使用下列資料：

- 內部信貸評級；
- 預期導致借款人履行責任能力出現重大變動之業務、財務或經濟狀況之實際或預期重大不利變動；
- 借款人經營業績之實際或預期重大變動；
- 抵押品價值或擔保或信貸提升措施之質素重大變動；及
- 借款人預期表現及行為之重大變動，包括借款人之付款狀況變動。

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5. FINANCIAL RISK MANAGEMENT 5. 財務風險管理 (續)

(Continued)

(b) Credit risk (Continued)

The Group uses two categories for non-trade loan receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

(b) 信貸風險 (續)

本集團將非貿易性質的應收貸款分為兩個類別，以反映其信貸風險及釐定各類別貸款虧損撥備的方式。於計算預期信貸虧損率時，本集團考慮各類別的歷史虧損率及就前瞻數據進行調整。

Category 類別	Definition 釋義	Loss provision 虧損撥備		
Performing 正常	Low risk of default and strong capacity to pay 違約風險低且付款能力強	12 month expected losses 12個月預期虧損		
Non-performing 不良	Significant increase in credit risk 信貸風險大幅增加	Lifetime expected losses 年期預期虧損		
			Others 其他 RMB 人民幣	Total 總計 RMB 人民幣
At 31 December 2019	於二零一九年 十二月三十一日			
Advance and deposit to others	向其他人士作出的 墊款及按金		26,009	26,009
Provision for loss allowance	虧損準備撥備		(2,718)	(2,718)
Carrying amounts	賬面值		23,291	23,291
At 31 December 2018	二零一八年 十二月三十一日			
Advance and deposit to others	向其他人士作出的 墊款及按金		22,544	22,544
Provision for loss allowance	虧損準備撥備		(2,315)	(2,315)
Carrying amounts	賬面值		20,229	20,229

All of these advance and deposit are considered to have low risk and under the 'Performing' category because they have a low risk of default and have strong ability to meet their obligations.

所有該等墊款及存款被視為低風險並處於「正常」類別，原因在於彼等的違約風險低及履行責任的能力強。

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5. FINANCIAL RISK MANAGEMENT 5. 財務風險管理 (續)

(Continued)

(b) Credit risk (Continued)

(b) 信貸風險 (續)

		Others 其他 RMB 人民幣	Total 總計 RMB 人民幣
Weighted average expected credit loss rate	加權平均預期信貸虧損率		
2019	二零一九年	10%	
2018	二零一八年	10%	
Loss allowance at 1 Jan 2018	於二零一八年一月一日的虧損準備	2,156	2,156
Increase in provision in 2018	於二零一八年的撥備增加	159	159
Loss allowance at 31 Dec 2018	於二零一八年十二月三十一日的虧損準備	2,315	2,315
Increase in provision in 2019	於二零一九年的撥備增加	403	403
Loss allowance at 31 Dec 2019	於二零一九年十二月三十一日的虧損準備	2,718	2,718

The increase in loss allowance is due to increase in expected credit loss rates.

虧損準備增加乃由於預期信貸虧損率增長。

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All of the Group's financial liabilities are due within one year.

(c) 流動資金風險

本集團的政策為定期監控現有及預期流動資金需求，確保其維持充裕現金儲備，以滿足短期及長期流動資金需求。本集團所有金融負債均於一年內到期。

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5. FINANCIAL RISK MANAGEMENT 5. 財務風險管理 (續)

(Continued)

(c) Liquidity risk (Continued)

The maturity analysis of the Group's financial liabilities is as follows:

(c) 流動資金風險 (續)

本集團金融負債的到期日分析如下：

		Carrying amounts	Total contractual undiscounted cash flow
		賬面值	合約未貼現現金流量總額
		Total	Less than 1 year
		合計	少於1年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
31 December 2019	二零一九年十二月三十一日		
Trade and bills payables	貿易應付款項及應付票據	366,417	366,417
Other payables and accruals	其他應付款項及應計費用	106,944	106,944
Bank loans	銀行貸款	126,207	131,305
		599,568	604,666
31 December 2018	二零一八年十二月三十一日		
Trade and bills payables	貿易應付款項及應付票據	363,337	363,337
Other payables and accruals	其他應付款項及應計費用	108,185	108,185
Bank loans	銀行貸款	109,000	111,230
		580,522	582,752

(d) Interest rate risk

The Group's bank deposits and bank borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

(d) 利率風險

本集團的銀行存款及銀行借款按固定利率計息，因此承受公平值利率風險。

(e) 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.

(e) 公平值

本集團於綜合財務狀況表反映的金融資產及金融負債賬面值與其各自的公平值相若。

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5. FINANCIAL RISK MANAGEMENT 5. 財務風險管理 (續)

(Continued)

(f) Financial instruments by category

The carrying amounts of each of the category of the Group's financial instruments at the end of the reporting period are as follows:

(f) 按類別劃分的金融工具

本集團各類別金融工具於報告期末的賬面值如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Financial assets	金融資產		
Investments at fair value through profit or loss (mandatorily measured)	按公平值計入損益的投資(強制計量)	1,077	-
Financial assets at amortised cost (including cash and cash equivalents)	按攤銷成本計算的金融資產(包括現金及現金等價物)	908,177	731,598
Financial liabilities	金融負債		
Financial liabilities at amortised cost	按攤銷成本計算的金融負債	599,568	580,522

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截至二零一九年十二月三十一日止年度

6. 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.

6. 公平值計量

公平值指於計量日期市場參與者之間進行的有序交易中，就出售資產所收取或轉讓負債所支付之價格。在以下公平值計量披露所使用公平值層級中，用於計量公平值的估值技術輸入數據被劃分為三個等級：

第一級輸入數據：本集團可於計量日期取得之相同資產或負債於活躍市場之報價（未經調整）。

第二級輸入數據：除第一級包括之報價外，資產或負債可直接或間接觀察之輸入數據。

第三級輸入數據：資產或負債之不可觀察輸入數據。

本集團的政策為於事項發生或狀況改變而引起的轉移當日，確認自三個層級中的任何一個層級的轉入及轉出。

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6. FAIR VALUE MEASUREMENTS 6. 公平值計量 (續)

(Continued)

(a) Disclosures of level in fair value hierarchy at 31 December 2019:

(a) 於二零一九年十二月三十一日之公平值層級披露：

Description 概述	Fair value measurements using: 使用以下輸入數據之公平值計量：			Total 總計
	Level 1 第一級	Level 2 第二級	Level 3 第三級	2019 二零一九年
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Recurring fair value measurements:	經常性公平值計量：			
Investments at fair value through profit or loss	按公平值計入損益的投資			
Derivatives – Ferrous metal future contract	衍生—黑色金屬期貨合約			
	1,077	-	-	1,077

7. REVENUE

The Group's revenue represents sales of environmental protection equipment for installation and sale of environmental pollution prevention equipment and electronic products; the invoiced value of material sold and the value of services rendered during the Year.

