

ANNUAL REPORT 年度報告

2019



SINOMAX

Sinomax Group Limited
盛諾集團有限公司

(incorporated under the laws of the Cayman Islands with limited liability)
(根據開曼群島法例註冊成立的有限公司)

Stock Code 股份代號: 1418

CONTENTS

目 錄

2	CORPORATE INFORMATION 公司資料
6	FINANCIAL HIGHLIGHTS 財務概要
8	CHAIRMAN'S STATEMENT 董事長致辭
10	MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析
21	DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層
32	DIRECTORS' REPORT 董事報告書
65	CORPORATE GOVERNANCE REPORT 企業管治報告
84	ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 環境、社會及管治報告
133	INDEPENDENT AUDITOR'S REPORT 獨立核數師報告
144	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收益表
146	CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表
148	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表
150	CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表
152	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註
316	FIVE-YEAR FINANCIAL SUMMARY 五年財務摘要

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

LAM Chi Fan (*Chairman of the Board*)
CHEUNG Tung (*President*)
CHEN Feng
LAM Kam Cheung (*Chief Financial Officer and Company Secretary*)
LAM Fei Man

Independent Non-executive Directors

WONG Chi Keung
Professor LAM Sing Kwong, Simon
FAN Chun Wah, Andrew, J.P.
ZHANG HWO Jie
WU Tak Lung

AUDIT COMMITTEE

WONG Chi Keung (*Chairman*)
Professor LAM Sing Kwong, Simon
FAN Chun Wah, Andrew, J.P.
ZHANG HWO Jie
WU Tak Lung

NOMINATION COMMITTEE

LAM Chi Fan (*Chairman*)
WONG Chi Keung
Professor LAM Sing Kwong, Simon

REMUNERATION COMMITTEE

Professor LAM Sing Kwong, Simon (*Chairman*)
LAM Chi Fan
FAN Chun Wah, Andrew, J.P.

董事會

執行董事

林志凡 (*董事會主席*)
張棟 (*總裁*)
陳楓
林錦祥 (*首席財務官兼公司秘書*)
林斐雯

獨立非執行董事

王志強
林誠光教授
范駿華太平紳士
張傑
吳德龍

審核委員會

王志強 (*主席*)
林誠光教授
范駿華太平紳士
張傑
吳德龍

提名委員會

林志凡 (*主席*)
王志強
林誠光教授

薪酬委員會

林誠光教授 (*主席*)
林志凡
范駿華太平紳士

CORPORATE GOVERNANCE COMMITTEE

WONG Chi Keung (*Chairman*)
Professor LAM Sing Kwong, Simon
FAN Chun Wah, Andrew, J.P.
ZHANG HWO Jie
WU Tak Lung

COMPANY SECRETARY

LAM Kam Cheung

AUTHORISED REPRESENTATIVES

CHEUNG Tung
LAM Kam Cheung

AUDITOR

Deloitte Touche Tohmatsu
Public Interest Entity Auditor registered in accordance with
the Financial Reporting Council Ordinance
35/F, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISOR

MinterEllison LLP
Level 32, Wu Chung House
213 Queen's Road East
Hong Kong

企業管治委員會

王志強 (主席)
林誠光教授
范駿華太平紳士
張傑
吳德龍

公司秘書

林錦祥

授權代表

張棟
林錦祥

核數師

德勤•關黃陳方會計師行
於《財務匯報局條例》下
的註冊公眾利益實體核數師
香港
金鐘道88號
太古廣場一座35樓

法律顧問

銘德有限法律責任合伙律師事務所
香港
皇后大道東213號
胡忠大廈32層

CORPORATE INFORMATION

公司資料

TRADING BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
Citibank, N.A., Hong Kong Branch
Hang Seng Bank Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia Limited
The Hong Kong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

SHARE REGISTRARS

Hong Kong branch share registrar and transfer office

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

Cayman Islands principal share registrar and transfer office

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102 Cayman Islands

REGISTERED OFFICE

P.O. Box 309 Ugland House
Grand Cayman KY1-1104
Cayman Islands

交易銀行

中國銀行(香港)有限公司
中國建設銀行(亞洲)股份有限公司
花旗銀行·香港分行
恒生銀行有限公司
華僑永亨銀行有限公司
渣打銀行(香港)有限公司
東亞銀行有限公司
香港上海滙豐銀行有限公司
大華銀行有限公司

股份過戶登記處分處

香港股份過戶登記分處

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

開曼群島股份過戶登記總處

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102 Cayman Islands

註冊辦事處

P.O. Box 309 Ugland House
Grand Cayman KY1-1104
Cayman Islands

CORPORATE INFORMATION

公司資料

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2005-2007
Level 20 Tower 1
MegaBox Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 1418

WEBSITE

www.sinomax.com/group

INVESTOR RELATIONS CONTACT

Email: ir@sinomax.com

總部及香港主要營業地點

香港
九龍灣
宏照道38號
企業廣場五期MegaBox
1座20樓
2005-2007室

上市資料

香港聯合交易所有限公司
股份代號：1418

網站

www.sinomax.com/group

投資者關係聯絡

電郵：ir@sinomax.com

FINANCIAL HIGHLIGHTS

財務概要

		2019 2019年	2018 2018年
Operating results (HK\$'000)	經營業績 (千港元)		
Revenue	收入	2,997,321	4,263,322
Gross profit	毛利	605,276	772,043
(Loss) profit before tax	除稅前(虧損)溢利	(146,002)	27,586
(Loss) profit for the year	年內(虧損)溢利	(212,002)	4,842
Loss for the year attributable to owners of the Company	本公司擁有人應佔年內虧損	(216,509)	(5,801)
Financial position (HK\$'000)	財務狀況 (千港元)		
Total assets	總資產	2,406,763	2,903,219
Net current assets	流動資產淨額	107,954	531,100
Bank borrowings	銀行借款	622,863	873,757
Net assets	資產淨值	865,008	1,225,843
Net assets attributable to owners of the Company	本公司擁有人應佔資產淨值	854,962	1,079,429
Per share data (HK cents)	每股數據 (港仙)		
Dividend per share	每股股息		
– Interim	– 中期	–	–
– Final	– 末期	–	–
– Total	– 總計	–	–
Loss per share	每股虧損		
– Basic	– 基本	(12.37)	(0.33)
– Diluted	– 攤薄	(12.37)	(0.33)
Net assets value per share	每股資產淨值	49.4	70.0
Share price as at 31 December	於12月31日的股價	20.8	40.0

FINANCIAL HIGHLIGHTS

財務概要

		2019	2018
		2019年	2018年
Key statistics	主要數據		
Gross profit margin (%)	毛利率(%)	20.2%	18.1%
Net (loss) profit margin (%)	淨(損)利率(%)	(7.1%)	0.1%
Inventory turnover (days)	存貨周轉天數(天數)	78.0	63.3
Debtors' turnover (days)	債務人的周轉天數(天數)	84.0	68.4
Creditors' turnover (days)	債權人的周轉天數(天數)	64.1	47.8
Payout ratio (%)	派息率(%)	N/A 不適用	N/A 不適用
Dividend yield (%)	股息收益率(%)	N/A 不適用	N/A 不適用
Return on total assets (%)	總資產回報率(%)	(8.8%)	0.2%
Return on net assets (%)	資產淨值回報率(%)	(24.5%)	0.4%
Gearing ratio (%)	資產負債比率(%)	72.0%	71.3%
Current ratio (%)	流動比率(%)	108.4%	141.1%

CHAIRMAN'S STATEMENT

董事長致辭

On behalf of the board (the “Board”) of directors (the “Directors”) of Sinomax Group Limited (the “Company”) and its subsidiaries (altogether, the “Group”), I have the great pleasure of presenting to you our annual report for the financial year ended 31 December 2019 (the “Reporting Period”).

2019 was another dynamic and challenging year. In response to the US-China trade war, we set up production facilities in Vietnam in 2019 to enable the Group to supply our products globally to our customers with various needs.

On 30 August 2019, we entered into an agreement relating to an acquisition and sale and leaseback of a property in the US to realise a capital gain of considerable size and enhance the interests of the Company and the shareholders of the Company (the “Shareholders”) as a whole. On 15 November 2019, we entered into an agreement with a connected person of the Company to dispose of 51% equity interest in Chengdu Xingang Sponge Co. Ltd. This disposal offered the Group a timely opportunity to better utilize its resources for further development of the Group's business.

The financial performance of 2019 was not satisfactory. As disclosed in the announcement of the Company dated 21 January 2020, the Group has failed to satisfy certain financial covenants under several facility agreements with certain banks. We obtained waivers from the relevant banks with respect to the breaches in March 2020.

本人欣然代表盛諾集團有限公司（「本公司」）及其附屬公司，統稱「本集團」之董事（「董事」）會（「董事會」），向閣下呈列本公司截至2019年12月31日止財政年度（「報告期」）之年報。

2019年依然是既充滿機會又富挑戰的一年。為應對中美貿易戰，我們於2019年在越南設立生產設施，令本集團能夠全球供貨，滿足客戶不同需求。

於2019年8月30日，我們就收購以及銷售及租回一處美國物業訂立協議，以變現可觀規模的資本收益及提升本公司及本公司股東（「股東」）之整體利益。於2019年11月15日，我們與本公司一名關連人士訂立協議，以出售成都新港海綿有限公司51%之股權。此項出售為本集團提供適時良機，可更好地利用資源進一步發展本集團業務。

2019年的財務表現並不理想。誠如本公司日期為2020年1月21日之公佈所披露，本集團未能履行與部分銀行之部分融資協議項下之若干財務契約。我們於2020年3月就有關違約獲得相關銀行的豁免。



CHAIRMAN'S STATEMENT

董事長致辭

Moving forward to 2020, we will continue to make good use of our existing strengths and capture the opportunities in the growing online market, and diversify our customer base in order to maintain our position as one of the leading experts in visco-elastic health and wellness products in the US and the retail markets in Hong Kong and the PRC.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all staff members for their dedication to the Group and the Shareholders, valued customers, suppliers, bankers and other business partners for their tremendous support in the tough business environment in 2019. With the outbreak of the novel coronavirus ("COVID-19"), 2020 will also be a challenging year. We truly believe that the Group will be able to surmount all the difficulties and accelerate development in 2020 with the support and efforts of all Directors, management and employees.

Lam Chi Fan

Chairman

24 April 2020

邁向2020年，我們依然充分發揮現有實力，於日益發展的線上市場上把握機遇，致力使我們的客戶群更多元化，令本公司保持為美國慢回彈健康與保健產品翹楚之一，以至於香港及中國零售市場的領導地位更為鞏固。

本人謹代表董事會向我們全體員工表示衷心謝意，感謝他們於2019年對本集團所作出的貢獻，並感謝股東、尊貴客戶、供應商、銀行及其他商業夥伴在艱難營商環境中對本集團的大力支持。由於新型冠狀肺炎（「COVID-19」）的爆發，2020年仍將是充滿挑戰的一年。我們堅信，在全體董事、管理層及員工的支持和努力下，本集團定能在2020年克服種種困難，加速發展。

董事長

林志凡

2020年4月24日

Lam Chi Fan 林志凡
Chairman 董事長



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Revenue by operating segments

During the Reporting Period, revenue of the Group decreased by approximately HK\$1,266.0 million or approximately 29.7% to approximately HK\$2,997.3 million (for the year ended 31 December 2018 ("FY2018"): approximately HK\$4,263.3 million).

按經營分部劃分的收入

於報告期，本集團的收入減少約1,266.0百萬港元或約29.7%至約2,997.3百萬港元（截至2018年12月31日止年度（「2018年財政年度」）：約4,263.3百萬港元）。

		For the year ended 31 December		
		截至12月31日止年度		
		2019	2018	Changes
		2019年	2018年	變動
		HK\$'000	HK\$'000	%
		千港元	千港元	
China market	中國市場	1,849,128	2,554,284	(27.6%)
North American market	北美市場	1,064,520	1,658,133	(35.8%)
Europe and other overseas markets	歐洲及其他海外市場	83,673	50,905	64.4%
Total	總計	2,997,321	4,263,322	(29.7%)

Due to the US-China trade war, our sales in the North American market were adversely affected. Some of our PRC customers who were buying our foam to produce products for their customers in the US, might also have been affected by the US-China trade war. Accordingly, our sales in the China market decreased as well.

由於中美貿易戰，我們北美市場的銷量受到不利影響。我們的部分中國客戶購買我們的泡沫用作為其美國客戶生產產品，亦可能受到中美貿易戰的影響。因此，我們中國市場的銷量亦有所下滑。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Gross profit

The Group's gross profit (the "GP") decreased by approximately HK\$166.7 million or 21.6% to approximately HK\$605.3 million during the Reporting Period as compared to approximately HK\$772.0 million for FY2018. The GP margin increased by 2.1% from approximately 18.1% to approximately 20.2% as compared with FY2018.

The increase in GP margin was due to the significant decrease in the purchase price of a key raw material of polyurethane foam, namely toluene diisocyanate ("TDI") during the Reporting Period, as compared with the same period last year. However, the effect was partially offset by the cost incurred in the trial run of production in the Group's factory located in Vietnam.

Costs and expenses

Selling and distribution costs for the Reporting Period decreased by approximately HK\$59.7 million or 13.2% to approximately HK\$393.7 million, as compared to approximately HK\$453.4 million for FY2018. The decrease was in line with the decrease in turnover for the Reporting Period. The decrease was mainly due to the decrease in staff costs and commission fees of approximately HK\$18.1 million and transportation costs of approximately HK\$15.7 million.

Administrative expenses for the Reporting Period decreased by approximately HK\$7.9 million or 3.6% to approximately HK\$209.6 million, as compared to approximately HK\$217.5 million for FY2018. The decrease was mainly due to the reduction in staff costs as the number of headcount decreased.

Other expenses for the Reporting Period consisted mainly of research and development expenses amounting to approximately HK\$58.2 million, as compared to approximately HK\$70.4 million for FY2018.

毛利

於報告期內，本集團的毛利（「毛利」）減少約166.7百萬港元或21.6%至約605.3百萬港元，而2018年財政年度則為約772.0百萬港元。毛利率由2018年財政年度的約18.1%增加2.1%至約20.2%。

該毛利率增加是由於報告期的主要原材料聚氨酯泡沫（即甲苯二異氰酸酯（「TDI」）的採購價格較去年同期大幅下跌，而有關影響部分被本集團位於越南的工廠進行試產所產生之成本所抵銷。

成本及開支

於報告期內，銷售及分銷成本從2018年財政年度的約453.4百萬港元減少約59.7百萬港元或13.2%至約393.7百萬港元。該減幅與報告期內的營業額減幅相符。該減少主要由於員工成本及佣金費用減少約18.1百萬港元及運輸成本減少約15.7百萬港元所致。

於報告期內，行政開支從2018年財政年度的約217.5百萬港元減少約7.9百萬港元或3.6%至約209.6百萬港元。該減少主要由於員工成本因員工總數減少而有所削減所致。

報告期的其他開支主要包括研發開支，金額為約58.2百萬港元，而2018年財政年度為約70.4百萬港元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Loss (profit) before taxation

Loss before taxation for the Reporting Period amounted to approximately HK\$146.0 million while a profit before taxation of approximately HK\$27.6 million was reported for FY2018.

The major reasons for the loss were: impairment losses on goodwill and intangible assets including brand name and customer relationship of approximately HK\$136.7 million and the impairment losses on property, plant and equipment and right-of-use assets of approximately HK\$27.8 million. We had recorded a gain on disposal of 51% equity interest in a PRC subsidiary of approximately HK\$44.1 million and a gain arising from a sale and leaseback transaction of approximately HK\$49.7 million.

Impairment loss on intangible assets and goodwill

The intangible assets and goodwill related to our acquisition of Dormeo North America LLC (“Dormeo”) in 2016.

Sales of Dormeo was highly concentrated with several key customers to whom the sales in 2019 dropped significantly.

Having considered that the financial performance of Dormeo would not turn around in the coming few years, we made impairment provision of goodwill, brand name and customer relationship directly related to Dormeo of approximately HK\$36,463,000, HK\$74,117,000 and HK\$26,136,000, respectively. The impairment loss has been included in profit or loss in the “other gains and losses” line item.

除稅前虧損(溢利)

報告期的除稅前虧損約為146.0百萬港元，而2018年財政年度呈報的除稅前溢利約為27.6百萬港元。

虧損的主因是：商譽及無形資產（包括品牌名稱及客戶關係）減值虧損約136.7百萬港元以及物業、廠房及設備以及使用權資產減值虧損約27.8百萬港元。我們錄得出售中國一間附屬公司51%股權所得收益約44.1百萬港元，並錄得銷售及租回交易所得收益約49.7百萬港元。

無形資產及商譽減值虧損

無形資產及商譽與我們於2016年所收購的Dormeo North America LLC（「Dormeo」）相關。

Dormeo的銷量與若干主要客戶息息相關，該等主要客戶的銷量於2019年大幅下滑。

經考慮Dormeo的財務表現於未來數年無扭虧為盈的可能，我們就與Dormeo直接相關的商譽、商品名稱及客戶關係分別作出減值撥備約36,463,000港元、74,117,000港元及26,136,000港元。該等減值虧損計入「其他收益及虧損」項目之損益內。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Income tax expenses

Included in income tax expenses, there were payments of PRC withholding tax on distributable profits from PRC subsidiaries of approximately HK\$24.1 million (FY2018: HK\$1.4 million).

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 31 December 2019, the Group had net current assets of approximately HK\$108.0 million, as compared to approximately HK\$531.1 million as at 31 December 2018.

Net cash from operating activities amounted to approximately HK\$353.2 million for the Reporting Period as compared to approximately HK\$57.7 million for FY2018.

Bank balance and cash as at 31 December 2019 increased by approximately HK\$5.9 million or approximately 2.5% to approximately HK\$240.3 million as compared to approximately HK\$234.4 million as at 31 December 2018.