7. 收益

本集團的收益指本年度安裝及銷售環保污染防治設備及電子產品的環保設備銷售；銷售材料的發票價值及所提供服務的價值。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Sales of environmental protection equipment	銷售環保設備	696,284	848,815
Sale of materials	銷售材料	10,596	8,002
Rendering of services	提供服務	19,767	2,000
		726,647	858,817

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截至二零一九年十二月三十一日止年度

7. REVENUE (Continued)

Disaggregation of revenue from sales of environmental protection equipment:

7. 收益 (續)

分拆銷售環保設備的收益：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Geographical markets			
	地區市場		
Mainland China	中國內地	672,454	840,786
Other countries	其他國家	23,830	8,029
Total	總計	696,284	848,815
Major products			
	主要產品		
Electrostatic precipitator	靜電除塵器	458,886	537,173
Electronstatic-bag composite precipitator	電袋複合除塵器	78,916	132,711
Bag filter precipitator	袋式除塵器	101,844	71,093
SO ₂ and Nox emission reduction (desulfurisation and denitrification devices)	減少二氧化硫及氮氧化物 排放(脫硫及脫硝裝置)	53,157	84,496
Others (e.g. Pneumatic ash conveying system)	其他(如氣力輸灰系統)	3,481	23,342
Total	總計	696,284	848,815
Timing of revenue recognition			
	收益確認的時間		
At a point in time	在某一時間點		
- Sales of environmental protection equipment	- 銷售環保設備	696,284	848,815
- Sale of materials	- 銷售材料	10,596	8,002
- Rendering of services	- 提供服務	19,767	2,000
Total	總計	726,647	858,817

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7. REVENUE (Continued)

Disaggregation of revenue from sales of environmental protection equipment: (Continued)

Sales of Environmental protection equipment

The Group manufactures, sells and installs environmental pollution prevention equipment to the customers. The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts within one month. Sales are recognised when control of the products and services have transferred, being when the products are delivered to a customer. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

If a contract includes the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

The contract price is allocated to the performance obligations based on the relative stand-alone selling prices of the performance obligations. The stand-alone selling prices are determined by applying the expected cost plus a margin approach.

Sales of materials

The Group sells environmental pollution prevention equipment to the customers. The products amount is repayable within one month. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

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

7. 收益 (續)

分拆銷售環保設備的收益：(續)

銷售環保設備

本集團製造及向客戶銷售及安裝環保污染防治設備。客戶根據合同訂明的付款時間表於一個月內向本集團支付合同價格。在產品及服務的控制權已轉讓時(即產品交付予客戶之時)確認銷售。倘本集團所提供的服務超出付款，將會確認合同資產。倘付款超出所提供的服務，則會確認合同負債。

倘合同包括安裝硬件，硬件的收益於硬件交付之時且合法所有權已轉移以及客戶已接納硬件之時確認。

合同價格按履約責任的相關獨立售價分配至履約責任。獨立售價乃應用預期成本加利潤方法釐定。

銷售材料

本集團向客戶銷售環保污染防治設備。產品金額須於一個月內償還。在產品的控制權已轉讓(即產品交付予客戶之時)，且概無可能影響客戶接受產品的未履行責任及客戶已獲取產品的合法所有權時，確認銷售。

當產品交付予客戶後，並從那一刻開始，可以無條件收到代價(僅到期付款前的時間流逝除外)，便可確認為應收款項。

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8. OTHER INCOME

8. 其他收入

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Bank interest income	銀行利息收入	713	1,197
Government grants	政府補助	7,796	2,103
Reversal of impairment loss on bills receivables	應收票據減值虧損撥回	2,345	-
Gain on disposal investments at fair value through profit or loss	出售按公平值計入損益的投資之收益	35	-
Foreign exchange gain	匯兌收益	285	258
Others	其他	159	168
		11,333	3,726

9. SEGMENT INFORMATION

9. 分部資料

The Group's revenue during the Year was mainly derived from environmental protection equipment contract revenue for installation and sale of environmental pollution prevention equipment and electronic products; the invoiced value of goods sold and the value of services rendered. The products of the Group are subject to similar risks and returns and, therefore, the Group has only one business segment.

本集團於本年度的收益主要來自安裝及銷售環保污染防治設備及電子產品的環保設備合同收益；銷售貨品的發票價值及所提供服務的價值。本集團產品面臨的風險及所得回報相似，因此，本集團僅有一個業務分部。

Geographical information

地區資料

		Revenue 收益		Non-current assets 非流動資產	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元 (Restated) (經重列)
Mainland China	中國內地	702,817	850,788	166,274	163,873
Other countries	其他國家	23,830	8,029	-	-
Consolidated total	綜合總額	726,647	858,817	166,274	163,873

In presenting the geographical information, revenue is based on the locations of the customers.

於呈列地區資料時，收益乃根據客戶所在地呈列。

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9. SEGMENT INFORMATION (Continued)

9. 分部資料 (續)

Revenue from major customers:

來自主要客戶的收益：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Customer A	客戶A	92,881	N/A不適用*
Customer B	客戶B	72,975	N/A不適用*

* Customer did not contribute more than 10% of the total consolidated revenue of the Group for the year.

* 客戶並無佔本集團年內綜合收入總額10%以上。

10. FINANCE COSTS

10. 融資成本

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest on banks loans	銀行貸款的利息	6,909	6,278

11. INCOME TAX

11. 所得稅

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
PRC Enterprise Income Tax for the year	年內中國企業所得稅	17,085	23,580
Deferred tax (note 28)	遞延稅項(附註28)	(6,260)	(8,408)
		10,825	15,172

No provision for Hong Kong profits tax was required since the Group has no assessable profit in Hong Kong for the years presented.

由於本集團於所示年度於香港並無應課稅溢利，故毋須就香港利得稅作出撥備。

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11. INCOME TAX (Continued)

The reconciliation between the income tax and the profit before tax is as follows:

11. 所得稅 (續)

所得稅與稅前溢利的對賬如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit before tax	稅前溢利	45,114	46,408
Notional tax on profit before tax calculated at the PRC statutory rate	按中國法定稅率計算稅前溢利的名義稅項	11,279	11,602
Tax effect of non-deductible expenses	不可扣減開支的稅務影響	132	3,570
Tax effect of non-taxable income	毋須扣稅收入的稅務影響	(586)	-
Income tax for the Year	本年度所得稅	10,825	15,172

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

12. 年內溢利

本集團的年內溢利經扣除/(計入)以下各項後達致：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Auditor's remuneration	核數師酬金	1,055	1,000
Cost of inventories sold	所售出存貨的成本	601,333	717,577
Depreciation	折舊	5,224	6,756
Depreciation on right-of-use assets	使用權資產折舊	1,981	1,981
Amortisation of intangible assets	無形資產攤銷	128	196
Impairment loss on trade receivables (Reversal of impairment loss)/impairment loss recognised on bills receivables	貿易應收款項減值虧損(確認應收票據(減值虧損撥回)/減值虧損)	18,803	30,590
Impairment loss on other receivables	其他應收款項減值虧損	(2,345)	4,573
Impairment loss on contract asset	合約資產減值虧損	403	159
Changes in investments at fair value through profit or loss	按公平值計入損益的投資變動	4,950	-
Research and development expenditure	研發開支	78	-
Staff costs (including directors' remuneration – note 13):	員工成本(包括董事酬金—附註13):	2,186	2,927
Wages and Salaries	工資及薪金	47,650	50,067
Retirement benefits scheme contribution	退休金計劃供款	3,076	3,512
Staff welfare expenses	員工福利開支	6,144	5,898
		56,870	59,477

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13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS 13. 董事及五名最高薪酬人士酬金

The emoluments of each Director were as follows:

各董事的酬金如下：

			Salaries and other benefits	Retirement benefits scheme contributions	Total
	Fees		薪金及 其他福利	退休福利 計劃供款	總計
	袍金		RMB'000	RMB'000	RMB'000
	Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive Directors	執行董事				
Bian Yu	邊宇	-	515	27	542
Bian Weican	邊偉燦	-	260	27	287
Bian Shu	邊姝	-	357	27	384
Non-Executive Directors	非執行董事				
Bian Jianguang	邊建光	-	150	-	150
Zhang Yuanyuan	章袁遠	-	110	-	110
Chen Jiancheng	陳建誠	-	60	-	60
Zhu Xianbo	祝賢波	3	91	-	91
Independent Non-Executive Directors	獨立非執行董事				
Zhang Bing	張炳	-	60	-	60
Feng Juji	馮鉅基	-	168	-	168
Li Jiannan	酈建楠	-	60	-	60
Supervisors	監事				
Chen Xinhua	陳新華	-	177	13	190
Fu Jun	傅均	-	60	-	60
Fang Zhiguo	方治國	-	60	-	60
Chief executive	高級行政人員				
Qiu Jinxing	邱金鑫	-	348	13	361
Total for the year ended 31 December 2019	截至二零一九年 十二月三十一日 止年度總計	-	2,476	107	2,583

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13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (Continued)

13. 董事及五名最高薪酬人士酬金 (續)

		Notes 附註	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及 其他福利 RMB'000 人民幣千元	Retirement benefits scheme contributions 退休福利 計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive Directors	執行董事					
Bian Yu	邊宇		–	490	87	577
Bian Weican	邊偉燦		–	238	87	325
Bian Shu	邊姝		–	339	87	426
Non-Executive Directors	非執行董事					
Bian Jianguang	邊建光		–	130	–	130
Zhang Yuanyuan	章袁遠		–	166	83	249
Chen Jiancheng	陳建誠		–	66	14	80
Independent Non-Executive Directors	獨立非執行董事					
Zhang Bing	張炳		–	60	–	60
Feng Jujj	馮鉅基		–	116	–	116
Li Jiannan	酈建楠		–	15	–	15
Tam Hon Shan Celia	譚漢珊	1	–	22	–	22
Jiang Yan	姜晏	1	–	10	–	10
Yu Zhaofei	余釗飛	2	–	28	–	28
Supervisors	監事					
Chen Xinhua	陳新華		–	170	43	213
Fu Jun	傅均		–	60	–	60
Fang Zhiguo	方治國		–	60	–	60
Chief executive	高級行政人員					
Qiu Jinxing	邱金鑫		–	277	41	318
Total for the year ended 31 December 2018	截至二零一八年 十二月三十一日 止年度總計		–	2,247	442	2,689

Notes:

- Resigned with effect from 30 March 2018.
- Appointed as independent non-executive director with effect from 30 March 2018 and resigned with effect from 3 August 2018.
- Appointed as non-executive director with effect from 31 May 2019.

附註:

- 辭任自二零一八年三月三十日起生效。
- 自二零一八年三月三十日起獲委任為獨立非執行董事及自二零一八年八月三日起辭任。
- 自二零一九年五月三十一日起獲委任為非執行董事。

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13. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS (Continued)

The five highest paid employees during the year included two directors and the chief executive (2018: three directors and the chief executive), details of whose remuneration are set out in information above. Details of the remuneration of the remaining two (2018: one) non-directors, highest paid employees for the Year are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	650	306
Retirement benefits scheme contributions	退休福利計劃供款	25	49
		675	355

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

		Number of employees 僱員數目	
		2019 二零一九年	2018 二零一八年
Emolument band: HK\$nil – HK\$1,000,000	酬金範圍: 零至1,000,000港元	2	1

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to the five highest paid individuals, and directors, as an inducement to join the Group or as compensation for loss of office other than those disclosed above. In addition, during the years ended 31 December 2019 and 2018, no directors waived any emoluments.

13. 董事及五名最高薪酬人士酬金 (續)

本年度，五名最高薪酬僱員中包括二名董事及高級行政人員（二零一八年：三名董事及高級行政人員），其薪酬詳情載於上文資料。本年度，其餘二名（二零一八年：一名）非董事最高薪酬僱員的薪酬詳情如下：

薪酬介乎下列範圍內的非董事最高薪酬僱員的數目如下：

於截至二零一九年及二零一八年十二月三十一日止年度，除上文所披露者外，本集團概無向五名最高薪酬人士及董事支付任何酬金，作為促使其加入本集團或作為其離職的賠償。此外，於截至二零一九年及二零一八年十二月三十一日止年度，概無董事放棄任何酬金。

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14. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year of approximately RMB34,289,000 (2018: RMB31,236,000) attributable to owners of the Company and the weighted average number of 135,000,000 (2018: 135,000,000) ordinary shares in issue during the Year.

Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2019 and 2018.

14. 股息

董事不建議就截至二零一九年十二月三十一日止年度派付任何股息（二零一八年：無）。

15. 每股盈利

每股基本盈利

本公司擁有人應佔每股基本盈利乃根據本公司擁有人應佔年內溢利約人民幣34,289,000元（二零一八年：人民幣31,236,000元），以及年內已發行普通股的加權平均數135,000,000股（二零一八年：135,000,000股普通股）計算。

每股攤薄盈利

於截至二零一九年及二零一八年十二月三十一日止兩個年度，本公司概無任何潛在攤薄普通股，故概無呈列每股攤薄盈利。

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16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Office equipment 辦公室設備 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost	成本						
At 1 January 2018	於二零一八年一月一日	90,863	30,160	1,055	1,516	-	123,594
Additions	添置	-	1,049	12	204	214	1,479
Transfers	轉撥	214	-	-	-	(214)	-
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	91,077	31,209	1,067	1,720	-	125,073
Additions	添置	-	1,005	-	95	-	1,100
Disposals	出售	-	-	(204)	-	-	(204)
At 31 December 2019	於二零一九年十二月三十一日	91,077	32,214	863	1,815	-	125,969
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	21,995	12,896	863	934	-	36,688
Charge for the year	本年度支出	3,757	2,548	140	311	-	6,756
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	25,752	15,444	1,003	1,245	-	43,444
Charge for the year	本年度支出	3,483	1,470	3	268	-	5,224
Disposals	出售	-	-	(194)	-	-	(194)
At 31 December 2019	於二零一九年十二月三十一日	29,235	16,914	812	1,513	-	48,474
Carrying amount	賬面值						
At 31 December 2019	於二零一九年十二月三十一日	61,842	15,300	51	302	-	77,495
At 31 December 2018	於二零一八年十二月三十一日	65,325	15,765	64	475	-	81,629

As at 31 December 2019, certain of the Group's buildings with a carrying amount of approximately RMB9,594,000 (2018: RMB11,217,000) were pledged to secure bank loan facilities granted to the Group (note 27).

於二零一九年十二月三十一日，本集團賬面值總額約為人民幣9,594,000元（二零一八年：人民幣11,217,000元）的若干樓宇已質押，以就本集團獲授的銀行貸款融資提供抵押（附註27）。

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17. RIGHT-OF-USE ASSETS

17. 使用權資產

Disclosures of lease-related items:

與租賃相關的項目披露：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At 31 December:	於十二月三十一日：		
Right-of-use assets	使用權資產		
– Land use rights	– 土地使用權	43,020	45,001

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Year ended 31 December:	截至十二月三十一日 止年度：		
Depreciation charge of right-of-use assets	使用權資產折舊開支		
– Land use rights	– 土地使用權	1,981	1,981

As at 31 December 2019, the Group's leasehold lands with an aggregate carrying amount of RMB15,200,000 (2018: RMB16,434,000) were pledged to secure bank loan facilities granted to the Group (note 27).

於二零一九年十二月三十一日，本集團賬面值總額為人民幣15,200,000元（二零一八年：人民幣16,434,000元）的租賃土地已質押，以就本集團獲授的銀行貸款融資提供抵押（附註27）。

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18. INTANGIBLE ASSETS

18. 無形資產

Cost	成本	Patent 專利 RMB'000 人民幣千元	Software 軟件 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	於二零一八年一月一日、 二零一八年十二月三十一日、 二零一九年一月一日及 二零一九年十二月三十一日	110	670	780
Accumulated amortisation and impairment loss	累計攤銷及減值虧損			
At 1 January 2018	於二零一八年一月一日	64	327	391
Amortisation for the year	本年度攤銷	11	185	196
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	75	512	587
Amortisation for the year	本年度攤銷	11	117	128
At 31 December 2019	於二零一九年十二月三十一日	86	629	715
Carrying amount	賬面值			
At 31 December 2019	於二零一九年十二月三十一日	24	41	65
At 31 December 2018	於二零一八年十二月三十一日	35	158	193

19. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

19. 按公平值計入損益的投資

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Ferrous metal future contract, at fair value – current asset	黑色金屬未來合約·按公平 值計量 – 流動資產	1,077	–

20. INVENTORIES

20. 存貨

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials	原材料	33,135	31,209
Work in progress	在製品	11,004	13,704
Finished goods	製成品	280,996	279,367
		325,135	324,280

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21. TRADE AND BILLS RECEIVABLES

21. 貿易應收款項及應收票據

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	780,694	606,985
Less: provision for loss allowance	減：虧損撥備	(128,299)	(109,496)
		652,395	497,489
Bills receivable	應收票據	150,375	160,665
Less: provision for loss allowance	減：虧損撥備	(2,228)	(4,573)
		800,542	653,581

Trade receivables are non-interest-bearing, and the credit period is generally 1 month. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The Group's bills receivable are all due within one year. As at 31 December 2019, the Group's bills receivables of RMB52,158,000 (2018: RMB41,590,000) were pledged to secure the Group's bills payable (note 25).

貿易應收款項為免息及信用期一般為1個月。本集團尋求對其未收回應收款項維持嚴格的控制。已逾期結餘由高級管理層定期檢討。本集團並無就其貿易應收款項結餘持有任何抵押品或其他信用增強措施。

本集團所有應收票據均於一年內到期。於二零一九年十二月三十一日，本集團人民幣52,158,000元（二零一八年：人民幣41,590,000元）的應收票據已質押，以為本集團的應付票據提供抵押（附註25）。

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21. TRADE AND BILLS RECEIVABLES 21. 貿易應收款項及應收票據 (續)

(Continued)

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

基於發票日期呈列的貿易應收款項(經扣除撥備)的賬齡分析如下:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 year	1年內	361,537	146,250
1 to 2 years	1至2年	136,516	236,700
2 to 3 years	2至3年	136,092	96,157
3 to 4 years	3至4年	18,250	18,382
		652,395	497,489

Reconciliation of loss allowance for trade receivables:

貿易應收款項虧損撥備的對賬:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At 1 January	於一月一日	109,496	78,906
Increase in loss allowance for the year	本年度虧損撥備增加	18,803	30,590
At 31 December	於十二月三十一日	128,299	109,496

Reconciliation of loss allowance for bills receivable:

應收票據虧損撥備的對賬:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At 1 January	於一月一日	4,573	-
(Decrease)/Increase in loss allowance for the year	本年度虧損撥備(減少)/增加	(2,345)	4,573
At 31 December	於十二月三十一日	2,228	4,573

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21. TRADE AND BILLS RECEIVABLES 21. 貿易應收款項及應收票據 (續)

(Continued)

The Group applies the simplified approach under HKFRS 9 “Financial Instrument” to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the aging. The expected credit losses also incorporate forward looking information.