Borrowings and pledge of assets

As at 31 December 2019, the Group had banking facilities amounted to approximately HK\$1,554.0 million of which approximately HK\$670.5 million was utilized (FY2018: banking facilities amounting to approximately HK\$2,156.5 million of which approximately HK\$959.9 million was utilized) (which included unsecured bank borrowings and bills payables).

所得稅開支

所得稅開支包括中國附屬公司可供分派溢利的中國預扣稅付款約24.1百萬港元（2018年財政年度：1.4百萬港元）。

流動資金、財務及資本資源

於2019年12月31日，本集團的流動資產淨值約為108.0百萬港元，而於2018年12月31日則約為531.1百萬港元。

報告期的經營活動所得現金淨額約為353.2百萬港元，而2018年財政年度約為57.7百萬港元。

於2019年12月31日，銀行結餘及現金增加約5.9百萬港元或約2.5%至約240.3百萬港元，而2018年12月31日則約為234.4百萬港元。

借款及抵押資產

於2019年12月31日，本集團的銀行融資約為1,554.0百萬港元，其中約670.5百萬港元已動用（2018年財政年度：銀行融資約為2,156.5百萬港元，其中約959.9百萬港元已動用）（該金額包括無抵押銀行借款及應付票據）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Capital expenditure

The Group's capital expenditure for the Reporting Period amounted to approximately HK\$70.2 million mainly for the purchase of the Group's plant and machinery (FY2018: HK\$46.0 million).

Financial ratios

		As at	
		於	
		31 December	31 December
		2019	2018
		2019年12月31日	2018年12月31日
Current ratio ⁽¹⁾	流動比率 ⁽¹⁾	108.4%	141.1%
Quick ratio ⁽²⁾	速動比率 ⁽²⁾	70.1%	100.0%
Gearing ratio ⁽³⁾	資產負債比率 ⁽³⁾	72.0%	71.3%
Debt to equity ratio ⁽⁴⁾	債務對權益比率 ⁽⁴⁾	44.2%	52.2%

⁽¹⁾ Current ratio is equal to current assets divided by current liabilities.

⁽²⁾ Quick ratio is equal to current assets less inventories and divided by current liabilities.

⁽³⁾ Gearing ratio is derived by dividing interest-bearing debt incurred in the ordinary course of business by total equity.

⁽⁴⁾ Debt to equity ratio is calculated by dividing net debt by total equity. Net debt is defined to include all borrowings net of cash and cash equivalents.

資本開支

報告期本集團的資本開支約為70.2百萬港元，主要用於購買本集團的設備及機器（2018年財政年度：46.0百萬港元）。

財務比率

		As at	
		於	
		31 December	31 December
		2019	2018
		2019年12月31日	2018年12月31日
Current ratio ⁽¹⁾	流動比率 ⁽¹⁾	108.4%	141.1%
Quick ratio ⁽²⁾	速動比率 ⁽²⁾	70.1%	100.0%
Gearing ratio ⁽³⁾	資產負債比率 ⁽³⁾	72.0%	71.3%
Debt to equity ratio ⁽⁴⁾	債務對權益比率 ⁽⁴⁾	44.2%	52.2%

⁽¹⁾ 流動比率按流動資產除以流動負債計算。

⁽²⁾ 速動比率按流動資產減存貨除以流動負債計算。

⁽³⁾ 資產負債比率通過日常業務過程中產生的計息債務除以權益總額而得出。

⁽⁴⁾ 債務對權益比率按債務淨額除以權益總額計算。債務淨額被界定為包括所有借款扣除現金及現金等價物。

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDER

The Company's wholly-owned subsidiary, Sinomax International Trading Limited ("Sinomax Trading"), as borrower and the Company as guarantor had entered into a facility agreement (the "2018 Facility Agreement") with Hang Seng Bank Limited, OCBC Wing Hang Bank Limited and United Overseas Bank Limited as lenders and mandated lead arrangers, and Hang Seng Bank Limited as agent and security trustee, in respect of term loan facilities of up to the aggregate principal amount of US\$35 million and HK\$273 million (the "2018 Loan Facilities") with a final maturity date falling thirty-six months after the date of the 2018 Facility Agreement (the outstanding loan balances were US\$21.0 million and HK\$163.8 million as at 31 December 2019). It is provided in the 2018 Facility Agreement, among other things, that an event of default will occur if, without the prior consent of the majority of the lenders: (i) Sinomax Enterprises Limited ("Sinomax Enterprises"), a controlling shareholder of the Company, ceases to maintain (directly or indirectly) at least 51% of the entire beneficial ownership interest in the Company; (ii) the following persons cease to collectively maintain/retain (directly or indirectly) at least 51% beneficial ownership interest over the entire issued share capital of Sinomax Enterprises: (a) Mr. Lam Chi Fan; (b) Mr. Cheung Tung; (c) any parent, spouse, child, brother or sister of the persons referred to in (a) and (b) above; and (d) any trust whose principal beneficiary(ies) is any one or more of the persons referred to under (a) to (c) above; (iii) Mr. Lam Chi Fan ceases to be the chairman of the Board; or (iv) Mr. Lam Chi Fan ceases to maintain control over the management and business of the Company.

Failure to comply with any of the said obligations regarding control of the Company will trigger an event of default under the 2018 Facility Agreement which may result in, inter alia, the cancellation of all or any part of the commitments under the 2018 Facility Agreement and all or part of the loans under the 2018 Loan Facilities becoming immediately due and payable or becoming payable on demand.

控股股東之特定履約責任

本公司之全資附屬公司聖諾盟國際貿易有限公司（「聖諾盟貿易」）（作為借款人）及本公司（作為擔保人）與恒生銀行有限公司、華僑永亨銀行有限公司及大華銀行有限公司（作為貸款人及授權牽頭安排人）以及恒生銀行有限公司（作為代理及抵押受託人）訂立融資協議（「2018年融資協議」），內容有關最多本金總額為35百萬美元及273百萬港元之定期貸款融資（「2018年貸款融資」），最終到期日為2018年融資協議日期後滿三十六個月（於2019年12月31日之尚未償還貸款結餘為21.0百萬美元及163.8百萬港元）。2018年融資協議規定（其中包括）倘於未經大多數貸款人事先同意下：(i)本公司之控股股東聖諾盟企業有限公司（「聖諾盟企業」）不再維持（直接或間接）本公司全部實益擁有權權益之至少51%；(ii)下列人士不再合共維持／保留（直接或間接）聖諾盟企業全部已發行股本之實益擁有權權益之至少51%：(a)林志凡先生；(b)張棟先生；(c)上述(a)及(b)項所述之人士之任何父母、配偶、子女、兄弟或姐妹；及(d)主要受益人為上述(a)至(c)項所述之任何一名或多名人士之任何信託；(iii)林志凡先生不再為董事會主席；或(iv)林志凡先生不再對本公司之管理及業務維持控制權，則將發生違約事件。

未能遵守任何上述有關本公司控制權之責任將觸發2018年融資協議項下之違約事件，其可能導致（其中包括）取消於2018年融資協議項下之全部或任何部分承諾，且於2018年貸款融資項下之全部或部分貸款成為即時到期應付或成為須按要求支付。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

As disclosed in the announcement of the Company dated 21 January 2020, the Group has failed to satisfy certain financial covenants under several facility agreements, including the 2018 Facility Agreement (collectively, the “**Facility Agreements**”, and the loan facilities under the Facility Agreements, the “**Loan Facilities**”; and the lending banks granting the Loan Facilities, the “**Lenders**”) (the “**Breach**”).

The Breach constitutes an event of default under the Facility Agreements, in which case the Lenders shall be entitled to declare that the loans under the Loan Facilities, together with accrued interest, be immediately due and payable.

The aggregate outstanding principal amount of the Loan Facilities is approximately HK\$377.6 million. The Group has obtained waivers from the Lenders in respect of the Breach.

FOREIGN CURRENCY EXPOSURE

The Group carries on business mainly in Hong Kong, the PRC, the US and Vietnam. The Group is exposed to foreign exchange risk principally in Renminbi and Vietnamese Dong which can be largely offset by its revenue and expenditure in the PRC and Vietnam. The Group does not expect any appreciation or depreciation of the Hong Kong Dollar against Renminbi and Vietnamese Dong which could materially affect the Group's results on operations, and therefore no hedging instrument has been employed. The Group will closely monitor the trend of the Renminbi and Vietnamese Dong and take appropriate measures to deal with the foreign exchange exposure if necessary.

TREASURY POLICY AND MARKET RISKS

The Group has a treasury policy that aims to better control its treasury operations and lower borrowing cost. Such treasury policy requires the Group to maintain an adequate level of cash and cash equivalents, and sufficient available banking facilities to finance the Group's daily operations and to address short term funding needs. The Group reviews and evaluates its treasury policy from time to time to ensure its adequacy and effectiveness.

誠如本公司日期為2020年1月21日之公佈所披露，本集團未能履行若干融資協議（包括2018年融資協議（統稱「**融資協議**」，融資協議項下的貸款融資「**貸款融資**」；及授出貸款融資的借貸銀行「**貸款人**」）項下之若干財務契約（「**違反事項**」）。

違反事項構成該等融資協議項下之違約事件，在此情況下，貸款人有權宣告貸款融資項下之貸款連同應計利息即時到期應付。

貸款融資之尚未償還本金總額約為377.6百萬港元。本集團已就違反事項向貸款人取得豁免。

外匯風險

本集團主要在香港、中國、美國及越南經營業務。本集團於中國及越南主要面對人民幣及越南盾的外匯風險，而此種風險基本可做到收支相抵。本集團預期港元兌人民幣及越南盾升值或貶值不會對本集團的經營業績產生任何重大影響，因而並無採用任何對沖工具。本集團將會密切留意人民幣及越南盾走勢，必要時將採取適當的措施以應對外匯風險。

庫務政策及市場風險

本集團設有庫務政策，旨在更有效地控制其庫務運作及降低借貸成本。該等庫務政策要求本集團維持足夠水平的現金及現金等價物，以及充分的可動用銀行融資，以撥付本集團日常營運及應付短期資金需要。本集團不時檢討及評價庫務政策，以確保其充足及有效程度。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

PROSPECTS

The US-China and the US-Canada trade wars continued to create uncertainties over our US business in 2019. The Group has set up production facilities in Vietnam in 2019. The Vietnam production facilities began to provide polyurethane foam to our customers in the Southeast Asia regions in the third quarter of 2019. The Vietnam production facilities also produced end consumer health products. Having factories in China, the US and Vietnam, we expect that our ability to supply globally to our customers with various needs would be strengthened while the Group would be able to arrange our production and logistics schedules with flexibility to minimize the overall costs including production, tariff and transportation.

Instead of relying on several key customers, we are diversifying our customer base by developing more new customers in the US. Sales to these customers are gradually increasing over the past months. We are expecting a continuing growth in the year of 2020. We will also develop Direct to Consumer sales and place more focus on customers with online sales.

In the China market, the Group offers a wide range of health and household products, under its flagship brand "SINOMAX". The Group will further enhance brand management through various marketing activities to reinforce brand recognition and enhance the image of health, relaxation and comfort of the "SINOMAX" brand. Sales under the brands "Octaspring", "SPA Supreme" and "Zeosleep" have increased steadily. The Group will continue to promote its brands and products to corporate customers so as to attract more corporate sales. Though the e-commerce sales of the Group recorded a drop in 2019, we will continue to deploy more resources to strengthen our sales through e-commerce.

The Group will continue to upgrade our machinery so as to improve our production efficiency and increase our competitiveness.

前景

中美及美加貿易戰於2019年繼續對本集團之美國業務造成不確定性。本集團已於2019年在越南設立生產設施。越南生產設施開始於2019年第三季度向本集團於東南亞地區之客戶供應聚氨酯泡沫。越南生產設施亦生產終端消費健康產品。本集團於中國、美國及越南擁有廠房，故此本集團預期我們為全球具有不同需要之客戶供應產品的能力會增強，同時本集團可靈活安排生產及物流時間表，以盡量減低包括生產、關稅及運輸在內之整體成本。

本集團透過於美國拓展更多新客戶以多元化發展其客戶基礎，而非依賴數名主要客戶。向該等客戶之銷售於過往數月逐步增加。本集團預期將於2020年持續增長。我們亦將發展向消費者直接銷售的業務，並更為專注客戶的線上銷售業務。

本集團以旗艦品牌「SINOMAX」在中國市場提供範圍廣泛的健康及家居產品。本集團將藉多項市場推廣活動進一步提升品牌管理，以加強品牌認知度以及提升「SINOMAX」品牌的健康、放鬆及舒適形象。「Octaspring」、「SPA Supreme」及「Zeosleep」品牌旗下的銷量已穩定增長。本集團將持續向企業客戶推廣其品牌及產品，以吸引更多企業銷售。儘管本集團之電子商務銷售於2019年錄得下跌，惟本集團將繼續投放更多資源以透過電子商務加強銷售。

本集團將繼續升級機器，以改善生產效率及提高競爭力。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

MATERIAL ACQUISITIONS AND DISPOSALS

(a) Acquisition and Sale and Leaseback of a US property

On 30 August 2019, an indirect wholly-owned subsidiary of the Company, Sinomax East, Inc (“**Sinomax East**”), entered into the letter agreement (the “**Acquisition Agreement**”) in relation the acquisition of the property located at 1740 JP Hennessy Drive, LaVergne, TN 37086, the U.S., together with any and all buildings and other improvements thereon including a certain approximately 505,000 sq. ft. industrial facility, and all rights, easements and appurtenances thereto (the “**Property**”) with 800 Broadway, in exercise of the purchase option under the lease agreement dated 1 October 2015 and entered into between 800 Broadway (as landlord) and Sinomax East (as tenant), at the acquisition consideration of approximately US\$20,804,000 (equivalent to approximately HK\$162,275,000).

On 30 August 2019, Sinomax East, and WPT Acquisitions, LLC (the “**Purchaser**”) entered into the purchase and sale agreement in relation to the sale and leaseback of the Property (the “**Sale and Purchase Agreement**”), pursuant to which Sinomax East agreed to sell and the Purchaser agreed to acquire the Property at the sale consideration of US\$33,000,000 (equivalent to approximately HK\$257,400,000).

Pursuant to the Sale and Purchase Agreement, at the sale completion, Sinomax East and the Purchaser shall execute the new lease, to lease the Property for a term of ten (10) years commencing on the completion date, being 30 September 2019 (or such other date as may be agreed in writing between the relevant parties), subject to the terms therein.

Details of the terms of the Acquisition Agreement and the Sale and Purchase Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 2 September 2019 and the circular of the Company dated 25 September 2019.

重大收購及出售

(a) 收購事項與銷售及租回美國物業

於2019年8月30日，本公司之間接全資附屬公司Sinomax East, Inc. (「**Sinomax East**」)已與800 Broadway訂立協議書(「**收購協議**」)，內容有關透過行使與800 Broadway (作為業主)及Sinomax East (作為租戶)於2015年10月1日訂立之租賃協議項下之購買選擇權，收購位於1740 JP Hennessy Drive, LaVergne, TN 37086, the U.S.之物業，連同其上任何及所有樓宇及其他改善工程，包括若干約505,000平方呎之工業設施，以及其所有權利、地役權及從屬權(「**該物業**」)，收購代價約為20,804,000美元(相當於約162,275,000港元)。

於2019年8月30日，Sinomax East與WPT Acquisitions, LLC (「**買方**」)就銷售及租回該物業訂立買賣協議(「**買賣協議**」)，據此，Sinomax East同意銷售而買方同意收購該物業，銷售代價為33,000,000美元(相當於約257,400,000港元)。

根據買賣協議，於銷售完成時，Sinomax East與買方將簽立新租賃以租賃該物業，自完成日期(即2019年9月30日)(或與相關訂約方書面議定的其他日期)開始為期十(10)年，惟受該協議內的條款所規限。

有關收購協議及買賣協議之條款以及其項下擬進行交易之詳情載於本公司日期為2019年9月2日之公佈及本公司日期為2019年9月25日之通函。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

(b) Disposal of 51% equity interest in Chengdu Xingang Sponge Co., Ltd* (成都新港海綿有限公司) (“Chengdu Xingang”)

On 15 November 2019, an indirect wholly-owned subsidiary of the Company, Sinomax (Zhejiang) Polyurethane Technology Limited* (賽諾(浙江)聚氨酯新材料有限公司) (“Sinomax Zhejiang”), entered into a share purchase agreement (the “Share Purchase Agreement”) with Mr. Liu Jiaming (“Mr. Liu”), a director and a non-controlling shareholder of Chengdu Xingang. Pursuant to the share purchase agreement, Sinomax Zhejiang conditionally agreed to sell, and Mr. Liu conditionally agreed to acquire, 51% equity interest in Chengdu Xingang at the consideration of RMB157,000,000 (equivalent to approximately HK\$176,891,000) (the “Consideration”) subject to the terms and conditions therein. Pursuant to the share purchase agreement, upon completion, Mr. Liu (as pledgor) and Sinomax Zhejiang (as pledgee) shall enter into a share pledge agreement, pursuant to which 51% equity interest in Chengdu Xingang shall be pledged by Mr. Liu to Sinomax Zhejiang to secure the payment of the Consideration in full by Mr. Liu. The Group recorded a gain on disposal of approximately HK\$44.1 million, being the difference between the Consideration and the net asset value of Chengdu Xingang.

Details of the terms of the Share Purchase Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 18 November 2019 and the circular of the Company dated 9 December 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the paragraph headed “Prospects” above, the Group does not have other plans for material investments or capital assets.