本集團應用香港財務報告準則第9號「金融工具」項下的簡易方法就所有貿易應收款項使用預期虧損撥備期限計算預期信貸虧損。為計算預期信貸虧損，貿易應收款項已根據共享信貸風險特徵及賬齡分組。預期信貸虧損亦包含前瞻性資料。

		Current 即期	1 to 2 years 1至2年	2 to 3 years 2至3年	3 to 4 years 3至4年	Total 總計
At 31 December 2019	於二零一九年十二月三十一日					
Weighted average expected loss rate	加權平均預期虧損率	0%	8%	23%	81%	16%
Receivable amount (RMB'000)	應收款項(人民幣千元)	361,537	148,519	176,394	94,244	780,694
Loss allowance (RMB'000)	虧損撥備(人民幣千元)	-	12,003	40,302	75,994	128,299
At 31 December 2018	於二零一八年十二月三十一日					
Weighted average expected loss rate	加權平均預期虧損率	0%	3%	14%	82%	18%
Receivable amount (RMB'000)	應收款項(人民幣千元)	146,250	243,953	112,422	104,360	606,985
Loss allowance (RMB'000)	虧損撥備(人民幣千元)	-	7,253	16,265	85,978	109,496

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21. TRADE AND BILLS RECEIVABLES 21. 貿易應收款項及應收票據 (續)

(Continued)

At 31 December 2019, the Group endorsed certain bills receivable accepted by certain banks in the PRC (the “Endorsed Notes”) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge of the Endorsed Notes to any other third parties. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). The total carrying amount of the Endorsed Notes of the Group as at 31 December 2019 was RMB221,691,000 (2018: RMB162,601,000). In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks (the “Derecognised Notes”) with an amount of RMB38,729,000 as at 31 December 2019 (2018: RMB69,411,000). Accordingly, the Group has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in these Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in these Derecognised Notes are not significant. The Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade payables settled with an amount of RMB154,371,000 as at 31 December 2019 (2018: RMB62,973,000), because the directors believe that the Group has retained the substantial risks and reward, which include default risks relating to such remaining Endorsed Notes.

During the year, the Group has not recognised any gain or loss (2018: Nil) on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement has been made evenly throughout the year.

於二零一九年十二月三十一日，本集團向其若干供應商背書由中國若干銀行接納的若干應收票據（「背書票據」），以結清應付該等供應商的貿易應付款項（「背書」）。於背書後，本集團並無保留任何使用背書票據的權利，包括向任何其他第三方出售、轉讓或質押背書票據。根據《中華人民共和國票據法》，倘中國的銀行違約，則背書票據的持有人對本集團具有追索權（「持續牽連事件」）。於二零一九年十二月三十一日，本集團的背書票據的賬面值總額為人民幣221,691,000元（二零一八年：人民幣162,601,000元）。董事認為，於二零一九年十二月三十一日，本集團已轉讓與大型及知名銀行接納的若干背書票據人民幣38,729,000元（二零一八年：人民幣69,411,000元）（「終止確認票據」）有關的絕大部分風險及回報。因此，本集團已終止確認該等終止確認票據的全部賬面值及相關貿易應付款項。本集團於該等終止確認票據中持續牽連事件的最大虧損風險以及購回該等終止確認票據的未貼現現金流量相等於其賬面值。董事認為，本集團於該等終止確認票據的持續牽連事件的公平值不大。於二零一九年十二月三十一日，本集團繼續確認其餘背書票據的全部賬面值及相關已結清貿易應付款項人民幣154,371,000元（二零一八年：人民幣62,973,000元），乃由於董事相信，本集團仍保留絕大部分風險及回報，包括與該等剩餘背書票據有關的違約風險。

年內，本集團於轉讓終止確認票據當日並無確認任何利得或虧損（二零一八年：無）。於年內及累計年度，概無任何利得或虧損自持續牽連事件中確認。年內均勻作出背書。

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22. CONTRACT ASSETS AND LIABILITIES 22. 合同資產及負債

Disclosures of revenue-related items

與收益相關的項目披露

		As at 31 December 2019 於二零一九年 十二月三十一日 RMB'000 人民幣千元	As at 31 December 2018 於二零一八年 十二月三十一日 RMB'000 人民幣千元	As at 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元
Total contract assets	總合同資產	200,005	261,028	193,201
Total contract liabilities	總合同負債	233,103	202,284	310,482
Contract receivables (included in trade and bills receivables)	合同應收款項(計入貿易應收款項及應收票據)	800,542	653,581	619,345
Transaction prices allocated to performance obligation unsatisfied at end of year and expected to be recognised as revenue in:	分配至年末尚未完成的履約責任並預期於下列年度確認為收益的交易價格:			
- 2019	- 二零一九年	-	960,180	
- 2020	- 二零二零年	1,209,565	689,546	
- 2021	- 二零二一年	761,230	377,943	
- 2022	- 二零二二年	270,224	-	
		2,241,019	2,027,669	

Year ended 31 December 截至十二月三十一日止年度			
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue recognised in the year that was included in contract liabilities at beginning of year	年初計入合同負債並於本年度確認的收益	112,888	192,155

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22. CONTRACT ASSETS AND LIABILITIES 22. 合同資產及負債 (續)

(Continued)

Significant changes in contract assets and contract liabilities during the year:

本年度合同資產及合同負債的重大變動：

		2019 二零一九年 Contract assets 合同資產 RMB'000 人民幣千元	2019 二零一九年 Contract liabilities 合同負債 RMB'000 人民幣千元	2018 二零一八年 Contract assets 合同資產 RMB'000 人民幣千元	2018 二零一八年 Contract liabilities 合同負債 RMB'000 人民幣千元
Increase due to operation in the year	因本年度營運而增加	61,771	185,005	91,037	170,050
Transfer of contract assets to receivables	轉撥合同資產至應收款項	(117,844)	-	(23,210)	-
Impairment on contract asset	合同資產減值	(4,950)	-	-	-
Transfer of contract liabilities to revenue	轉撥合同負債至收益	-	(154,186)	-	(278,248)

A contract asset represents the Group's right to consideration in exchange for products or services that the Group has transferred to a customer.

合同資產指本集團就向客戶轉讓產品或服務而收取代價的權利。

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

合同負債指本集團向客戶轉讓本集團已自客戶收取代價(或應收代價金額)的產品或服務的責任。

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23. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES 23. 預付款項、按金及其他應收款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Other receivables	其他應收款項	26,009	22,544
Less: impairment losses	減：減值虧損	(2,718)	(2,315)
Prepayments	預付款項	23,291	20,229
Due from holding company (note)	應收控股公司款項(附註)	2,267	25,380
		-	162
		25,558	45,771

Note: The amount due from the holding company is unsecured, non-interest bearing and have no fixed repayment terms.

附註：應收控股公司款項為無抵押、免息及無固定還款期。

Impairment of other receivables

其他應收款項減值

The movements in impairment losses of other receivables are as follows:

其他應收款項減值虧損的變動如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At beginning of the reporting period	報告期初	2,315	2,156
Impairment loss on other receivables	其他應收款項減值虧損	403	159
At the end of the reporting period	報告期末	2,718	2,315

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24. BANK AND CASH BALANCES AND PLEDGED DEPOSIT

At the end of reporting period, the bank and cash balances of Group denominated in RMB amounted to approximately RMB\$39,150,000 (2018: RMB\$16,161,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

Pledged deposit with banks have been placed as security for bills payables issued by the Group. Bank guarantees are performance guarantees and made for varying periods ranging from several months to five years depending on the agreement of the contract, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24. 銀行及現金結餘及已抵押存款

於報告期末，本集團以人民幣計值的銀行及現金結餘金額約人民幣39,150,000元（二零一八年：人民幣16,161,000元）。人民幣兌換為外幣須遵守中國的《外匯管理條例》。

銀行已抵押存款已質押，以為本集團發出的應付票據提供抵押。銀行擔保為履約擔保並就數個月至五年範圍內的不同期限作出，視乎合同的協議而定，並按各自短期定期存款的利率計息。銀行結餘及已抵押存款乃存入近期無拖欠記錄的信譽卓著的銀行。

25. TRADE AND BILLS PAYABLES

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	貿易應付款項	320,618	338,831
Bills payable	應付票據	45,799	24,506
		366,417	363,337

Bills payable were secured by the pledge of bank deposits of RMB27,121,000 (2018: RMB27,130,000) and the Group's bills receivables of RMB52,158,000 (2018: RMB41,590,000).

25. 貿易應付款項及應付票據

應付票據以銀行存款人民幣27,121,000元（二零一八年：人民幣27,130,000元），以及本集團的應收票據人民幣52,158,000元（二零一八年：人民幣41,590,000元）擔保。

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25. TRADE AND BILLS PAYABLES (Continued)

An aging analysis of the trade payables at the end of the reporting period, based on invoice dates, is as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 year	1年內	243,468	242,905
1 to 2 years	1至2年	48,433	75,466
2 to 3 years	2至3年	16,738	15,729
Over 3 years	3年以上	11,979	4,731
		320,618	338,831

25. 貿易應付款項及應付票據 (續)

於報告期末，貿易應付款項基於發票日期的賬齡分析如下：

26. OTHER PAYABLES AND ACCRUALS

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Other payables	其他應付款項	99,579	102,151
Due to related companies (note)	應付關聯公司款項(附註)	7,365	6,034
		106,944	108,185

26. 其他應付款項及應計費用

Note: The amount due to related companies are unsecured, non-interest bearing and have no fixed repayment terms.

附註：應付關聯公司款項為無抵押、免息及無固定還款期。

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27. BANK LOANS

27. 銀行貸款

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Bank loan – secured	銀行貸款－有抵押	125,052	109,000
Margin loan	保證金貸款	1,155	–
		126,207	109,000

The secured bank loan of the Group amounting to RMB46,500,000 (2018: RMB49,000,000) were secured by (i) the Group's building situated in the Mainland China, which had an aggregate net carrying value of RMB9,594,000 as at 31 December 2019 (2018: RMB11,217,000); and (ii) the Group's leasehold land situated in Mainland China, which had an aggregate carrying amount of RMB15,200,000 as at 31 December 2019 (2018: RMB16,434,000). The remaining amount were secured by corporate guarantee. The margin loan was secured by the investments at fair value through profit or loss.

The effective interest rates per annum at the end of the reporting period were as follows:

本集團的有抵押銀行貸款金額為人民幣46,500,000元(二零一八年:人民幣49,000,000元)由以下各項作抵押:(i)本集團位於中國內地的樓宇,於二零一九年十二月三十一日的賬面淨值總額為人民幣9,594,000元(二零一八年:人民幣11,217,000元);及(ii)本集團位於中國內地的租賃土地,於二零一九年十二月三十一日的賬面值總額為人民幣15,200,000元(二零一八年:人民幣16,434,000元)。餘下金額以公司擔保作抵押。保證金貸款以按公平值計入損益的投資作抵押。

於報告期末的實際年利率如下:

		2019 二零一九年	2018 二零一八年
Short-term bank loans: Fixed-rate	短期銀行貸款: 固定利率	4.79% – 5.66%	4.35% – 6.00%

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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

28. DEFERRED TAX

The following are the details deferred tax liabilities and assets recognised by the Group.

28. 遞延稅項

本集團已確認遞延稅項負債及資產的詳情如下。

		Changes in investments at fair value through profit or loss	Impairment of Property, plant and equipment	Impairment of trade receivables and bills	Impairment of other receivables	Accruals	Tax loss	Total
		按公平值計入損益的投資變動	物業、廠房及設備減值	貿易應收款項及應收票據減值	其他應收款項減值	應計費用	稅項虧損	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	-	1,422	19,726	539.25	1,887	1,905	25,479
- Credit/(debit) to consolidated statement of profit or loss	- 計入綜合損益表/ (自綜合損益表扣除)	-	-	8,791	40	(335)	(88)	8,408
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	-	1,422	28,517	579	1,552	1,817	33,887
- Credit to consolidated statement of profit or loss	- 計入綜合損益表	19	-	5,319	101	52	769	6,260
At 31 December 2019	於二零一九年十二月三十一日	19	1,422	33,836	680	1,604	2,586	40,147

29. SHARE CAPITAL

29. 股本

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Authorised: 135,000,000 ordinary shares of RMB\$1.00 each	法定： 135,000,000股每股面值 人民幣1.00元的普通股	135,000	135,000
Issued and fully paid: 135,000,000 ordinary shares of RMB\$1.00 each	已發行及繳足： 135,000,000股每股面值 人民幣1.00元的普通股	135,000	135,000

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綜合財務報表附註

For the year ended 31 December 2019

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29. SHARE CAPITAL (Continued)

Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buyback shares, raise new debts, redeem existing debts or sell assets to reduce debts.