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

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

(b) 出售成都新港海綿有限公司(「成都新港」) 51%之股權

於2019年11月15日，本公司之間接全資附屬公司賽諾(浙江)聚氨酯新材料有限公司(「賽諾浙江」)與劉家明先生(「劉先生」)(成都新港之董事兼非控股股東)訂立購股協議(「購股協議」)。根據購股協議，在購股協議之條款及條件規限下，賽諾浙江已有條件同意出售，而劉先生已有條件同意收購成都新港之51%股權，代價為人民幣157,000,000元(相當於約176,891,000港元)(「代價」)。根據購股協議，於完成後，劉先生(質押人)及賽諾浙江(承押人)將訂立股份質押協議，據此，劉先生將向賽諾浙江質押成都新港之51%股權，以擔保劉先生悉數支付代價。本集團錄得出售收益約44,100,000港元，即代價與成都新港資產淨值之間的差額。

有關購股協議之條款及其項下擬進行交易之詳情載於本公司日期為2019年11月18日之公佈及本公司日期為2019年12月9日之通函內。

重大投資或資本資產的日後計劃

除本公佈上文「前景」一段所披露者外，本集團並無有關重大投資或資本資產的其他計劃。

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於報告期概無購買、出售或贖回本公司任何上市證券。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

EVENT AFTER THE REPORTING PERIOD

The Impact of novel coronavirus (“COVID-19”)

Since the outbreak of COVID-19 in late December 2019 and its continuous expansion across the PRC and globally, various draconian measures including travel restrictions and public health controls have been in place in the PRC, the US and Vietnam in an effort to contain the COVID-19 outbreak. COVID-19 has brought about impacts on business operations in general and the overall economy. This may affect the operations and results of the Group. The degree of impact depends on the escalation and the duration of the pandemic, the effectiveness of the preventive measures and the implementation of regulatory policies. However, the Group will closely monitor the situation and the Group's exposure to the risks and uncertainties in connection with COVID-19, and assess and react proactively to its impacts on the financial position and results of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2019, the employee headcount of the Group was 3,026 (FY2018: 3,099) and the total staff costs, including Directors' remuneration and share option expenses, amounted to approximately HK\$429.8 million for the Reporting Period (FY2018: approximately HK\$470.2 million). The decrease in staff costs was primarily due to decrease in headcount.

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including housing and travel allowances depending on their grade and ranking within the Group. The Group also maintains medical insurance for the benefit of its employees. The Group conducts induction training for all of its new employees and on-going training from time to time during their employment. The nature of training offered depends on their specific field of operation. The Group also operates an employee incentive scheme pursuant to which rewards take the form of promotions, salary raises and monetary bonuses, and a share option scheme.

報告期後事項

新冠肺炎疫情(「COVID-19」)之影響

自2019年12月底爆發COVID-19以來，持續在中國及全球蔓延，中國、美國及越南已採取若干緊急措施（包括限制出行及公共健康管控），以竭力控制COVID-19的爆發。COVID-19對整體業務營運及整體經濟產生影響，從而可能影響本集團的經營及業績。影響程度取決於疫情的升級程度及持續時間、預防措施的成效及監管政策的實施情況。然而，本集團將密切監督有關局勢及本集團因COVID-19所面臨的風險及不確定因素，積極評估及應對其對本集團財務狀況及業績造成的影響。

僱員及薪酬政策

於2019年12月31日，本集團僱員總數為3,026人（2018年財政年度：3,099人），報告期員工總成本（包括董事酬金及購股權開支）約為429.8百萬港元（2018年財政年度：約470.2百萬港元）。員工成本減少主要由於員工總數減少所致。

本集團為僱員提供符合行業慣例並具競爭力的薪酬待遇及各種福利，包括視乎其在本集團內的級別和等級享有住房及差旅津貼。本集團亦為僱員的利益投購醫療保險。本集團為所有新僱員進行入職培訓，並在彼等受僱期間不時提供持續培訓。所提供培訓的性質取決於彼等具體的工作領域。本集團亦實行僱員獎勵計劃，獎勵將以晉升、加薪、獎金方式及購股權計劃的方式作出。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

The biographical details of the Directors and the senior management of the Company who held office during the Reporting Period and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

LAM Chi Fan, aged 61

Mr. Lam is a co-founder of the Group, the Chairman of the Group and an executive Director. Mr. Lam is also the chairman of the Company's nomination committee and a member of the Company's remuneration committee. Mr. Lam was appointed to the Board in June 2012. Mr. Lam is responsible for formulation of the overall business strategies of the Group. He is also responsible for the business planning and management of the Group. Mr. Lam is also a director of certain subsidiaries of the Group. Mr. Lam has over 20 years' experience in the polyurethane foam business. Prior to founding the Group in January 2000, he was a director of Luen Tai Component Limited, a company engaged in the sales of foam products, from March 1991 to July 1996. He is a member of the 13th Chinese People's Political Consultative Conference Jiashan, Zhejiang Province Committee, the vice president of the Shau Kei Wan District of the Scout Association of Hong Kong and an affiliated supervisor of the Huangpu Customs of PRC and the president of the Dongguan City Tang Xia Association of Enterprises with Foreign Investment. Mr. Lam is the uncle of Mr. Cheung Tung, the President and an executive Director; the father of Mr. Lam Sze Chiu, a senior management member of the Group; and a cousin of Ms. Lam Fei Man, an executive Director.

CHEUNG Tung, aged 44

Mr. Cheung is the President of the Company and an executive Director. Mr. Cheung joined the Group in 2003 as the Chairman's assistant, responsible for handling the information technology infrastructure of the Group. He was appointed to the Board in June 2012. He is currently responsible for the overall management and daily operations of the Group. He is also a director of certain subsidiaries of the Group. Prior to joining the Group, Mr. Cheung assisted in setting up C&T Solutions Limited, a company engaged in providing information technology services, in March 2000. Mr. Cheung holds a bachelor's degree in computer engineering from the Hong Kong University of Science and Technology and a master's degree in business administration jointly issued by Northwestern University and the Hong Kong University of Science and Technology. Mr. Cheung was granted the "Young Industrialist Award of Hong Kong 2014" by the Federation of Hong Kong Industries. Mr. Cheung is a nephew of Mr. Lam Chi Fan, the Chairman and an executive Director; a nephew of Ms. Lam Fei Man, an executive Director; and a cousin of Mr. Lam Sze Chiu, a senior management member of the Group.

於報告期及直至本報告日期任職的本公司董事及高級管理層的履歷詳情如下：

執行董事

林志凡，61歲

林先生為本集團聯合創辦人，為本集團董事長兼執行董事。林先生亦為本公司提名委員會主席及本公司薪酬委員會成員。林先生於2012年6月獲委任加入董事會。林先生負責制訂本集團全面業務策略。彼亦負責本集團業務規劃及管理。林先生亦為本集團若干附屬公司的董事。林先生在聚氨酯泡沫業務方面擁有逾20年經驗。在2000年1月創辦本集團前，彼自1991年3月至1996年7月擔任聯大集成有限公司董事，該公司從事泡沫產品銷售。彼為中國人民政治協商會議浙江省嘉善縣第十三屆委員會特邀委員、香港董軍總會筲箕灣區副會長及中華人民共和國黃埔海關辦事處特邀監督員以及東莞市塘廈外商投資企業協會會長。林先生為張棟先生（總裁兼執行董事）的叔叔；林仕超先生（本集團高級管理層成員）的父親；以及林斐雯女士（執行董事）的表哥。

張棟，44歲

張先生為本公司總裁兼執行董事。張先生於2003年加入本集團為主席助理，負責處理本集團的資訊科技基建。彼於2012年6月獲委任加入董事會。彼現時負責全面管理本集團及其日常運作。彼亦為本集團若干附屬公司的董事。加入本集團前，張先生於2000年3月協助創辦C&T Solutions Limited，該公司從事提供信息技術服務。張先生擁有香港科技大學計算機工程學士學位，並取得西北大學及香港科技大學聯合頒發的工商管理碩士學位。張先生獲香港工業總會頒發「2014年香港青年工業家獎」。張先生乃林志凡先生（董事長兼執行董事）的侄子；林斐雯女士（執行董事）的表姨甥；及林仕超先生（本集團高級管理層成員）的堂兄。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

CHEN Feng, aged 56

Mr. Chen is an executive Director. He was appointed to the Board in June 2012. He is responsible for the overall management of the export sales business and product development of the Group. He is also the key executive in mapping the sales and marketing strategies in the US through Sinomax USA Inc. ("Sinomax USA"). He is a director of certain various subsidiaries of the Group. Mr. Chen joined the Group in January 2000 as an export sales manager and became the vice president of the Group in 2007. He assisted in setting up Sinomax USA, a company engaging in export sales in the US, and has been the president and director of Sinomax USA since its establishment in 2005. Mr. Chen holds a Master of Science degree in industrial engineering from Louisiana State University and a Bachelor of Engineering degree in safety engineering from Beijing College of Economics, now known as Capital University of Economics and Business. Mr. Chen is a cousin of the mother of Ms. Lam Fei Man, an executive Director.

LAM Kam Cheung, aged 52

Mr. Lam is an executive Director, chief financial officer and company secretary of the Company. Mr. Lam joined the Group in May 2004 as the financial controller and was appointed to the Board in June 2012. He was appointed as the chief financial officer in August 2013 and is responsible for the financial management of the Group. Mr. Lam has over 20 years' experience in accounting and auditing. Prior to joining the Group, he was an executive director and company secretary of Yeebo (International Holdings) Limited (stock code: 0259), a listed public company in Hong Kong, from October 1995 to May 2004. Mr. Lam holds a bachelor's degree in business administration from the Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

陳楓, 56歲

陳先生為本公司執行董事。彼於2012年6月獲委任加入董事會。彼負責全面管理本集團的出口銷售業務及產品發展。彼亦透過Sinomax USA Inc. (「Sinomax USA」) 成為制訂美國銷售及市場策略的主要行政人員。彼為本集團若干附屬公司的董事。陳先生在2000年1月加入本集團，擔任其出口銷售經理，並於2007年成為本集團的副總裁。彼協助成立Sinomax USA (一間從事美國出口銷售之公司)，並自其於2005年成立以來一直擔任Sinomax USA的總裁兼董事。陳先生在路易斯安那州立大學取得工業工程的理學碩士學位，及於北京經濟學院(現稱為首都經濟貿易大學)取得安全工程系工程學學士學位。陳先生為林斐雯女士(執行董事)母親的堂弟。

林錦祥, 52歲

林先生為本公司執行董事、首席財務官及公司秘書。林先生在2004年5月加入本集團擔任財務總監，並於2012年6月獲委任加入董事會。彼於2013年8月擔任首席財務官，負責本集團的財務管理。林先生於會計及審計方面擁有逾20年經驗。加入本集團前，彼自1995年10月至2004年5月為香港上市公眾公司億都(國際控股)有限公司(股份代號: 0259)的執行董事及公司秘書。林先生在香港中文大學取得工商管理學士學位。彼為英國特許公認會計師協會的資深會員及香港會計師公會會員。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

LAM Fei Man, aged 45

Ms. Lam is an executive Director. She is responsible for the Group's purchasing operations. She is also a director of certain subsidiaries of the Group. Ms. Lam joined the Group in January 2000 and served as the assistant administration manager of Sinomax (Holding) Group Limited, a predecessor company of Sinomax Enterprises, until January 2003. She was appointed to the Board in June 2012. Ms. Lam has over 18 years' experience in purchasing and logistics. She holds a bachelor's degree in commerce jointly issued by the University of Canberra and the Hong Kong Baptist University. Ms. Lam is a cousin of Mr. Lam Chi Fan, the Chairman of the Board and an executive Director; the daughter of a cousin of Mr. Chen Feng, an executive Director; and an aunt of Mr. Cheung Tung, the President and an executive Director.

林斐雯，45歲

林女士為本公司執行董事。彼負責本集團的採購營運。彼亦為本集團若干附屬公司的董事。林女士於2000年1月加入本集團，於2003年1月前擔任聖諾盟企業的前身公司聖諾盟控股集團有限公司的助理行政經理。彼在2012年6月獲委任加入董事會。林女士在採購及物流方面擁有逾18年經驗。彼持有堪培拉大學及香港浸會大學聯合頒發的商業學士學位。林女士為林志凡先生（董事長兼執行董事）的表妹；陳楓先生（執行董事）堂姊的女兒；及張棟先生（總裁兼執行董事）的表姨。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Chi Keung, aged 53

Mr. Wong is an independent non-executive Director, the chairman of the audit committee and corporate governance committee and a member of the nomination committee of the Company. Mr. Wong was appointed to the Board in 4 March 2014. Mr. Wong is currently an executive director and the chief financial officer of Win Hanverky Holdings Limited (stock code: 3322), a listed public company in Hong Kong. He was previously the chief financial officer of Besunyen Holdings Company Limited (stock code: 0926) from September 2011 to September 2013 and China Dongxiang (Group) Co., Ltd. (stock code: 3818) from May 2007 to April 2010, all of which are listed public companies in Hong Kong. Between June 2002 and June 2006, Mr. Wong was a senior finance manager of China Netcom Group Corporation (Hong Kong) Limited (a company previously listed in Hong Kong (former stock code: 0906) which subsequently merged with China Unicom (Hong Kong) Limited (stock code: 0762), a listed public company in Hong Kong). Between July 1989 and December 1999, Mr. Wong was employed by PricewaterhouseCoopers, an international public accounting firm, in Hong Kong as an audit manager. Mr. Wong holds a bachelor's degree in business administration from the Chinese University of Hong Kong and a master's degree in business administration from the Australian Graduate School of Management, jointly issued by the University of New South Wales and the University of Sydney. Mr. Wong is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

獨立非執行董事

王志強，53歲

王先生為本公司獨立非執行董事，並為審核委員會主席及企業管治委員會主席以及提名委員會成員。王先生於2014年3月4日獲委任加入董事會。王先生現任香港上市公眾公司永嘉集團控股有限公司（股份代號：3322）執行董事兼首席財務官。王先生從2011年9月至2013年9月曾任碧生源控股有限公司（股份代號：0926）及自2007年5月至2010年4月擔任中國動向（集團）有限公司（股份代號：3818）的首席財務官，該等公司均為香港上市公眾公司。自2002年6月至2006年6月，王先生於中國網通集團（香港）有限公司任職高級財務經理。該公司曾經在香港上市（前股份代號：0906），其後與香港上市公眾公司中國聯合網絡通信（香港）股份有限公司（股份代號：0762）合併。由1989年7月至1999年12月，王先生獲香港一間國際會計師事務所羅兵咸永道會計師事務所聘請，擔任審計經理。王先生擁有香港中文大學工商管理學士學位，並取得由新南威爾斯大學及悉尼大學聯合頒發的澳大利亞管理研究所(Australian Graduate School of Management)的工商管理碩士學位。王先生為英國特許公認會計師協會的資深會員及香港會計師公會會員。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Professor LAM Sing Kwong, Simon, aged 61

Professor Lam is an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the corporate governance committee of the Company. Professor Lam is the Professor of Management and Strategy at the Faculty of Business and Economics, The University of Hong Kong. He is also Head of the Faculty's Management and Strategy Area, Director of the Centre of Asian Entrepreneurship and Business Values and Ian Davies Endowed Professor in Ethics. Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance. Professor Lam is the independent non-executive director of Kwan On Holdings Limited (listed on the Main Board of the Stock Exchange, stock code: 01559) and Overseas Chinese Town (Asia) Holdings Limited (listed on the Main Board of the Stock Exchange, stock code: 03366). Professor Lam is also the non-executive director of Jacobson Pharma Corporation Limited (listed on the Main Board of the Stock Exchange, stock code: 02633).

林誠光教授, 61歲

林教授為本公司獨立非執行董事、薪酬委員會主席、審核委員會成員、提名委員會成員及企業管治委員會成員。林教授為香港大學經濟及工商管理學院管理及策略學系教授。彼亦為該學系管理及策略領域主管、亞洲創業及營商價值研究中心總監及戴義安基金教授席（倫理）。於加入香港大學前，林教授曾擔任管理顧問及一間銀行之區域經理。彼於企業管治、策略發展及企業融資方面累積豐富經驗。林教授為均安控股有限公司（於聯交所主板上市，股份代號：01559）及華僑城（亞洲）控股有限公司（於聯交所主板上市，股份代號：03366）之獨立非執行董事。林教授亦為雅各臣科研製藥有限公司（於聯交所主板上市，股份代號：02633）之非執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

FAN Chun Wah Andrew, J.P., aged 41

Mr. Fan is an independent non-executive director of the Company and a member of the audit committee, the remuneration committee and the corporate governance committee of the Company. Mr. Fan was appointed to the Board in March 2014. Mr. Fan is a practicing certified public accountant in Hong Kong with over 14 years of experience. He holds a Bachelor Degree of Business Administration (Accounting and Finance) from The University of Hong Kong and a Bachelor Degree in Laws from the University of London. Mr. Fan is a member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. He is also a committee member of the tenth to twelfth Chinese People's Political Consultative Conference of the Zhejiang Province, the fourth and fifth Chinese People's Political Consultative Conference of Shenzhen and the Tenth Vice Chairman of Zhejiang Province United Young Association.

Mr. Fan is currently an independent non-executive director of Fulum Group Holdings Limited (stock code: 1443), Culturecom Holdings Limited (stock code: 343), Chuang's China Investments Limited (stock code: 0298), Space Group Holdings Limited (stock code: 2448), Nameson Holdings Limited (stock code: 1982), and Universal Star (Holdings) Limited (stock code: 2346), all of which are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Fan is also currently an independent non-executive director of Omnibridge Holdings Limited (stock code: 8462), CNC Holdings Limited (stock code: 8356) listed on the GEM of the Stock Exchange of Hong Kong Limited. Mr. Fan had been an independent non-executive director of LT Commercial Real Estate Limited from March 2013 to December 2016 (stock code: 0112) and Hong Kong Resources Holdings Limited from July 2015 to May 2017 (stock code: 2882), the shares of both companies are listed on the Main Board of the Stock Exchange of Hong Kong Limited, and Sanbase Corporation Limited from December 2017 to January 2020 (stock code: 8501) and On Real International Holdings Limited from September 2015 to August 2016 (stock code: 8245), the shares of which are listed on the GEM of the Stock Exchange of Hong Kong Limited.

范駿華太平紳士，41歲

范先生為本公司獨立非執行董事以及本公司審核委員會、薪酬委員會及企業管治委員會成員。范先生於2014年3月獲委任加入董事會。范先生為香港執業會計師，擁有逾14年的經驗。彼在香港大學取得工商管理學士學位，主修會計及金融學，並在倫敦大學取得法律學學士學位。范先生為英國特許公認會計師公會會員及香港會計師公會會員。彼亦為中國人民政治協商會議浙江省第十至第十二屆委員會及中國人民政治協商會議第四屆及第五屆深圳市委員會的委員會會員以及浙江省青年聯合會第十任副主席。

范先生現為富臨集團控股有限公司（股份代號：1443）、文化傳信集團有限公司（股份代號：343）、莊士中國投資有限公司（股份代號：0298）、恆宇集團控股有限公司（股份代號：2448）、南旋控股有限公司（股份代號：1982）及星宇（控股）有限公司（股份代號：2346）之獨立非執行董事，上述全部公司均於香港聯合交易所有限公司主板上市。范先生目前亦為香港聯合交易所有限公司GEM上市公司橋英控股有限公司（股份代號：8462）及中國新華電視控股有限公司（股份代號：8356）之獨立非執行董事。范先生曾於2013年3月至2016年12月及2015年7月至2017年5月分別擔任勒泰商業地產有限公司（股份代號：0112）及香港資源控股有限公司（股份代號：2882）之獨立非執行董事，兩間公司之股份均於香港聯合交易所有限公司主板上市，並於2017年12月至2020年1月及2015年9月至2016年8月分別擔任莊皇集團公司（股份代號：8501）及安悅國際控股有限公司（股份代號：8245）獨立非執行董事，該兩間公司之股份於香港聯合交易所有限公司GEM上市。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

ZHANG HWO Jie, aged 57

Mr. Zhang is an independent non-executive Director, a member of the audit committee and the corporate governance committee of the Company. Mr. Zhang was appointed to the Board in March 2014. Mr. Zhang is currently the chairman of EVA Precision Industrial Holdings Limited (stock code: 838), a listed public company in Hong Kong. Mr. Zhang has more than 25 years of experience in marketing, strategic planning and corporate management in manufacturing industry. Mr. Zhang was granted with the “**Young Industrialist Award of Hong Kong**” by the Federation of Hong Kong Industries in 2008, and was bestowed as an honorary fellow by The Professional Validation Council of Hong Kong Industries in 2014. He is currently the president honoris causa of Hong Kong Young Industrialists Concil, the honorary chairman of The Hong Kong Metals Manufacturers Association and the honorary president of Hong Kong Mould and Product Technology Association.

張傑，57歲

張先生為本公司獨立非執行董事、審核委員會成員及企業管治委員會成員。張先生於2014年3月獲委任加入董事會。張先生現任香港上市公眾公司億和精密工業控股有限公司（股份代號：838）的主席。張先生在製造業的市場營銷、戰略規劃和企業管理領域擁有逾25年經驗。張先生於2008年榮獲香港工業總會授予的「**香港青年工業家獎**」，並於2014年獲香港工業專業評審局頒授為榮譽院士。彼目前為香港青年工業家協會榮譽會長、香港金屬製造業協會榮譽主席以及香港模具及產品科技協會名譽主席。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

WU Tak Lung, aged 54

Mr. Wu is an independent non-executive Director and a member of the audit committee and the corporate governance committee of the Company. Mr. Wu was appointed to the Board in March 2014. Mr. Wu had worked in Deloitte Touche Tohmatsu, an international accounting firm, for five years and was then employed in several companies in Hong Kong as head of corporate finance and/or executive director. Mr. Wu had over 10 years' experience in the corporate finance field. Mr. Wu currently serves as an independent non-executive director of China Machinery Engineering Corporation (stock code: 1829), Henan Jinma Energy Company Limited (stock code: 6885), Kam Hing International Holdings Limited (stock code: 2307), and Zhongguancun Science-Tech Leasing Co Ltd (stock code: 1601) all are listed public companies in Hong Kong. Mr. Wu holds a bachelor's degree in business administration in accounting from the Hong Kong Baptist University and a master's degree in business administration jointly issued by the University of Manchester and the University of Wales. Mr. Wu is a member of the Hong Kong Institute of Certified Public Accountants and he is also a fellow member of the Association of Chartered Certified Accountants, Taxation Institute of Hong Kong, the Hong Kong Institute of Chartered Secretaries and the Hong Kong Securities and Investment Institute.

Moreover, in the last three years, he was an independent non-executive director of Beijing Media Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1000), Huarong Investment Stock Corporation Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2277), First Tractor Company Limited, a company listed on both the Main Board of the Stock Exchange (stock code: 00038), and the Shanghai Stock Exchange (stock code: 601038), Sinotrans Shipping Limited, a company listed on the Main Board of the Stock Exchange and was delisted in January 2019 (stock code: 368), and Olympic Circuit Technology Co., Ltd. (stock code: 603920), a company listed in Shanghai.

吳德龍, 54歲

吳先生為本公司獨立非執行董事、審核委員會成員及企業管治委員會成員。吳先生於2014年3月獲委任加入董事會。吳先生在國際會計師事務所德勤•關黃陳方會計師行任職五年，其後於數間香港公司擔任公司財務主管及／或執行董事。吳先生在企業金融領域擁有逾10年經驗。吳先生現時為中國機械設備工程股份有限公司（股份代號：1829）、河南金馬能源股份有限公司（股份代號：6885）、錦興國際控股有限公司（股份代號：2307）及中關村科技租賃股份有限公司（股份代號：1601）（該等公司均為香港上市公司）的獨立非執行董事。吳先生擁有香港浸會大學工商管理（會計學）學士學位及由曼徹斯特大學和威爾斯大學聯合授予的工商管理碩士學位。吳先生為香港會計師公會會員，且彼亦為英國特許公認會計師協會、香港稅務學會、香港特許秘書公會及香港證券及投資學會的資深會員。

此外，於過去三年，彼於北青傳媒股份有限公司（於聯交所主板上市之公司（股份代號：1000））、華融投資股份有限公司（於聯交所主板上市之公司（股份代號：2277））、第一拖拉機股份有限公司（於聯交所主板（股份代號：00038）及上海證券交易所（股票代碼：601038）上市之公司）、中外運航運有限公司（當時於聯交所主板上市之公司（股份代號：368），已於2019年1月除牌）及廣東世運電路科技股份有限公司（於上海上市之公司，股份代號：603920）擔任獨立非執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

SENIOR MANAGEMENT

LAM Sze Chiu, aged 37

Mr. Lam is the general manager of Sinohome Household Products (Shenzhen) Ltd (“**Sinomax Shenzhen**”). He is responsible for the supervision of the daily operation of Sinomax Shenzhen. Mr. Lam joined the Group in 2007 and has been working as the marketing director of the Group from 2012 to 2016. He was responsible for developing and communicating marketing strategies and coordinating marketing functions of the Group. Mr. Lam also participated in the research and development of the Group's products, and the winner of German Red Dot Design Award. Mr. Lam holds a Bachelor of Arts degree with honours from York University in Toronto, Canada. Mr. Lam was appointed as the chairman of The Youth Club of Hong Kong Furniture Association with effect from 2017, the rotating chairman of the Youth Federation of the Furniture and Decoration Industry Chamber of Commerce of the National Federation of Industry and Commerce since 2018 and received the Outstanding Chinese Award.

高級管理層

林仕超，37歲

林先生為賽諾家居用品（深圳）有限公司（「**賽諾深圳**」）之總經理，負責監管賽諾深圳之日常營運。林先生於2007年加入本集團，自2012年至2016年為本集團營銷總監，負責制定及傳達本集團之營銷策略及協調營銷職能。林先生亦參與研究及開發本集團之產品，並為德國紅點設計獎得獎者。林先生持有加拿大多倫多約克大學榮譽文學士學位。林先生自2017年起獲委任為香港家私協會青年委員會主席、自2018年起獲委任為全國工商聯青年家具裝飾業商會輪值主席，並獲頒傑出華人獎。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

QIAN Hong Xiang, aged 56

Mr. Qian is a director of certain subsidiaries of the Group. He is responsible for the supervision of the daily operation and management of Sinomax Kuka (Zhejiang) Foam Co. Limited ("Sinomax Kuka"). Mr. Qian joined the Group in 2000 and worked as a general manager and chief of foam research. Prior to joining the Group, Mr. Qian worked as a factory manager and researcher in foams from 1993 to 2000 at Tung Ah (China Holdings) Limited, a company engaged in the chemical and plastic business. Mr. Qian has over 20 years' experience in foam production and research and has participated in formulating more than five national standards. Mr. Qian was a member of the Standardisation Administration of the People's Republic of China until April 2018 and an expert in foaming plastics of the China Plastics Processing Industry Association with tenure from November 2005 to September 2017. He was presented the National Science & Technology Progress Award (third class) by the China Light Industry Council in March 2008, the China Standards Innovation Contribution Award jointly by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardisation Administration of the People's Republic of China in December 2009. He was also awarded Outstanding Worker of the Plastic Industry in PRC by the China Plastics Processing Industry Association in May 2009, and Good Citizen between 2011 and 2012 in January 2013, Model Worker of Haining between 2008 and 2012 in April 2013 and Outstanding Entrepreneur of 2011 in March 2012 by the Jiaxing People's Government.

YUE Wai Fun, aged 45

Ms. Yue was appointed as a general manager of Sinomax Health & Household Products Limited ("Sinomax Health") in June 2012. Ms. Yue is responsible for the supervision of the daily operation and management of Sinomax Health. Ms. Yue joined the Group in 2004 and served as marketing manager and brand & marketing manager prior to being appointed as the general manager of Sinomax Health. Ms. Yue holds a Bachelor of Social Science degree from the Chinese University of Hong Kong.

錢洪祥, 56歲

錢先生為本集團若干附屬公司的董事。彼負責監察浙江聖諾盟顧家海綿有限公司（「聖諾盟顧家」）的日常運作及管理。錢先生於2000年加入本集團，曾任職總經理及泡沫研究主管。加入本集團前，錢先生由1993年至2000年於東亞（華資集團）有限公司任職工廠經理及泡沫研究員，該公司從事化學及塑料業務。錢先生擁有逾20年有關泡沫生產及研究的經驗，並參與制訂超過五個國家的準則。錢先生為中國國家標準化管理委員會會員，任期直至2018年4月；及中國塑料加工工業協會的泡沫塑料專家，任期由2005年11月至2017年9月。彼於2008年3月獲中國輕工業聯合會頒發科學技術進步三等獎，並於2009年12月獲中華人民共和國國家質量監督檢驗檢疫總局及中國國家標準化管理委員會共同頒發中國標準創新貢獻獎。彼亦於2009年5月獲中國塑料加工工業協會頒授中國塑料行業先進工作者名銜，以及獲嘉興市人民政府於2013年1月頒授2011年至2012年十佳新居民、於2013年4月獲其頒授2008年至2012年海寧市勞動模範及於2012年3月獲其頒授2011年度優秀企業家。

余慧芬, 45歲

余小姐於2012年6月獲委任為聖諾盟健康家居用品有限公司（「聖諾盟健康」）總經理。余小姐負責監察聖諾盟健康的日常營運及管理。余小姐於2004年加入本集團，獲委任為聖諾盟健康總經理前曾出任市場經理與品牌及市場經理。余小姐擁有香港中文大學社會科學學士學位。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

CHEN Xiao Hua, aged 58

Mr. Chen joined the Group in 2013 and was appointed as a general manager of Sinomax Zhejiang in October 2013. Mr. Chen is responsible for supervision of the daily operation and management of Sinomax Zhejiang. Prior to joining the Group, Mr. Chen was engaged in foam manufacturing from 2002 to 2013 and was a general manager of Sinomax Polyurethane (Shanghai) Co., Ltd., a company indirectly controlled by Mr. Lam Chi Fan, Mr. Cheung Tung and Mr. Chen Feng, the executive Directors, and Ms. Cheung Shui Ying, the mother of Mr. Cheung Tung. Mr. Chen has over 20 years of experience in foam production and research. Mr. Chen completed a business administration course for company executives in Zhejiang University in November 2006.

陳小華，58歲

陳先生於2013年加盟本集團，並於2013年10月獲委任為賽諾浙江的總經理。陳先生負責監察賽諾浙江的日常運作及管理。於加盟本集團前，自2002年至2013年，陳先生於聖諾盟聚氨酯（上海）有限公司從事泡沫製造並擔任其總經理，該公司為一家由林志凡先生、張棟先生、陳楓先生（均為執行董事）及張水英女士（張棟先生的母親）間接控制的公司。陳先生擁有逾20年泡沫生產及研究的經驗。陳先生於2006年11月於浙江大學完成有關公司行政人員的業務管理課程。

DIRECTORS' REPORT

董事報告書

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 45 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 144 of this annual report.

The Directors did not recommend the payment of final dividend for the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, right-of-use assets and investment properties of the Group during the Reporting Period are set out in notes 16, 17 and 18 to the consolidated financial statements respectively.

DONATIONS

During the Reporting Period, the Group made charitable and other donations amounted to HK\$386,510.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 35 to the consolidated financial statements.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

主要業務

本公司為投資控股公司，其主要附屬公司的業務載於綜合財務報表附註45。

業績及股息

本集團於報告期的業績載於本年報第144頁綜合損益及其他全面收益表。

董事並不建議就報告期派付末期股息。

物業、廠房及設備、使用權資產及投資物業

本集團物業、廠房及設備、使用權資產及投資物業備於報告期的變動詳情分別載於綜合財務報表附註16、17及18。

捐贈

於報告期內，本集團作出慈善及其他捐款386,510港元。

股本

本公司股本於報告期內的變動詳情載於綜合財務報表附註35。

購買、出售或贖回本公司上市證券

於報告期內，本公司及其任何附屬公司概未購買、出售或贖回本公司任何上市證券。

DISTRIBUTABLE RESERVES

The Directors consider that the Company's reserves available for distribution to Shareholders comprise the share premium and the accumulated profits which amounted to approximately HK\$541.2 million as at 31 December 2019 (as at 31 December 2018: approximately HK\$535.0 million). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

EQUITY-LINKED AGREEMENTS

The Company has share option schemes, the details of which are set out in the section headed "Share Option" in this report. Save as aforesaid, the Company has not entered into any equity-linked agreement during the Reporting Period.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were as follows.

Executive Directors

LAM Chi Fan (*Chairman of the Board*)
CHEUNG Tung
CHEN Feng
LAM Kam Cheung
LAM Fei Man

Independent non-executive Directors

WONG Chi Keung
LAM Sing Kwong, Simon
FAN Chun Wah, Andrew, J.P.
ZHANG HWO Jie
WU Tak Lung

可供分派儲備

於2019年12月31日，董事認為本公司可向股東分派的儲備包括約541.2百萬港元（於2018年12月31日：約535.0百萬港元）的股份溢價及累計溢利。根據開曼群島公司法第22章（修訂本），本公司股份溢價可用作向股東分派或支付股息，惟須符合組織章程大綱及公司章程之規定，且緊隨分派股息後，本公司須仍可支付日常業務過程中到期應付之債務。

股權掛鈎協議

本公司有購股權計劃，其詳情載於本報告「購股權」一節。除上述者外，本公司於報告期並未訂立任何股權掛鈎協議。

董事

於報告期及直至本年報日期的董事載列如下：

執行董事

林志凡 (*董事會主席*)
張棟
陳楓
林錦祥
林斐雯

獨立非執行董事

王志強
林誠光
范駿華太平紳士
張傑
吳德龍

DIRECTORS' REPORT

董事報告書

In accordance with the articles of association of the Company, four Directors, namely, Mr. Lam Chi Fan, Mr. Cheung Tung, Mr. Chen Fung and Mr. Lam Kam Cheung will retire at the forthcoming annual general meeting (“AGM”), and being eligible, offer themselves for re-election at the AGM.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Company considers such Directors to be independent.

DIRECTORS' SERVICES CONTRACTS

None of the Directors has a service contract with the Company or any member of the Group which is not terminable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS ARRANGEMENTS OR CONTRACTS

Save as disclosed in the paragraph headed “Connected Transactions” of this report, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries or holding company was a party and in which any Director or the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end or at any time during the Reporting Period.

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 Reporting Period.

NON-COMPETITION UNDERTAKINGS

The Company has received an annual confirmation from each of the controlling Shareholders, namely, Sinomax Enterprises, Mr. Lam Chi Fan, Mr. Cheung Tung, Mr. Chen Fung and Ms. Cheung Shui Ying, in respect of their compliance with the terms of the deed of non-competition as set out in the prospectus of the Company dated 30 June 2014 (the “Prospectus”) for the Reporting Period.

根據本公司公司章程，四名董事，即林志凡先生、張棟先生、陳楓先生及林錦祥先生將於應屆股東週年大會（「股東週年大會」）上告退及合資格且願意在股東週年大會上膺選連任。

本公司已收到各獨立非執行董事根據聯交所上市規則（「上市規則」）第3.13條發出的年度獨立性確認書，且本公司認為該等董事為獨立人士。

董事於合約之權益

概無董事與本公司或本集團任何成員公司訂立任何於一年內不作出賠償（法定賠償除外）則不可終止之服務合約。

董事於交易、安排或合約中之權益

除本報告「關連交易」一段所披露者外，本公司或其附屬公司或控股公司概無訂立任何董事和或董事的關連實體於其中直接或間接擁有重大權益且於報告期完結時或報告期內任何時間持續有效之與本集團業務有關之其他重大交易、安排或合約。

管理層合約

於報告期概無訂立或存有任何與本公司整體或任何重大部分業務之管理及行政事務有關之合約。

不競爭承諾

本公司已就各控股股東（即聖諾盟企業、林志凡先生、張棟先生、陳楓先生及張水英女士）於報告期遵守本公司日期為2014年6月30日之招股章程（「招股章程」）所載不競爭契據的條款接獲其發出的年度確認書。

PERMITTED INDEMNITY AND DIRECTORS LIABILITY INSURANCE

The articles of association of the Company provided that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has arranged for approved Directors' liability insurance policies to protect the Directors against potential costs and liability arising from claims brought against the Directors.