30. RESERVES

- (a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

29. 股本 (續)

資本管理

本集團管理資本的主要目標是保障本集團可持續經營的能力，透過與風險水平相對應的產品及服務定價以及獲得合理成本的融資，繼續為股東提供回報及為其他權益持有人提供利益。本集團管理資本的目標是保障本集團可持續經營的能力，同時透過優化債務及權益結餘，為股東帶來最大回報。

本集團根據經濟狀況的變動管理其資本結構並對其作出調整。為維持或調整資本結構，本集團或會調整股息派付、發行新股、回購股份、募集新債務、贖回現有債務或出售資產以減輕債務。

30. 儲備

- (a) 本集團的儲備金額及其變動於綜合損益及其他全面收益表及綜合權益變動表中呈列。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

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30. RESERVES (Continued)

(b) Reserves of the Company

		Share premium	Capital reserve	Statutory surplus reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	239,064	3,303	35,262	275,523	553,152
Profit for the year	年內溢利	-	-	-	31,724	31,724
Appropriation to statutory surplus reserve	劃撥至法定盈餘儲備	-	-	3,172	(3,172)	-
At 31 December 2018	於二零一八年十二月三十一日	239,064	3,303	38,434	304,075	584,876
At 1 January 2019	於二零一九年一月一日	239,064	3,303	38,434	304,075	584,876
Profit for the year	年內溢利	-	-	-	38,153	38,153
Appropriation to statutory surplus reserve	劃撥至法定盈餘儲備	-	-	3,815	(3,815)	-
At 31 December 2019	於二零一九年十二月三十一日	239,064	3,303	42,249	338,413	623,029

30. 儲備 (續)

(b) 本公司儲備

(c) Nature and purpose of reserves of the Group

(i) Share premium

Pursuant to the PRC Company Law and the respective entities' articles of association, the Company and its subsidiaries established in the PRC shall appropriate 10% of their annual statutory net profit (determined in accordance with the PRC accounting principles and regulations and after offsetting any prior years' losses) to the statutory surplus reserve until such reserve fund reaches 50% of the share capital of these entities. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, except for offsetting prior years' losses, such reserve must be maintained at a minimum of 25% of the share capital after usage.

(c) 本集團儲備性質及目的

(i) 股份溢價

根據中國公司法及各實體的組織章程細則，本公司及其於中國成立的附屬公司須撥出其年度法定純利的10%（根據中國會計原則及法規釐定並經抵銷任何過往年度虧損後）至法定盈餘儲備，直至該儲備基金達到該等實體股本的50%。法定盈餘儲備可用於抵銷過往年度的虧損或增資。然而，除抵銷過往年度虧損外，須確保該儲備在使用後不低於股本的25%。

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

30. RESERVES (Continued)

(c) Nature and purpose of reserves of the Group (Continued)

(ii) Statutory surplus reserve

Pursuant to the PRC Company Law and the respective entities' articles of association, the Company and its subsidiaries established in the PRC shall appropriate 10% of their annual statutory net profit (determined in accordance with the PRC accounting principles and regulations and after offsetting any prior years' losses) to the statutory surplus reserve until such reserve fund reaches 50% of the share capital of these entities. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, except for offsetting prior years' losses, such reserve must be maintained at a minimum of 25% of the share capital after usage.

(iii) Safety production reserve

Pursuant to the regulation of Administrative Measures for the Withdrawal and Use of Expenses for Safety Production of Enterprises in the PRC relating to the construction industry, a subsidiary of the Group, Tianjie Installation Engineering, is required to transfer an amount to the reserve account as safety production reserve. The amount is calculated based on the revenue of construction each year and at the applicable rate of 2%. The safety production reserve will be used for modification and maintenance of safety equipment in accordance with the rules of the Company Law of the PRC and is not available for distribution to shareholders.

30. 儲備 (續)

(c) 本集團儲備性質及目的 (續)

(ii) 法定盈餘儲備

根據中國公司法及各實體的組織章程細則，本公司及其於中國成立的附屬公司須撥出其年度法定純利的10%（根據中國會計原則及法規釐定並經抵銷任何過往年度虧損後）至法定盈餘儲備，直至該儲備基金達到該等實體股本的50%。法定盈餘儲備可用於抵銷過往年度的虧損或增資。然而，除抵銷過往年度虧損外，須確保該儲備在使用後不低於股本的25%。

(iii) 安全生產儲備

根據中國與建築行業有關的《企業安全生產費用提取和使用管理辦法》的規定，本集團的附屬公司天潔安裝工程須向儲備賬戶轉入一筆款項作為安全生產儲備。該款項根據每年建築收益按2%的適用比率計算。安全生產儲備將根據中國公司法的規定用於安全設備的改進及維護，且不可向股東分派。

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

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

		Bank loans 銀行貸款 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	110,000
Changes in cash flows	現金流量變動	(1,000)
At 31 December 2018	於二零一八年十二月三十一日	109,000
Changes in cash flows	現金流量變動	16,052
At 31 December 2019	於二零一九年十二月三十一日	125,052

31. 綜合現金流量表附註

(a) 因融資活動而產生的負債變動

下表載列本集團於本年度因融資活動而產生的負債變動：

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

32. SUMMARISED FINANCIAL POSITION OF THE COMPANY 32. 本公司財務狀況概要

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元 (Restated) (經重列)
Non-current assets	非流動資產		
Investment in subsidiaries	於附屬公司的投資	34,620	34,620
Property, plant and equipment	物業、廠房及設備	67,364	70,635
Right-of-use assets	使用權資產	41,926	43,882
Intangible assets	無形資產	65	193
Deferred tax assets	遞延稅項資產	34,081	29,367
Deposit paid for intangible asset	就無形資產支付的按金	1,292	1,292
Pledged deposits	已抵押存款	4,255	1,871
		183,603	181,860
Current assets	流動資產		
Inventories	存貨	311,638	306,224
Trade and bills receivables	貿易應收款項及應收票據	746,867	605,895
Contract assets	合同資產	200,005	261,028
Prepayment, deposits and other receivables	預付款項、按金及其他應收款項	76,858	65,999
Investments at fair value through profit or loss	按公平值計入損益的投資	1,077	-
Pledged deposits	已抵押存款	40,782	39,323
Bank and cash balances	銀行及現金結餘	5,673	15,339
		1,382,900	1,293,808
Current liabilities	流動負債		
Trade and bills payables	貿易應付款項及應付票據	338,298	339,182
Contract liabilities	合同負債	229,735	199,179
Other payables and accruals	其他應付款項及應計費用	30,003	32,790
Bank loans	銀行貸款	126,207	109,000
Other tax payable	其他應付稅項	84,231	75,641
		808,474	755,792
Net current assets	流動資產淨值	574,426	538,016
NET ASSETS	資產淨值	758,029	719,876
Capital and reserves	資本及儲備		
Share capital	股本	135,000	135,000
Share premium	股份溢價	239,064	239,064
Reserves	儲備	383,965	345,812
TOTAL EQUITY	權益總額	758,029	719,876

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

33. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (2018: Nil).