REMUNERATION POLICY

The Company's policy and structure for remuneration of all Directors and senior management of the Group is formulated and reviewed by the remuneration committee of the Company, having regards to the comparable market practice, market conditions, individual performance and the Group's operating results. Details of the remunerations of the Directors are set out in note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2019, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

獲准許的彌償保證及董事責任保險

本公司章程規定，每名董事倘以其董事身份對任何訴訟（不論民事或刑事）進行抗辯而得直或獲釋，所引致或蒙受之一切損失或債務應從本公司資產當中獲得彌償保證。

本公司已安排獲准許的董事責任保險，以保障針對董事提出的索償所產生的潛在費用及負債。

薪酬政策

本公司薪酬委員會於考慮可比較市場慣例、市場情況、個人表現及本集團的經營業績後，制定及審閱本公司對本集團全體董事及高級管理層的薪酬政策及結構。董事薪酬的詳情載於綜合財務報表附註11。

董事於股份的權益及淡倉

於2019年12月31日，本公司董事及最高行政人員於本公司或其任何相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債權證中擁有(a)根據證券及期貨條例第XV部第7及8分部規定須知會本公司及聯交所的權益及淡倉（包括按照證券及期貨條例有關條文被視為或當作擁有的權益或淡倉）；(b)根據證券及期貨條例第352條須登記於其中所述由本公司存置之登記冊的權益及淡倉；或(c)根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益及淡倉如下：

DIRECTORS' REPORT

董事報告書

Long positions in the shares and underlying shares

Interests in the Company

股份及相關股份的好倉

於本公司的權益

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares ⁽¹⁾ 股份數目 ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾ 概約股權百分比 ⁽²⁾
LAM Chi Fan 林志凡	Founder of a discretionary trust 酌情信託的成立人	1,275,906,000 (L) ⁽³⁾	72.91%
	Beneficial owner 實益擁有人	1,500,000 (L) ⁽⁴⁾	0.09%
CHEUNG Tung 張棟	Beneficial owner 實益擁有人	1,500,000 (L) ⁽⁴⁾	0.09%
CHEN Feng 陳楓	Beneficial owner 實益擁有人	1,000,000 (L) ⁽⁴⁾	0.06%
LAM Fei Man 林斐雯	Beneficial owner 實益擁有人	1,000,000 (L) ⁽⁴⁾	0.06%
LAM Kam Cheung 林錦祥	Beneficial owner 實益擁有人	1,000,000 (L) ⁽⁴⁾	0.06%
WONG Chi Keung 王志強	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%
LAM Sing Kwong, Simon 林誠光	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%
FAN Chun Wah, Andrew, J.P. 范駿華太平紳士	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%
ZHANG HWO Jie 張傑	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%
WU Tak Lung 吳德龍	Beneficial owner 實益擁有人	300,000 (L) ⁽⁴⁾	0.02%

Notes:

- (1) The letter "L" denotes long position.
- (2) The percentage is compiled based on the total number of 1,750,002,000 shares of the Company (the "Shares") in issue as at 31 December 2019.
- (3) These Shares are held by Sinomax Enterprises. Sinomax Enterprises is legally and beneficially owned as to 37.5% by Chi Fan Holding Limited, which is owned as to 100% by The Frankie Trust. The Frankie Trust is a discretionary family trust established by LAM Chi Fan as settlor and Vistra Trust (BVI) Limited ("Vistra") acting as the trustee. The beneficiaries of The Frankie Trust are LAM Chi Fan and his family members.
- (4) None of the share options granted to each of LAM Chi Fan, CHEUNG Tung, CHEN Feng, LAM Fei Man and LAM Kam Cheung, each being an executive Director, under the pre-IPO share option scheme of the Company conditionally adopted by the Company on 13 December 2013 and expired on 10 July 2014 (the "Pre-IPO Share Option Scheme") which remained outstanding immediately before the lapse of the Pre-IPO Share Option Scheme on 10 July 2019 had been exercised. Each of LAM Chi Fan, CHEUNG Tung, CHEN Feng, LAM Fei Man and LAM Kam Cheung, each being an executive Director, has been granted share options to subscribe for 1,500,000, 1,500,000, 1,000,000, 1,000,000 and 1,000,000 Shares, respectively, under the post-IPO share option scheme conditionally adopted by the Company on 4 March 2014 (the "Post-IPO Share Option Scheme"), all of which are still outstanding. Each of WONG Chi Keung, LAM Sing Kwong Simon, FAN Chun Wah Andrew, ZHANG HWO Jie and WU Tak Lung, each being the independent non-executive Director, has been granted share options to subscribe for 300,000 Shares respectively, under the Post-IPO Share Option Scheme.

附註：

- (1) 字母「L」指好倉。
- (2) 該百分比乃根據本公司於2019年12月31日已發行股份（「股份」）總數為1,750,002,000股計算。
- (3) 該等股份由聖諾盟企業所有。聖諾盟企業由 Chi Fan Holding Limited法定及實益擁有37.5%權益，而Chi Fan Holding Limited由Frankie信託擁有100%權益。Frankie信託乃林志凡成立的酌情家族信託，林志凡為財產授予人，而Vistra Trust (BVI) Limited（「Vistra」）為受託人。Frankie信託的受益人為林志凡及其家族成員。
- (4) 概無根據本公司於2013年12月13日有條件採納並於2014年7月10日屆滿之首次公開發售前購股權計劃（「首次公開發售前購股權計劃」）授予執行董事林志凡、張棟、陳楓、林斐雯及林錦祥且於緊隨2019年7月10日首次公開發售前購股權計劃失效前仍發行在外的購股權獲行使。執行董事林志凡、張棟、陳楓、林斐雯及林錦祥均已根據本公司於2014年3月4日有條件採納之首次公開發售後購股權計劃（「首次公開發售後購股權計劃」）分別獲授予購股權以認購1,500,000股、1,500,000股、1,000,000股、1,000,000股及1,000,000股股份，該等股份仍全部發行在外。獨立非執行董事王志強、林誠光、范駿華、張傑及吳德龍均已根據首次公開發售後購股權計劃分別獲授予購股權以分別認購300,000股股份。

DIRECTORS' REPORT

董事報告書

Long positions in associated corporation – Sinomax Enterprises

相聯法團的好倉－聖諾盟企業

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares 股份數目	Approximate percentage of shareholding ^(Note) 概約股權百分比 ^(附註)
LAM Chi Fan 林志凡	Beneficiary of The Frankie Trust Frankie信託的受益人	15	37.5%
CHEUNG Tung 張棟	Beneficiary of The Cheung's Family Trust 張氏家族信託的受益人	5	12.5%
CHEN Feng 陳楓	Beneficiary of The Feng Chen's Family Trust 陳楓家族信託的受益人	5	12.5%

Note: The above percentage is compiled based on the total number of 40 shares of Sinomax Enterprises in issue as at 31 December 2019, and the remaining 15 shares of Sinomax Enterprises in issue is owned by The James' Family Holding Limited, which is owned as to 100% by The James' Family Trust. The James' Family Trust is a discretionary trust established by CHEUNG Shui Ying, the mother of CHEUNG Tung, as settlor and Vistra acting as the trustee. The beneficiaries of The James' Family Trust are CHEUNG Shui Ying and her family members.

附註：上述百分比按於2019年12月31日聖諾盟企業已發行股份總數40股計算，而餘下15股聖諾盟企業已發行股份由The James' Family Holding Limited持有，而The James' Family Holding Limited由James家族信託擁有100%權益。The James' Family Trust乃張棟之母張水英創立之酌情信託，張水英為財產授予人，而Vistra為受託人。The James' Family Trust的受益人為張水英及其家族成員。

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period, had any rights to acquire benefits by means of the acquisition of shares or debentures of the Company been granted to any Director or their respective spouse or children under 18 years old, or had any such rights been exercised by them; or was the Company, its holding company or its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years old, to acquire such rights in any other body corporate.

董事購買股份的權利

除於本年報另有披露者外，於報告期內任何時間，概無向任何董事或彼等各自之配偶或18歲以下之子女賦予權力，以藉購入本公司股份或債券而獲益，且彼等亦無行使任何該等權力；而本公司、其控股公司或其附屬公司亦無參與任何安排，致使董事或彼等各自之配偶或18歲以下之子女可於任何其他法人團體獲得該等權利。

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, the following persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares as recorded in the register maintained by the Company under Section 336 of the SFO were as follows:

Long positions in Shares

Name of substantial Shareholders 主要股東名稱／姓名	Nature of interest 權益性質	Number of shares ⁽¹⁾ 股份數目 ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾ 概約股權百分比 ⁽²⁾
Sinomax Enterprises ⁽³⁾ 聖諾盟企業 ⁽³⁾	Beneficial owner 實益擁有人	1,275,906,000 (L)	72.91%
Chi Fan Holding Limited	Interest of a controlled corporation 受控制法團權益	1,275,906,000 (L) ⁽⁴⁾	72.91%
The James' Family Holding Limited	Interest of a controlled corporation 受控制法團權益	1,275,906,000 (L) ⁽⁵⁾	72.91%
Vistra ⁽⁶⁾	Trustee of various trusts 多個信託的受託人	1,275,906,000 (L)	72.91%
CHEUNG Shui Ying 張水英	Founder of a discretionary trust 酌情信託的成立人	1,275,906,000 (L) ⁽⁷⁾	72.91%
Li Ching Hau 李晶霞	Interest of spouse 配偶權益	1,277,406,000 (L) ⁽⁸⁾	72.99%

主要股東之權益

於2019年12月31日，有關人士（不包括本公司董事或最高行政人員）於股份或相關股份中擁有記錄於根據證券及期貨條例第336條所須存置的登記冊的權益或淡倉如下：

股份的好倉

DIRECTORS' REPORT

董事報告書

Notes:

1. The letter "L" denotes long position.
2. The percentage is compiled based on the total number of 1,750,002,000 Shares in issue as at 31 December 2019.
3. Sinomax Enterprises is legally owned as to 37.5%, 12.5%, 37.5% and 12.5% by Chi Fan Holding Limited, Wing Yiu Investments Limited, The James' Family Holding Limited and Venture Win Holdings Limited, respectively, and beneficially owned in the same proportion by The Frankie Trust, The Cheung's Family Trust, The James' Family Trust and The Feng Chen's Family Trust, respectively.
4. These Shares are held by Sinomax Enterprises, which is legally owned as to 37.5% by Chi Fan Holding Limited.
5. These Shares are held by Sinomax Enterprises, which is legally owned as to 37.5% by The James' Family Holding Limited.
6. Vistra acts as the trustee of The Frankie Trust, The James' Family Trust, The Cheung's Family Trust and The Feng Chen's Family Trust. The beneficiaries of The Frankie Trust are Mr. LAM Chi Fan and his family members. The beneficiaries of The Cheung's Family Trust are Mr. CHEUNG Tung and his family members. The beneficiaries of The James' Family Trust are Ms. CHEUNG Shui Ying and her family members. The beneficiaries of The Feng Chen's Family Trust are Mr. CHEN Feng and his family members.
7. These Shares are held by Sinomax Enterprises. Sinomax Enterprises is owned as to 37.5% by The James' Family Holding Limited, which is owned as to 100% by The James' Family Trust. The James' Family Trust is a discretionary trust established by Ms. CHEUNG Shui Ying as settlor and Vistra acting as the trustee. The beneficiaries of The James' Family Trust are Ms. CHEUNG Shui Ying and her family members.

附註：

1. 字母「L」指好倉。
2. 該百分比乃根據於2019年12月31日已發行股份總數為1,750,002,000股計算。
3. 聖諾盟企業分別由Chi Fan Holding Limited、Wing Yiu Investments Limited、The James' Family Holding Limited及Venture Win Holdings Limited擁有37.5%、12.5%、37.5%及12.5%法定權益，並分別由Frankie信託、張氏家族信託、James家族信託及陳楓家族信託擁有相同比例實益權益。
4. 該等股份屬聖諾盟企業所有，而聖諾盟企業乃由Chi Fan Holding Limited擁有37.5%法定權益。
5. 該等股份由聖諾盟企業擁有，而聖諾盟企業由The James' Family Holding Limited擁有37.5%法定權益。
6. Vistra擔任Frankie信託、James家族信託、張氏家族信託及陳楓家族信託的受託人。Frankie信託的受益人為林志凡先生及其家族成員。張氏家族信託的受益人為張棟先生及其家族成員。James家族信託的受益人為張水英女士及其家族成員。陳楓家族信託的受益人為陳楓先生及其家族成員。
7. 該等股份由聖諾盟企業擁有。聖諾盟企業由The James' Family Holding Limited擁有37.5%的權益，而The James' Family Holding Limited由James家族信託擁有100%權益。The James' Family Trust乃張水英女士創立的酌情信託，張水英女士為財產授予人，而Vistra為受託人。The James' Family Trust的受益人為張水英女士及其家族成員。

8. These interests belong to Mr. LAM Chi Fan, the spouse of Ms. LI Ching Hau. Under the SFO, Ms. LI Ching Hau is deemed to be interested in the same number of Shares which Mr. LAM Chi Fan is interested.

CONNECTED TRANSACTIONS

During the Reporting Period, the Group had continuing connected transactions and connected transactions with certain connected persons, certain details of which have been disclosed in the announcements of the Company dated 17 May 2019 and 18 November 2019. Certain continuing connected transactions are exempt from one or more of the reporting, announcement, shareholders' approval and annual review requirements for the purpose of Chapter 14A of the Listing Rules.

The following are the continuing connected transactions and connected transactions of the Group during the Reporting Period that are subject to the reporting and annual review requirements but otherwise exempt from the shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules:

Continuing Connected Transactions

- (i) *Lease agreement between Dongguan Sinohome Limited** (東莞賽諾家居用品有限公司) (“Dongguan Sinohome”) and *Dongguan Donglian Furniture Co., Ltd.** (東莞東聯傢俱有限公司) (“Dongguan Donglian”)

Dongguan Donglian is indirectly wholly-owned by Sinomax Enterprises, the controlling Shareholder of the Company. Dongguan Donglian is therefore an associate of Sinomax Enterprises and a connected person of the Company.

On 2 December 2013, Dongguan Sinohome, as tenant, entered into a lease agreement (the “**Lease Agreement of Dongguan Sinohome**”) with Dongguan Donglian, as landlord, for the lease of No. 1 Dajieling Road, Shahu Village, Tang Xia Town, Dongguan, Guangdong Province, PRC (the “**Dongguan Premises**”) for a term of slightly more than two years at a monthly rental of approximately RMB695,000.

8. 該等權益屬李晶霞女士的配偶林志凡先生所有。根據證券及期貨條例，李晶霞女士被視為於林志凡先生擁有權益的相同股份數目中擁有權益。

關連交易

於報告期內，本集團與若干關連人士進行持續關連交易及關連交易，其若干詳情於本公司日期為2019年5月17日及2019年11月18日的公佈中披露。若干持續關連交易就上市規則14A章而言獲豁免遵守一項或多項申報、公佈、股東批准及年度審核規定。

以下為本集團於報告期內根據上市14A章須遵守申報及年度審核規定，但獲豁免股東批准規定的持續關連交易及關連交易：

持續關連交易

- (i) 東莞賽諾家居用品有限公司 (「東莞賽諾家居用品」) 與東莞東聯傢俱有限公司 (「東莞東聯」) 之間的租賃協議

東莞東聯由本公司控股股東聖諾盟企業間接全資擁有。東莞東聯因此為聖諾盟企業的聯繫人士及本公司的關連人士。

於2013年12月2日，東莞賽諾家居用品 (作為承租人) 與東莞東聯 (作為業主) 就出租中國廣東省東莞塘廈鎮沙湖村大結嶺路1號 (「東莞物業」) 訂立租賃協議 (「東莞賽諾家居用品租賃協議」)，為期略長於兩年，月租為約人民幣695,000元。

DIRECTORS' REPORT

董事報告書

On 18 December 2015, Dongguan Sinohome entered into a renewal lease agreement (the "Renewal Dongguan Lease Agreement") with Dongguan Donglian for the lease of Dongguan Premises for a term of three years at a monthly rental of approximately RMB1.3 million after the expiry of the Lease Agreement of Dongguan Sinohome.

On 18 December 2018, Dongguan Sinohome entered into a renewal lease agreement (the "2019-2021 Dongguan Lease Agreement") with Dongguan Donglian for the lease of Dongguan Premises for a term of three years at a monthly rental of approximately RMB660,000 after the expiry of the Renewal Dongguan Lease Agreement.

Details of the terms of the 2019-2021 Dongguan Lease Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 18 December 2018.

The annual cap determined by the Directors with respect to the maximum annual amount of rental payable by the Group under the 2019-2021 Dongguan Lease Agreement for each of the years ended 31 December 2019 and ending 31 December 2020 and 2021 was RMB7.92 million, respectively. The rental amount paid by the Group to Dongguan Donglian pursuant to the 2019-2021 Dongguan Lease Agreement for the year ended 31 December 2019 was approximately RMB7.92 million (equivalent to approximately HK\$8.98 million)

於東莞賽諾家居用品租賃協議屆滿後，東莞賽諾家居用品於2015年12月18日就租賃東莞物業與東莞東聯訂立重續租賃協議（「重續東莞租賃協議」），租期為三年，每月租金為約人民幣1.3百萬元。

於重續東莞租賃協議屆滿後，東莞賽諾家居用品於2018年12月18日就租賃東莞物業與東莞東聯訂立重續租賃協議（「2019年至2021年東莞租賃協議」），租期為三年，每月租金為約人民幣660,000元。

有關2019年至2021年東莞租賃協議之條款及其項下擬進行交易之詳情載於本公司日期為2018年12月18日的公佈。

董事就於截至2019年12月31日以及2020年及2021年12月31日止年度各年根據2019年至2021年東莞租賃協議項下之本集團應付的最高年度租金釐定的年度上限分別為人民幣7.92百萬元。於截至2019年12月31日止年度，本集團根據2019年至2021年東莞租賃協議向東莞東聯支付租金約人民幣7.92百萬元（相當於約8.98百萬港元）。

(ii) *Sale of foam products by Sinomax Trading and Studio Moderna S.A (“Studio Moderna”)*

Studio Moderna is the holding company of SMSA North America Holdings, LLC which holds 48.69% equity interest in Dormeo, an indirect non-wholly owned subsidiary of the Company. As a substantial shareholder of a subsidiary of the Company, Studio Moderna is a connected person of the Company. Each subsidiary of Studio Moderna is an associate of Studio Moderna and hence a connected person of the Company.

On 30 December 2016, Sinomax Trading entered into a renewed procurement agreement (the “**2017 Renewal Procurement Agreement**”) with Studio Moderna to govern the sale and purchase of polyurethane foams between Sinomax Trading and Studio Moderna after the expiry of the procurement agreement entered into with Studio Moderna in 2016 (the “**Procurement Agreement**”). Parties to the Procurement Agreement would, from time to time, agree to a price list setting out the price, specifications and delivery schedule in respect of each type of foam products, which the purchase orders must adhere to.

On 19 December 2017, Sinomax Trading and Studio Moderna entered into a renewed procurement agreement (the “**2018 Renewal Procurement Agreement**”) in relation to the continuing supply of foam products by the Group to Studio Moderna and its subsidiaries for a term commencing from 1 January 2018 and ending on 31 December 2018.

On 17 May 2019, Sinomax Trading and Studio Moderna entered into a renewed procurement agreement (the “**2019-2020 Studio Moderna Procurement Agreement**”) in relation to the continuing supply of foam products by the Group to Studio Moderna and its subsidiaries for a term commencing from 1 January 2019 and ending on 31 December 2020.

(ii) *聖諾盟貿易及Studio Moderna S.A (「Studio Moderna」)出售泡沫產品*

Studio Moderna為SMSA North America Holdings, LLC之控股公司，而SMSA North America Holdings, LLC持有本公司的間接非全資附屬公司Dormeo的48.69%股權。由於Studio Moderna為本公司一間附屬公司的主要股東，Studio Moderna為本公司的關連人士。Studio Moderna旗下各間附屬公司為Studio Moderna的聯繫人，故為本公司的關連人士。

於2016年12月30日，聖諾盟貿易與Studio Moderna訂立一份重續採購協議（「**2017年重續採購協議**」）以規管2016年與Studio Moderna訂立之採購協議（「**採購協議**」）到期後聖諾盟貿易與Studio Moderna之間的聚氨酯泡沫買賣。採購協議訂約各方將不時協定一個價單，列明各類泡沫產品的價格、規格及付運時間表，而採購訂單必須以此為據。

於2017年12月19日，聖諾盟貿易與Studio Moderna訂立一份重續採購協議（「**2018年重續採購協議**」），內容有關本集團向Studio Moderna及其附屬公司持續供應泡沫產品，期限由2018年1月1日起直至2018年12月31日止。

於2019年5月17日，聖諾盟貿易與Studio Moderna訂立一份重續採購協議（「**2019年至2020年Studio Moderna採購協議**」），內容有關本集團向Studio Moderna及其附屬公司持續供應泡沫產品，期限由2019年1月1日起直至2020年12月31日止。

DIRECTORS' REPORT

董事報告書

Details of the terms of the 2017 Renewal Procurement Agreement, the 2018 Renewal Procurement Agreement, 2019-2020 Studio Moderna Procurement Agreement and the transactions contemplated thereunder were set out in the announcements of the Company dated 30 December 2016, 6 January 2017, 19 December 2017 and 17 May 2019, respectively.

The annual cap determined by the Directors in respect of the annual maximum aggregate value for such continuing connected transactions under the 2017 Renewal Procurement Agreement, the 2018 Renewal Procurement Agreement and 2019-2020 Studio Moderna Procurement Agreement for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019 was USD30 million, respectively. The total amount of sales to Studio Moderna pursuant to the 2019-2020 Studio Moderna Procurement Agreement for the year ended 31 December 2019 was approximately USD2.8 million (equivalent to approximately HK\$21.8 million).

(iii) *Sale of foams by the Company to Gu Jia Household Co., Limited** (顧家家居股份有限公司) (“Gu Jia Household”)

Sinomax Kuka is an indirect non-wholly owned subsidiary of the Company and is owned as to 40% by Gu Jia Household. As a substantial shareholder of a subsidiary of the Company, Gu Jia Household is a connected person of the Company. As such, each subsidiary of Gu Jia Household is an associate of Gu Jia Household and hence a connected person of the Company.

2017年重續採購協議、2018年重續採購協議及2019年至2020年Studio Moderna採購協議條款以及據此擬進行之交易詳請列載於本公司日期為2016年12月30日、2017年1月6日、2017年12月19日及2019年5月17日之公佈。

董事就於截至2017年12月31日、2018年12月31日及2019年12月31日止年度各年於2017年重續採購協議、2018年重續採購協議及2019年至2020年Studio Moderna採購協議項下之該等持續關連交易之年度最高價值總額釐定的年度上限分別為30百萬美元。於截至2019年12月31日止年度，根據2019年至2020年Studio Moderna採購協議向Studio Moderna銷售之總額約為2.8百萬美元（相當於約21.8百萬港元）。

(iii) 本公司向顧家家居股份有限公司（「顧家家居」）銷售泡沫

聖諾盟顧家為本公司的間接非全資附屬公司，並由顧家家居擁有40%。由於顧家家居為本公司旗下一間附屬公司的主要股東，顧家家居為本公司的關連人士。因此，顧家家居旗下各間附屬公司為顧家家居的聯繫人，故為本公司的關連人士。

On 30 December 2016, Haining Sinomax Trading Co. Limited (“**Haining Sinomax**”) and Sinomax Kuka entered into a procurement agreement (the “**Original Haining Procurement Agreement**”) with Gu Jia Household and its subsidiaries to govern the sale and purchase of polyurethane foams between Haining Sinomax, Sinomax Kuka and Gu Jia Household and its subsidiaries, after the expiry of the procurement agreement between, among others, Haining Sinomax and Gu Jia Household entered into in 2015. On 1 November 2017, the Original Haining Procurement Agreement was superseded by a revised procurement agreement (the “**Revised Haining Procurement Agreement**”).

On 30 December 2016, Sinomax Zhejiang, an indirect wholly-owned subsidiary of the Company, entered into a renewed procurement agreement (the “**2017 Renewal Zhejiang Procurement Agreement**”) with Hangzhou Gu Jia Bedding Co., Limited* (“**Gu Jia Bedding**”) (杭州顧家寢具有限公司), a direct wholly-owned subsidiary of Gu Jia Household, to govern the sale and purchase of polyurethane foams between Sinomax Zhejiang and Gu Jia Bedding, after the expiry of the procurement agreement between Sinomax Zhejiang and Gu Jia Bedding entered into in 2016.

On 19 December 2017, in view of the prospective expiry of the Original Haining Procurement Agreement (as superseded by the Revised Haining Procurement Agreement) and the 2017 Renewal Zhejiang Procurement Agreement on 31 December 2017, the Company as supplier entered into a new procurement agreement (the “**2018-2020 Gu Jia Procurement Agreement**”) with Gu Jia Household as purchaser for the sale and purchase of polyurethane foams for the three financial years commencing from 1 January 2018 and ending on 31 December 2020.

Details of the terms of the 2018-2020 Gu Jia Procurement Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 19 December 2017.

於(其中包括)海寧聖諾盟與顧家家居於2015年訂立之採購協議屆滿後,海寧聖諾盟貿易有限公司(「**海寧聖諾盟**」)及聖諾盟顧家與顧家家居及其附屬公司於2016年12月30日訂立採購協議(「**原海寧採購協議**」),以規管海寧聖諾盟、聖諾盟顧家與顧家家居及其附屬公司之間買賣聚氨酯泡沫。於2017年11月1日,原海寧採購協議由經修訂採購協議(「**經修訂採購協議**」)取代。

於賽諾浙江(本公司之間接全資附屬公司)與杭州顧家寢具有限公司(「**顧家寢具**」,顧家家居之直接全資附屬公司)於2016年訂立之採購協議屆滿後,賽諾浙江與顧家寢具於2016年12月30日訂立重續採購協議(「**2017年重續浙江採購協議**」),以規管賽諾浙江與顧家寢具之間買賣聚氨酯泡沫。

於2017年12月19日,鑒於原海寧採購協議(由經修訂海寧採購協議取代)及2017年重續浙江採購協議即將於2017年12月31日屆滿,本公司(作為供應商)與顧家家居(作為買方)訂立新採購協議(「**2018年至2020年顧家採購協議**」),於由2018年1月1日開始至2020年12月31日結束的三個財政年度買賣聚氨酯泡沫。

有關2018年至2020年顧家採購協議條款及其項下擬進行交易之詳情載於本公司日期為2017年12月19日的公佈。

DIRECTORS' REPORT

董事報告書

The annual caps determined by the Directors in respect of the annual maximum aggregate value for such continuing connected transaction under the 2018-2020 Gu Jia Procurement Agreement as follows:

For the year ended 31 December 2018 截至2018年12月31日止年度	For the year ended 31 December 2019 截至2019年12月31日止年度	For the year ending 31 December 2020 截至2020年12月31日止年度
RMB305.8 million 人民幣305.8百萬元	RMB376.2 million 人民幣376.2百萬元	RMB437.8 million 人民幣437.8百萬元

董事就2018年至2020年顧家採購協議下有關於持續關連交易的年度最高總值釐定的年度上限如下所示：

The total amount of sales to Gu Jia Household pursuant to the 2018-2020 Gu Jia Procurement Agreement for the year ended 31 December 2019 was approximately RMB202.0 million (equivalent to approximately HK\$229.1 million).

於截至2019年12月31日止年度，根據2018年至2020年顧家採購協議向顧家家居銷售之總額約為人民幣202.0百萬元（相當於約229.1百萬港元）。

Pursuant to rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions for the Reporting Period and confirmed that the transactions had been entered into:

根據上市規則第14A.55條，獨立非執行董事已審閱上述於報告期內的持續關連交易及確認交易乃按以下基準訂立：

- (a) in the ordinary and usual course of the business of the Group;
- (b) on normal commercial terms; and
- (c) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

- (a) 於本集團日常及一般業務過程中；
- (b) 按正常商業條款；及
- (c) 根據其相關監管協議，而其條款為公平合理，並符合本公司及股東整體利益。

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions Under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued the unqualified letters containing the findings and conclusions in respect of the above continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

本公司核數師獲委聘按照香港會計師公會頒佈的香港核證工作準則第3000號（修訂本）「審核或審閱歷史財務資料以外的核證工作」及參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」匯報本集團的持續關連交易。核數師已根據上市規則第14A.56條發出無保留意見函件，載列其就上述持續關連交易之發現及結論。

Copies of the auditor's letters had been provided by the Company to the Stock Exchange.

本公司已向聯交所提供核數師函件副本。

Connected Transaction

(a) Disposal of 51% equity interest in Chengdu Xingang

Chengdu Xingang is a company established in the PRC with limited liability and was owned as to 51% and 49% by Sinomax Zhejiang and Mr. Liu Jiaming ("Mr. Liu"). Mr. Liu, being a director of Chengdu Xingang and legally and beneficially owned 49% equity interest in Chengdu Xingang, was a substantial shareholder of Chengdu Xingang and was therefore a connected person of the Company.

On 15 November 2019, Sinomax Zhejiang entered into a share purchase agreement (the "Share Purchase Agreement") with Mr. Liu, pursuant to which Sinomax Zhejiang conditionally agreed to sell, and Mr. Liu conditionally agreed to acquire, 51% equity interest in Chengdu Xingang at the consideration of RMB157,000,000 (equivalent to approximately HK\$176,891,000) (the "Consideration") subject to the terms and conditions therein.

Pursuant to the Share Purchase Agreement, upon completion, Mr. Liu and Sinomax Zhejiang shall enter into a share pledge agreement, pursuant to which 51% equity interest in Chengdu Xingang shall be pledged by Mr. Liu to Sinomax Zhejiang to secure the payment of the Consideration in full by Mr. Liu. The Group recorded a gain on disposal of approximately HK\$44.1 million, being the difference between the Consideration and the net asset value of Chengdu Xingang.

Details of the terms of the Share Purchase Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 18 November 2019 and the circular of the Company dated 9 December 2019.

關連交易

(a) 出售成都新港51%之股權

成都新港為於中國成立之有限公司，由賽諾浙江及劉家明先生（「劉先生」）分別擁有51%及49%權益。劉先生（為成都新港之董事）合法及實益擁有成都新港之49%股權，且為成都新港之主要股東，因此為本公司之關連人士。

於2019年11月15日，賽諾浙江與劉先生訂立購股協議（「購股協議」），據此，在購股協議之條款及條件規限下，賽諾浙江已有條件同意出售，而劉先生已有條件同意收購成都新港之51%股權，代價為人民幣157,000,000元（相當於約176,891,000港元）（「代價」）。

根據購股協議，於完成後，劉先生及賽諾浙江將訂立股份質押協議，據此，劉先生將向賽諾浙江質押成都新港之51%股權，以擔保劉先生悉數支付代價。本集團錄得出售收益約44,100,000港元，即代價與成都新港資產淨值之間的差額。

有關購股協議之條款及其項下擬進行交易之詳情載於本公司日期為2019年11月18日的公佈及本公司日期為2019年12月9日的通函。

DIRECTORS' REPORT

董事報告書

(b) *Lease agreement between Sinomax Kuka and Zhejiang Puruimei Industry Co., Ltd.**
(浙江普瑞美實業有限公司) (“Zhejiang Puruimei”)

Sinomax Kuka is an indirect non-wholly-owned subsidiary of the Company. Zhejiang Puruimei is indirectly wholly-owned by Mr. Qian Hong Xiang (“Mr. Qian”), who is a director of several indirect non-wholly-owned subsidiaries of the Company, namely, Trade Sincere Limited (“Trade Sincere”) and Sinomax Kuka and a substantial shareholder of Trade Sincere. Zhejiang Puruimei is therefore an associate of Mr. Qian and a connected person of the Company.

On 1 January 2018, Sinomax Kuka entered into a lease agreement (the “Existing Haining Lease Agreement”) with Zhejiang Puruimei for a fixed term commencing from 1 January 2018 and ending on 31 December 2020 at a monthly rent (exclusive of management fees and other outgoing charges and expenses) of RMB411,522.80 (equivalent to approximately HK\$452,675.08), subject to an increase at the rate of 5% annually.

On 15 November 2019, Sinomax Kuka entered into a supplemental lease agreement (the “Supplemental Haining Lease Agreement”) with Zhejiang Puruimei, pursuant to which Zhejiang Puruimei agreed to lease to Sinomax Kuka: (i) the second floor of a certain building situated on the parcel of land situated at No. 99, Qi Chao Road, Haining Agriculture Foreign Integrated Development Area, Zhejiang, the PRC* (中國浙江省海寧農業對外綜合開放區啟潮路99號) (the “Land”) with an aggregate area of approximately 2,706 sq.m. for a fixed term commencing from 16 November 2019 to 30 August 2020; and (ii) certain buildings and warehouses situated on the Land with an aggregate area of approximately 6,469 sq.m. for a fixed term commencing from 16 November 2019 to 31 December 2020, at a monthly rent (exclusive of management fees and other outgoing charges and expenses) of RMB48,302.10 (equivalent to approximately HK\$53,132.31) and RMB149,242.88 (equivalent to approximately HK\$164,167.17), respectively.

(b) *聖諾盟顧家與浙江普瑞美實業有限公司*
(「浙江普瑞美」)之間的租賃協議

聖諾盟顧家為本公司之間接非全資附屬公司。浙江普瑞美由錢洪祥先生(「錢先生」)間接全資擁有，而錢先生為本公司若干間接非全資附屬公司(即貿誠有限公司(「貿誠」)及聖諾盟顧家)之董事，並為貿誠之主要股東。因此，浙江普瑞美為錢先生之聯繫人，為本公司之關連人士。

於2018年1月1日，聖諾盟顧家與浙江普瑞美訂立租賃協議(「現有海寧租賃協議」)，固定年期由2018年1月1日起至2020年12月31日，月租(不包括管理費及其他支出費用及開支)為人民幣411,522.80元(相當於約452,675.08港元)，可按每年5%之比率增加。

於2019年11月15日，聖諾盟顧家與浙江普瑞美訂立補充租賃協議(「補充海寧租賃協議」)，據此，浙江普瑞美已同意向聖諾盟顧家出租：(i)位於中國浙江省海寧農業對外綜合開放區啟潮路99號的一幅土地(「土地」)上的若干樓宇的第二層，總面積為約2,706平方米，固定年期由2019年11月16日起至2020年8月30日；及(ii)位於土地上的若干樓宇及倉庫，總面積約為6,469平方米，固定年期由2019年11月16日起至2020年12月31日，月租(不包括管理費及其他支出費用及開支)分別為人民幣48,302.10元(相當於約53,132.31港元)及人民幣149,242.88元(相當於約164,167.17港元)。

Pursuant to Rule 14A.81 of the Listing Rules, since the Existing Haining Lease Agreement and the Supplemental Haining Lease Agreement are related in substance and entered into between the same parties, the Existing Haining Lease Agreement and the Supplemental Haining Lease Agreement shall be aggregated as if they were one transaction.