33. 或然負債

於報告期末，本集團及本公司並無任何重大或然負債（二零一八年：無）。

34. RELATED PARTY TRANSACTIONS

34. 關聯方交易

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Transactions with the holding company	與控股公司的交易		
Rental paid	租金開支 (i)	238	238
Electricity charges paid by the holding company on behalf of the Group	控股公司代表本集團支付的電費 (ii)	2,423	3,299
Transaction with other related parties	與其他關聯方的交易		
Sales of materials 浙江宇遠機械科技有限公司	銷售材料 浙江宇遠機械科技有限公司 (iii)	273	2
浙江天潔磁性材料股份有限公司	浙江天潔磁性材料股份有限公司 (iii)	86	-
Purchase of materials 浙江天潔新材料有限公司	採購材料 浙江天潔新材料有限公司 (iii)	-	733
Services received: 浙江天潔通用機械有限公司	接受服務： 浙江天潔通用機械有限公司 (iv)	7,282	6,130

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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

34. RELATED PARTY TRANSACTIONS 34. 關聯方交易 (續)

(Continued)

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

- (i) The rental fee was charged and the rental income was received based on mutually agreed prices.
- (ii) The payments were made on behalf of the Group based on the actual costs incurred.
- (iii) The sales of materials to the related parties and purchases of materials from the related parties were made based on mutually agreed prices and terms.
- (iv) The services received from the related parties were based on mutually agreed prices and terms.

Key management personnel remuneration

The emoluments of the Company's Directors, who are also identified as members of key management of the Group, are set out in Note 13.

除該等財務報表其他部分詳述的交易外，本年度，本集團與關聯方有以下交易：

- (i) 租金費用及租金收入按雙方協定的價格支付及收取。
- (ii) 根據產生的實際成本代本集團支付款項。
- (iii) 向關聯方出售材料及向關聯方購買材料均按雙方協定的價格及條款進行。
- (iv) 接受關聯方的服務乃按雙方協定的價格及條款進行。

主要管理人員的薪酬

本公司董事（同時亦是本集團主要管理層的成員）的酬金於附註13披露。

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

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY 35. 本公司主要附屬公司的詳情

Particulars of the principal subsidiaries as at 31 December 2019 are as follows:

於二零一九年十二月三十一日主要附屬公司的詳情如下：

Name 名稱	Place of incorporation/ registration and operation 註冊成立/登記 及營業地點	Kind of legal legality 合規類型	Issued and paid-up capital 已發行及繳足資本	Percentage of the Company's indirect ownership interest voting power/profit sharing 本公司應佔間接擁有權權益 投票權/溢利分派百分比		Principal activities 主要業務
				2019 二零一九年	2018 二零一八年	
Tianjie Installation Engineering * 諸暨市天潔安裝工程有限公司	The PRC 中國	Limited liability company 有限公司	RMB4,500,000 人民幣4,500,000元	100%	100%	Provision of installation services 提供安裝服務
Tianjie Electronic and Technology * 諸暨市天潔電子科技有限公司	The PRC 中國	Limited liability company 有限公司	RMB2,000,000 人民幣2,000,000元	100%	100%	Manufacture and sale of electronic products 製造及銷售電子產品
Turpan Environmental and Technology * 吐魯番天潔環境科技有限公司	The PRC 中國	Limited liability company 有限公司	RMB20,000,000 人民幣20,000,000元	100%	100%	Manufacture and sale of environmental pollution prevention equipment and electronic products 製造及銷售環保污染防 治設備及電子產品

* The English name is for identification purpose only.

* 英文名稱僅供識別。

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS 36. 批准綜合財務報表

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 15 April 2020.

綜合財務報表已於二零二零年四月十五日獲董事會批准及授權刊發。

Five Year Financial Summary

五年財務數據摘要

		For the year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Revenue	收益	726,647	858,817	792,152	956,432	919,975
Gross profit	毛利	125,314	141,240	199,102	234,033	186,576
Profit before tax	稅前溢利	45,114	46,408	114,483	136,314	134,399
Income tax expense	所得稅開支	10,825	15,172	31,319	30,817	37,934
Profit for the year	本年度溢利	34,289	31,236	83,164	105,497	96,465
Profit and total comprehensive income for the year	年內溢利及全面收入總額	34,289	31,236	83,164	105,497	96,465
Earnings per share attributable to owners of the Company for the year (expressed in RMB per share)	年內本公司股東應佔每股盈利 (以每股人民幣列示)					
— Basic and diluted	— 基本及攤薄	0.25	0.23	0.62	0.78	0.9
Gross profit margin	毛利率	17.25%	16.45%	25.13%	24.47%	20.28%
Net profit margin	純利率	4.72%	3.64%	10.50%	11.03%	10.49%

		As at 31 December 於十二月三十一日				
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Non-current assets	非流動資產	166,274	163,873	161,352	103,730	104,748
Current assets	流動資產	1,432,406	1,340,415	1,478,208	1,587,611	1,422,808
Current liabilities	流動負債	843,165	783,062	949,570	1,084,535	1,026,227
Net current assets	流動資產淨值	589,241	557,353	528,638	503,076	396,581
Total assets less current liabilities	資產總值減流動負債	755,515	721,226	689,990	606,826	501,329
Net Assets	資產淨值	755,515	721,226	689,990	606,826	501,329
Capital	股本	135,000	135,000	135,000	135,000	135,000
Share Premium	股份溢價	239,064	239,064	239,064	239,064	239,064
Reserves	儲備	381,451	347,162	315,926	232,762	127,265
Total equity	權益總額	755,515	721,226	689,990	606,826	501,329



TENGY

浙江天潔環境科技股份有限公司
Zhejiang Tengy Environmental Technology Co., Ltd