Furthermore, pursuant to HKFRS 16, leases shall be recognised as right-of-use assets in the Group's consolidated statement of financial position for the accounting period on or after 1 January 2019. Accordingly, the entering into of the Existing Haining Lease Agreement and the Supplemental Haining Lease Agreement by the Group shall be regarded as an one-off acquisition of assets of the Group under Rule 14A.24(1) of the Listing Rules.

Details of the terms of the Existing Haining Lease Agreement and the Supplemental Lease Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 18 November 2019.

In the opinion of the Board, the Company has complied with the requirements under Chapter 14A of the Listing Rules in respect of all the continuing connected transactions and connected transaction entered into by the Group during the Reporting Period and all of the above continuing connected transactions and connected transaction were entered into in the manners stated above.

根據上市規則第14A.81條，由於現有海寧租賃協議及補充海寧租賃協議內容相關且由相同訂約方訂立，故現有海寧租賃協議及補充海寧租賃協議須予合併計算，猶如其為一項交易。

此外，根據香港財務報告準則第16號，租賃須於本集團於2019年1月1日或之後之會計期間之綜合財務狀況表內確認為使用權資產。因此，本集團訂立現有海寧租賃協議及補充海寧租賃協議須根據上市規則第14A.24(1)條被視為本集團之一次性資產收購事項。

有關現有海寧租賃協議及補充租賃協議之條款及其項下擬進行交易之詳情載於本公司日期為2019年11月18日的公佈。

董事會認為，本公司已就本集團於報告期訂立之所有持續關連交易及關連交易遵守上市規則第14A章項下之規定，而所有上述持續關連交易及關連交易按上述方式訂立。

DIRECTORS' REPORT

董事報告書

BUSINESS REVIEW

A fair review of the business of the Group and an analysis of the Group financial performance for the Reporting Period using financial key performance indicators can be found in the "Financial Highlights" and "Management Discussion and Analysis" sections on pages 6 to 7 and pages 10 to 20 of this annual report respectively.

Environmental Policy and Performance

In conducting the business, the Group's objective is to minimize the adverse effects of its operations on the environment. In addition, in order to comply with the applicable environmental protection laws, the Group has established an environmental management system in its operations in accordance with ISO 14001:2004 international standards and obtained ISO 14001 certification. The environmental management system will be reviewed from time to time in order to reduce risks related to environmental issues. The Group has complied with a number of PRC environmental protection laws in connection with water pollutants, air pollutants, solid waste pollutants, as well as noise pollution generated from its manufacturing operations. During the Reporting Period, the Group was in compliance with the applicable PRC laws and regulations on environmental laws and was not subject to any fines or legal action resulting from incidents of non-compliance with any applicable PRC environmental regulations, nor was there any threatened or pending action by any PRC environmental regulatory authority.

Other green initiatives and measures have been adopted by the Group to control the use of energy and resources in the production, business operation and management activities so as to achieve economic benefit. Such initiatives include reducing manufacturing wastes by using scrap foams to produce pillows and mattresses, reducing electricity consumption by using the LED lightings and by using the diesel hot water system operated by solar energy, recycling of used papers, creating a paperless work environment and promoting water saving practices.

業務回顧

本集團業務的一般回顧及有關使用財務關鍵表現指標對本集團於報告期之財務表現之分析分別載於本年報第6至7頁「財務摘要」及第10至20頁「管理層討論與分析」章節內。

環境政策及表現

於從事商業活動中，本集團目標乃為將本集團營運對環境造成之不利影響降至最低。此外，為確保符合適用之環保法律，本集團已根據ISO 14001:2004國際標準就本集團的營運建立環境管理體系，並取得ISO 14001認證。該環境管理體系將不時受到檢討以降低環境相關事宜的風險。本集團已遵守與污水、大氣污染、固體廢物及生產營運中產生之噪音污染相關之多條中國環保法律。於報告期內，本集團遵守適用之中國環境法規，並無因違反任何適用之中國環境法規而須繳納任何罰款或出現法律訴訟，亦無面臨或有任何未了結之任何中國環境監管機構之訴訟。

本集團已採納其他綠色倡議及措施以控制生產、業務營運及管理活動中耗用之能源及資源，藉以實現經濟效益。該等倡議包括透過使用泡沫碎片生產枕頭及床墊減少生產廢料，透過使用LED燈及太陽能發電的柴油熱水系統減少耗電，紙張循環再用，創造無紙化工作環境及節水實務。

Compliance with Relevant Laws and Regulations

During the Reporting Period, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Relationship with Employees, Suppliers, Customers, and other Stakeholders

Details of the Group's relationship with employees, suppliers, customers and other stakeholders are set out in the Environmental, Social and Governance Report on pages 84 to 132 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

(I) Risk of customer concentration

Sales to the Group's top five customers accounted for approximately 32.3% (FY2018: 35.8%) of the Group's total revenue, with one customer in the Group's export sales segment accounted for approximately 12.1% (FY2018: 13.8%) of the Group's total revenue.

The Group has not entered into any long-term agreements with these top five customers. Their purchases are on an order-by-order basis. The Group cannot assure that it will be able to maintain stable relationships with its key customers. A substantial decrease of purchases could adversely affect product sales, financial condition and results of operations of the Group.

遵守相關法律及法規

於報告期間，據本公司所知，本集團並無重大違反或不遵守適用法律法規，從而對本集團的業務及營運產生重大影響。

與僱員、供應商、客戶及其他利益相關者的關係

本集團與僱員、供應商、客戶及其他利益相關者的關係之詳情載於本年報第84至132頁環境、社會及管治報告。

主要風險及不確定因素

(I) 與客戶集中相關的風險

向本集團五大客戶的銷售佔本集團總收入約32.3%（2018年財政年度：35.8%），而向本集團出口銷售市場分部的一名客戶的銷售佔本集團總收入約12.1%（2018年財政年度：13.8%）。

本集團並未與該五大客戶訂立任何長期協議。彼等採購乃按個別訂單進行。本集團無法保證其能與其主要客戶維持穩定關係。採購額大幅減少或會對本集團的產品銷售、財務狀況及經營業績造成不利影響。

DIRECTORS' REPORT

董事報告書

The Group will continue to diversify its customer portfolio by actively searching for new customers and seeking opportunities for strategic acquisition in order to capture more customers in different markets.

(2) Risk of changing in the economic conditions

To manage the risk of economic fluctuation in the world, the Group is trying to diversify its investment geographically. In particular, the Group's factories in the US and Vietnam have started operations and are expected to generate profit in the future.

(3) Risk of deterioration in the value of the Group brands

The Group is dependent on the goodwill in its brands for the continued success and growth of its business. In particular, the Group relies on sales of its "Sinomax" branded products in Hong Kong and the PRC, and products under other brands owned by or licensed to it in other territories. Adverse publicity or regulatory or legal action against the Group could damage the reputation and brand images of and discourage long-term demand for the Group's products.

The Group continues to adopt its strategy to promote its brand names through different marketing schemes. The Group also uses multi brands strategy to promote more brands like "Zeosleep", "PureLUX", "Dream Serenity", "ComforZen", "Customizer", "Spa Supreme" and "Tung Ah" so as to reduce the risk and deterioration of a particular brand.

本集團將繼續積極物色新客戶，尋求戰略性收購事項機遇，豐富客戶組合，以吸納來自不同市場的更多新客戶。

(2) 與經濟狀況改變相關的風險

為管理世界範圍內經濟波動的風險，本集團正試圖實現地域投資多元化。尤其是，本集團在美國及越南的廠房開始營運，預期於未來產生溢利。

(3) 與本集團品牌貶值相關的風險

本集團業務的持續成功及增長有賴於品牌的商譽。尤其是，本集團依賴「Sinomax」品牌產品於香港及中國的銷售及其他自有或授權品牌產品於其他地區的銷售。有關針對本集團的不利宣傳或監管或法律行動可能會損害本集團的聲譽和品牌形象，削弱本集團產品的長遠需求。

本集團繼續採用策略以持續藉不同市場營銷計劃推廣品牌名稱。本集團亦使用多個品牌策略推廣更多諸如「Zeosleep」、「PureLUX」、「Dream Serenity」、「ComforZen」、「Customizer」、「Spa Supreme」及「東亞」等品牌，以降低某一品牌的風險及貶值。

(4) Risk of volatility in the pricing of raw materials

The Group is exposed to commodity price risks resulting from fluctuation of prices of chemicals including polypropylene glycol and toluene diisocyanate, which are the principal raw materials for the production of polyurethane foams. The Group has not entered into any long-term agreement with any of its raw materials suppliers, nor has it entered into any hedging arrangements or transactions to reduce the exposure to fluctuations in raw materials costs.

The Group implements a cost-plus pricing policy in the segments of export sales and polyurethane foam sales. Price quotations for orders are negotiated in an order-by-order basis. In determining the product prices, the Group usually takes into account of various factors such as production costs (including costs of raw materials), production cycle, transportation costs, product types and specification, market price and global economic conditions.

(5) Risk of legal, regulatory and compliance

The Group's business is subject to Hong Kong, PRC, Vietnam and US laws and regulations. Any failure to comply with laws and regulations could result in legal proceedings and expose us the civil and/or criminal liabilities. The long term development of our business largely depends on a steady legal environment. Unanticipated changes in policies and regulatory practices may adversely affect our business. The Group will continue to manage and ensure the highest compliance standard with first-rate independent legal services.

(4) 與原材料價格波動相關的風險

本集團面臨因化學物質（包括聚丙二醇及甲苯二異氰酸酯，即生產聚氨酯泡沫的主要原材料）價格波動所導致的商品價格風險。本集團並無與任何原材料供應商訂立任何長期協議，亦無訂立任何對沖安排或交易以減低本集團承受原材料成本波動的風險。

本集團於出口銷售及聚氨酯泡沫銷售分部實行成本加成基準的定價政策。本集團按個別訂單基準協商訂單報價。於釐定產品價格時，本集團通常會考慮多項因素，如生產成本（包括原材料成本）、生產週期、運輸成本、產品類型及規格、市場價格及全球經濟狀況。

(5) 與法律、規管及合規相關的風險

本集團的業務須遵守香港、中國、越南及美國的法律法規。任何無法遵從法律及規管的情況都可能引致法律訴訟並可能遭受民事及／或刑事責任。我們業務的長期發展大致取決於穩定的法律環境。政策或規管守則出現意料之外的改變可能會對我們的業務造成負面影響。本集團將繼續進行合規管理並取得最佳的獨立法律服務以確保達致最高的合規標準。

DIRECTORS' REPORT

董事報告書

PROSPECTS

A description of the likely future development in the Group's business is provided in the "Management Discussion and Analysis" section on pages 10 to 20 of this annual report.

SHARE OPTION SCHEMES

(i) The Pre-IPO Share Option Scheme

On 13 December 2013, the Pre-IPO Share Option Scheme which complies with the requirements of Chapter 17 of the Listing Rules was adopted by the Shareholders.

The Pre-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that the eligible participants under the scheme have or may have made to the Company.

The eligible participants include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the opinion of the Directors, will contribute or have contributed to the Company and/or any of its subsidiaries.

Upon acceptance of the share option, the grantee shall pay HK\$1 to the Company by way of consideration for the grant.

展望

有關本集團業務可能的未來發展的描述載於本年報第10至20頁的「管理層討論與分析」一節。

購股權計劃

(i) 首次公開發售前購股權計劃

於2013年12月13日，符合上市規則第17章的首次公開發售前購股權計劃獲股東採納。

首次公開發售前購股權計劃為一項股份獎勵計劃，旨在肯定及認可該計劃項下的合資格參與者對本公司已作出或可能已作出的貢獻。

合資格參與者包括本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員（包括執行、非執行及獨立非執行董事），以及董事全權認為將會或已對本公司及／或其附屬公司作出貢獻的任何供應商、客戶、諮詢顧問、代理及顧問。

於接納購股權後，承授人將向本公司支付1港元作為獲授購股權的代價。

On 13 December 2013, the Company was authorised to grant share options to 140 eligible participants to subscribe for an aggregate of 34,918,000 Shares under the Pre-IPO Share Option Scheme. In February 2014, the Company granted share options to 137 eligible participants to subscribe for an aggregate of 34,903,000 Shares.

The subscription price of a share in respect of any particular share option offered under the Pre-IPO Share Option Scheme shall be a price representing 30% discount to the Offer Price (as defined in the Prospectus).

The share options granted to each grantee under the Pre-IPO Share Option Scheme shall be vested equally in five tranches commencing on the Listing Date and on each of the first, second, third and fourth anniversary of the Listing Date. The grantees to whom a share option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise the share option any time after the share option has been vested but in any event on or before the date falling on the fifth anniversary of the Listing Date. The share options granted under the Pre-IPO Share Option Scheme are not transferable and share options not exercised within the exercise period will lapse and cease to be of further effect.

The Pre-IPO Share Option Scheme expired on 10 July 2014 and ceased to have effect after 10 July 2014. All share options granted under the Pre-IPO Share Option Scheme lapsed on 10 July 2019, being the fifth anniversary of the Listing Date and are no longer valid nor exercisable.

於2013年12月13日，本公司獲授權向首次公開發售前購股權計劃項下140名合資格參與者授出合共可認購34,918,000股股份的購股權。於2014年2月，本公司向137名合資格參與者授出合共可認購34,903,000股股份的購股權。

根據首次公開發售前購股權計劃發售之任何特定購股權涉及之股份之認購價將相當於發售價（定義見招股章程）折讓30%之價格。

根據首次公開發售前購股權計劃授予每名承授人的購股權將自上市日期開始，於上市日期首個週年日、第二個週年日、第三個週年日及第四個週年日平均分五批歸屬。根據首次公開發售前購股權計劃獲授購股權的承授人將有權於購股權獲歸屬後（惟在任何情況下須於上市日期第五個週年日當日或之前）隨時行使購股權。根據首次公開發售前購股權計劃授出的購股權不可轉讓，及於行使期間尚未行使的購股權將失效及不再具有其他效力。

首次公開發售前購股權計劃已於2014年7月10日屆滿，及於2014年7月10日後不再具有效力。所有根據首次公開發售前購股權計劃授出之購股均已於2019年7月10日（即上市日期之第五個週年）失效且無法行使。

DIRECTORS' REPORT

董事報告書

The following tables disclose details of movements of share options granted under the Pre-IPO Share Option Scheme:

下表披露根據首次公開發售前購股權計劃授出的購股權變動詳情：

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2019	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 31 Dec 2019
承授人	授出日期	歸屬期	行使期	每股行使價	於2019年1月1日尚未行使	於報告期內授出	於報告期內失效	於報告期內行使	於2019年12月31日尚未行使
LAM Chi Fan (<i>Chairman</i>) 林志凡 (董事長)	10 Feb 2014	10 Feb 2014 – 10 Jul 2014	10 Jul 2014 – 10 Jul 2019	0.74	1,330,000	–	(1,330,000)	–	0
	2014年2月10日	2014年2月10日 – 2014年7月10日	2014年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2015	10 Jul 2015 – 10 Jul 2019	0.74	1,330,000	–	(1,330,000)	–	0
	2014年2月10日	2014年2月10日 – 2015年7月10日	2015年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2016	10 Jul 2016 – 10 Jul 2019	0.74	1,330,000	–	(1,330,000)	–	0
2014年2月10日	2014年2月10日 – 2016年7月10日	2016年7月10日 – 2019年7月10日							
10 Feb 2014	10 Feb 2014 – 10 Jul 2017	10 Jul 2017 – 10 Jul 2019	0.74	1,330,000	–	(1,330,000)	–	0	
2014年2月10日	2014年2月10日 – 2017年7月10日	2017年7月10日 – 2019年7月10日							
10 Feb 2014	10 Feb 2014 – 10 Jul 2018	10 Jul 2018 – 10 Jul 2019	0.74	1,330,000	–	(1,330,000)	–	0	
2014年2月10日	2014年2月10日 – 2018年7月10日	2018年7月10日 – 2019年7月10日							
CHEUNG Tung (<i>President</i>) 張棟 (總裁)	10 Feb 2014	10 Feb 2014 – 10 Jul 2014	10 Jul 2014 – 10 Jul 2019	0.74	1,275,240	–	(1,275,240)	–	0
	2014年2月10日	2014年2月10日 – 2014年7月10日	2014年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2015	10 Jul 2015 – 10 Jul 2019	0.74	1,275,240	–	(1,275,240)	–	0
	2014年2月10日	2014年2月10日 – 2015年7月10日	2015年7月10日 – 2019年7月10日						
	10 Feb 2014	10 Feb 2014 – 10 Jul 2016	10 Jul 2016 – 10 Jul 2019	0.74	1,275,240	–	(1,275,240)	–	0
2014年2月10日	2014年2月10日 – 2016年7月10日	2016年7月10日 – 2019年7月10日							
10 Feb 2014	10 Feb 2014 – 10 Jul 2017	10 Jul 2017 – 10 Jul 2019	0.74	1,275,240	–	(1,275,240)	–	0	
2014年2月10日	2014年2月10日 – 2017年7月10日	2017年7月10日 – 2019年7月10日							
10 Feb 2014	10 Feb 2014 – 10 Jul 2018	10 Jul 2018 – 10 Jul 2019	0.74	1,275,240	–	(1,275,240)	–	0	
2014年2月10日	2014年2月10日 – 2018年7月10日	2018年7月10日 – 2019年7月10日							

DIRECTORS' REPORT

董事報告書

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2019	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 31 Dec 2019
承授人	授出日期	歸屬期	行使期	每股行使價	於2019年1月1日尚未行使	於報告期內授出	於報告期內失效	於報告期內行使	於2019年12月31日尚未行使
CHEN Feng 陳楓	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2014 2014年2月10日 – 2014年7月10日	10 Jul 2014 – 10 Jul 2019 2014年7月10日 – 2019年7月10日	0.74	610,000	–	(610,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2015 2014年2月10日 – 2015年7月10日	10 Jul 2015 – 10 Jul 2019 2015年7月10日 – 2019年7月10日	0.74	610,000	–	(610,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2016 2014年2月10日 – 2016年7月10日	10 Jul 2016 – 10 Jul 2019 2016年7月10日 – 2019年7月10日	0.74	610,000	–	(610,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2017 2014年2月10日 – 2017年7月10日	10 Jul 2017 – 10 Jul 2019 2017年7月10日 – 2019年7月10日	0.74	610,000	–	(610,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2018 2014年2月10日 – 2018年7月10日	10 Jul 2018 – 10 Jul 2019 2018年7月10日 – 2019年7月10日	0.74	610,000	–	(610,000)	–	0
LAM Kam Cheung 林錦祥	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2014 2014年2月10日 – 2014年7月10日	10 Jul 2014 – 10 Jul 2019 2014年7月10日 – 2019年7月10日	0.74	400,000	–	(400,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2015 2014年2月10日 – 2015年7月10日	10 Jul 2015 – 10 Jul 2019 2015年7月10日 – 2019年7月10日	0.74	400,000	–	(400,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2016 2014年2月10日 – 2016年7月10日	10 Jul 2016 – 10 Jul 2019 2016年7月10日 – 2019年7月10日	0.74	400,000	–	(400,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2017 2014年2月10日 – 2017年7月10日	10 Jul 2017 – 10 Jul 2019 2017年7月10日 – 2019年7月10日	0.74	400,000	–	(400,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2018 2014年2月10日 – 2018年7月10日	10 Jul 2018 – 10 Jul 2019 2018年7月10日 – 2019年7月10日	0.74	400,000	–	(400,000)	–	0

DIRECTORS' REPORT

董事報告書

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2019	Granted during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 31 Dec 2019
承授人	授出日期	歸屬期	行使期	每股行使價	於2019年1月1日尚未行使	於報告期內授出	於報告期內失效	於報告期內行使	於2019年12月31日尚未行使
LAM Fei Man 林斐雯	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2014 2014年2月10日 – 2014年7月10日	10 Jul 2014 – 10 Jul 2019 2014年7月10日 – 2019年7月10日	0.74	430,000	–	(430,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2015 2014年2月10日 – 2015年7月10日	10 Jul 2015 – 10 Jul 2019 2015年7月10日 – 2019年7月10日	0.74	430,000	–	(430,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2016 2014年2月10日 – 2016年7月10日	10 Jul 2016 – 10 Jul 2019 2016年7月10日 – 2019年7月10日	0.74	430,000	–	(430,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2017 2014年2月10日 – 2017年7月10日	10 Jul 2017 – 10 Jul 2019 2017年7月10日 – 2019年7月10日	0.74	430,000	–	(430,000)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2018 2014年2月10日 – 2018年7月10日	10 Jul 2018 – 10 Jul 2019 2018年7月10日 – 2019年7月10日	0.74	430,000	–	(430,000)	–	0
Other employees (in aggregate) 其他僱員(合共)	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2014 2014年2月10日 – 2014年7月10日	10 Jul 2014 – 10 Jul 2019 2014年7月10日 – 2019年7月10日	0.74	2,439,860	–	(2,439,860)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2015 2014年2月10日 – 2015年7月10日	10 Jul 2015 – 10 Jul 2019 2015年7月10日 – 2019年7月10日	0.74	2,441,860	–	(2,441,860)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2016 2014年2月10日 – 2016年7月10日	10 Jul 2016 – 10 Jul 2019 2016年7月10日 – 2019年7月10日	0.74	2,441,860	–	(2,441,860)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2017 2014年2月10日 – 2017年7月10日	10 Jul 2017 – 10 Jul 2019 2017年7月10日 – 2019年7月10日	0.74	2,441,860	–	(2,441,860)	–	0
	10 Feb 2014 2014年2月10日	10 Feb 2014 – 10 Jul 2018 2014年2月10日 – 2018年7月10日	10 Jul 2018 – 10 Jul 2019 2018年7月10日 – 2019年7月10日	0.74	2,441,860	–	(2,441,860)	–	0
Total 總計					32,433,500	–	(32,433,500)	–	0
Number of share options exercisable at 31 December 2019 於2019年12月31日 可行使購股權數目									0

Notes:

- (a) 79 eligible participants (FY2018: 17), who have been granted share options, have ceased to become eligible participants upon termination of employment during the Reporting Period and the said share options have automatically lapsed.
- (b) Other details of the Pre-IPO Share Option Scheme are set out in note 36 to the consolidated financial statements.

(ii) The Post-IPO Share Option Scheme

On 4 March 2014, the Post-IPO Share Option Scheme was conditionally adopted by the Shareholders.

The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to eligible participants with an opportunity to acquire the equity interests in the Company, for their contributions to, and continuing efforts to promote the interest of the Group or for such other purposes as the board of directors of the Company may approve from time to time, linking their interests with the interests of the Group and thereby attracting and encouraging those parties to work better for the interests of the Group.

The eligible participants include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the directors of the Company, will contribute or have contributed to the Company and/or any of its subsidiaries.

附註：

- (a) 79名獲授購股權的合資格參與者（2018年財政年度：17名）於報告期內終止僱傭關係後不再為合資格參與者，而上述購股權已自動失效。
- (b) 首次公開發售前購股權計劃其他詳情載於綜合財務報表附註36。

(ii) 首次公開發售後購股權計劃

於2014年3月4日，股東有條件採納首次公開發售後購股權計劃。

首次公開發售後購股權計劃旨在向為增加本集團利益或本公司董事會不時批准的其他目的而作出貢獻或持續努力的合資格參與者提供一個獲取本公司股權的機會，作為對彼等的激勵或獎勵，以將彼等的利益與本集團的利益聯繫在一起，從而吸引及鼓勵有關各方為本集團的利益更加努力工作。

合資格參與者包括本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員（包括執行、非執行及獨立非執行董事），以及本公司董事全權認為將會或已對本公司及／或其附屬公司作出貢獻的任何供應商、客戶、諮詢顧問、代理及顧問。

DIRECTORS' REPORT

董事報告書

On 26 January 2017 (the "Date of Grant"), the Company granted a total of 30,800,000 share options to 58 eligible participants, representing approximately 1.76% of the 1,750,002,000 shares in issue as at the Date of Grant. All 30,800,000 share options are valid for a period of 5 years commencing from the relevant vesting date. Each option granted under the Post-IPO Share Option Scheme shall entitle the grantee to subscribe for one share upon exercise of such option at a subscription price of HK\$0.69 per share.

The following tables disclose details of movements of share options granted under the Post-IPO Share Option Scheme:

於2017年1月26日（「授出日期」），本公司向58名合資格參與者授出合共30,800,000份購股權，佔授出日期已發行1,750,002,000股股份約1.76%。所有30,800,000份購股權自相關歸屬日期起有效期5年。各首次公開發售後購股權賦予承授人權利在行使該購股權時以每股股份0.69港元的認購價認購一股股份。

下表披露根據首次公開發售後購股權計劃授出的購股權變動詳情：

Grantee	Date of Grant	Vesting Period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2019 於2019年1月1日 尚未行使	Granted during the Reporting Period 於報告期內 授出	Lapsed during the Reporting Period 於報告期內 失效	Exercised during the Reporting Period 於報告期內 行使	Outstanding as at 31 Dec 2019 於2019年12月31日 尚未行使
承授人	授出日期	歸屬期	行使期	每股行使價	於2019年1月1日 尚未行使	於報告期內 授出	於報告期內 失效	於報告期內 行使	於2019年12月31日 尚未行使
LAM Chi Fan (<i>Chairman</i>) 林志凡 (主席)	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	750,000	–	–	–	750,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	750,000	–	–	–	750,000
CHEUNG Tung (<i>President</i>) 張棟 (總裁)	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	750,000	–	–	–	750,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	750,000	–	–	–	750,000
CHEN Feng 陳楓	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	500,000	–	–	–	500,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	500,000	–	–	–	500,000
LAM Kam Cheung 林錦祥	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	500,000	–	–	–	500,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	500,000	–	–	–	500,000

DIRECTORS' REPORT

董事報告書

Grantee	Date of Grant	Vesting Period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2019 於2019年1月1日尚未行使	Granted during the Reporting Period 於報告期內授出	Lapsed during the Reporting Period 於報告期內失效	Exercised during the Reporting Period 於報告期內行使	Outstanding as at 31 Dec 2019 於2019年12月31日尚未行使
承授人	授出日期	歸屬期	行使期	每股行使價					
LAM Fei Man 林斐雯	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	500,000	–	–	–	500,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	500,000	–	–	–	500,000
WONG Chi Keung 王志強	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
LAM Sing Kwong, Simon 林誠光	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
FAN Chun Wah, Andrew, J.P. 范駿華太平紳士	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
ZHANG HWO Jie 張傑	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
WU Tak Lung 吳德龍	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	150,000	–	–	–	150,000

DIRECTORS' REPORT

董事報告書

Grantee	Date of Grant	Vesting Period	Exercisable period	Exercise price per Share	Outstanding as at 1 Jan 2019 於2019年1月1日尚未行使	Granted during the Reporting Period 於報告期內授出	Lapsed during the Reporting Period 於報告期內失效	Exercised during the Reporting Period 於報告期內行使	Outstanding as at 31 Dec 2019 於2019年12月31日尚未行使
承授人	授出日期	歸屬期	行使期	每股行使價					
Other employees (in aggregate) 其他僱員(合共)	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2018 2017年1月26日 – 2018年1月26日	27 Jan 2018 – 26 Jan 2022 2018年1月27日 – 2022年1月26日	0.69	9,600,000	–	(800,000)	–	8,800,000
	26 Jan 2017 2017年1月26日	26 Jan 2017 – 26 Jan 2019 2017年1月26日 – 2019年1月26日	27 Jan 2019 – 26 Jan 2022 2019年1月27日 – 2022年1月26日	0.69	9,600,000	–	(800,000)	–	8,800,000
Total 總計					26,700,000	–	(1,600,000)	–	25,100,000
Number of share options exercisable at 31 December 2019 於2019年12月31日可行使購股權數目									25,100,000

Note:

Other details of the Post-IPO Share Option Scheme are set out in note 36 to the condensed consolidated financial statements.

附註：

首次公開發售後購股權計劃其他詳情載於簡明綜合財務報表附註36。

PRE-EMPTIVE RIGHTS

The articles of association of the Company and the Companies Law (2013 Revision) of the Cayman Islands do not entitle any Shareholder to any pre-emptive right or other similar rights to subscribe for the Shares.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any Shares during the year ended 31 December 2019.

優先購股權

本公司公司章程及開曼群島公司法(2013年修訂本)概無賦予任何股東任何優先購股權或其他類似權利以認購股份。

購買、出售或贖回股份

於截至2019年12月31日止年度，本公司及其任何附屬公司概未購買、出售或贖回任何股份。

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken by the Group during the Reporting Period are set out in note 44 to the consolidated financial statements. Other than those transactions disclosed in the paragraph headed "Connected Transactions" above, these related party transactions either did not constitute connected transaction/continuing connected transactions or constituted connected transaction/continuing connected transactions that were exempted from all disclosure and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

MAJOR SUPPLIERS AND CUSTOMERS

During the Reporting Period, the aggregate purchases from the Group's five largest suppliers was approximately 33.4% of the Group's total purchases. The Group's largest supplier accounted for approximately 10.9% of the Group's total purchases. The average length of relationship with the Group's five largest suppliers was approximately 10.6 years.

During the Reporting Period, the aggregate sales to the Group's five largest customers was approximately 32.3% of the Group's total revenue. The Group's largest customer accounted for approximately 12.1% of the Group's total revenue. The average length of relationship with the Group's five largest customers was approximately 6.3 years.

None of the Directors or any of their close associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the issued shares of the Company) had a beneficial interest in the Group's five largest customers or suppliers during the Reporting Period.

PROFESSIONAL TAX ADVICE

If any Shareholders has any doubt about the taxation implication of purchasing, holding, disposing of, dealing in, or exercise of any rights in relation to the shares, they are advised to consult their own professional advisers.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 65 to 83 of this annual report.

關連方交易

本集團於報告期內進行的重大關連方交易之詳情載於綜合財務報表附註44。除於上文「關連交易」一段披露的交易外，該等關連方交易根據上市規則第14A章未必構成關連交易／持續關連交易或構成關連交易／持續關連交易，但豁免遵守所有披露及獨立股東批准規定。

主要供應商及客戶

於報告期內，本集團自五大供應商的採購合計佔本集團總採購約33.4%。本集團最大供應商佔本集團總採購約10.9%。本集團與本集團五大供應商關係之平均時長約為10.6年。

於報告期內，本集團向五大客戶的銷售合計佔本集團總收入約32.3%。本集團最大客戶佔本集團總收入約12.1%。本集團與本集團五大客戶關係之平均時長約為6.3年。

於報告期內，概無董事或彼等任何緊密聯繫人士或任何股東（據董事所知擁有本公司已發行股份超過5%）於本集團五大客戶或供應商擁有實益權益。

專業稅務意見

如任何股東對購買、持有、出售、買賣或行使任何有關股份任何權利的稅務影響有任何疑問，務請諮詢其專業顧問。

企業管治

本公司採納之主要企業管治常規載於本年報第65至83頁企業管治報告。

DIRECTORS' REPORT

董事報告書

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times during the Reporting Period and up to the date of this annual report.

AUDITOR

The Group's consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, who will retire and offer itself for re-appointment at the forthcoming AGM. A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

AUDIT COMMITTEE

The audited consolidated financial statements for the Reporting Period have been reviewed by the audit committee of the Company.

This annual report is signed for and on behalf of the Board.

Lam Chi Fan

Chairman

Hong Kong, 24 April 2020

充分公眾持股量

根據本公司公開可得資料及據董事所知，本公司已發行股本總額的最少25%（即聯交所規定及上市規則允許的最低公眾持股量）於報告期及截至本年報日期任何時間一直由公眾人士持有。

核數師

本集團綜合財務報表已由註冊會計師德勤•關黃陳方會計師行審核，其任期將於應屆股東週年大會日期屆滿，並表示願意繼續連任。決議案將呈交股東週年大會以重新任命德勤•關黃陳方會計師行為本公司核數師。

審核委員會

於報告期內的經審核綜合財務報表已由本公司審核委員會審閱。

代表董事會簽署本年報。

董事長

林志凡

香港，2020年4月24日

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Board believes that good corporate governance provides a framework that is essential for effective management and healthy corporate culture, thereby earning the confidence of the Shareholders and the public.

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company had met the applicable code provisions set out in the CG Code during the Reporting Period.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for the Directors and relevant employees, who are likely to possess inside information of the Company, in their dealings in the Company's securities. The code of conduct are on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules.

The Company has made specific enquiry of all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code during the Reporting Period.

BOARD OF DIRECTORS

Board composition

The Board currently comprises ten Directors, with five executive Directors and five Independent non-executive Directors. The Directors during the Reporting Period and up to the date of this report were as follows:

企業管治常規

本公司致力於維持高標準的企業管治以保障其股東的利益及提升企業價值及問責性。董事會相信良好的企業管治能為有效管理及健康企業文化訂立框架，從而獲取股東及公眾的信心。

本公司已採納符合上市規則附錄十四所載企業管治守則（「企業管治守則」）所載守則條文作為其自身的企業管治守則。於報告期，本公司已遵守企業管治守則載列之適用守則條文。

董事會將持續監控及審閱本公司的企業管治常規以確保符合企業管治守則。

進行證券交易的標準守則

本公司已就有可能擁有有關本公司證券買賣的內幕資料的董事及有關僱員採納行為守則。行為守則條款不寬鬆於上市規則附錄十所載上市公司董事進行證券交易的標準守則（「標準守則」）所載的規定標準。

本公司已向全體董事作出詳細查詢，全體董事確認彼等於報告期已遵守標準守則所規定之準則。

董事會

董事會組成

董事會現時由十名董事組成，其中有五名執行董事及五名獨立非執行董事。於報告期及截至本報告日期之董事如下所示：

CORPORATE GOVERNANCE REPORT

企業管治報告

Executive Directors : Lam Chi Fan (*Chairman*)
Cheung Tung (*President*)
Chen Feng
Lam Kam Cheung
Lam Fei Man

Independent

Non-executive

Directors : Wong Chi Keung
Lam Sing Kwong, Simon
Fan Chun Wah, Andrew, J. P.
Zhang Hwo Jie
Wu Tak Lung

執行董事 : 林志凡 (*主席*)
張棟 (*總裁*)
陳楓
林錦祥
林斐雯

獨立

非執行

董事 : 王志強
林誠光
范駿華太平紳士
張傑
吳德龍

The Board has a balance of skills and experience appropriate for the Company's business. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. The Company requests the Directors to disclose annually to the Company the number and nature of office held in public companies or organizations and other significant commitments with an indication of time involved.

董事會由具備適用於本公司業務的不同技能和經驗的人士所組成。獨立非執行董事的獨立性乃根據上市規則相關條例及規定而作出評核。本公司要求董事每年向本公司披露於公眾公司或機構所擔任的職位的數目及性質以及其他重大承擔，以及其所涉及之時間。

Board Diversity Policy

Pursuant to Rule 13.92 of the Listing Rules, the Board has adopted a board diversity policy concerning the diversity of Board members. The board diversity policy outlines the factors to be considered when deciding on the appointments of members to the Board and the continuation of those appointments. These factors include but are not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time.

董事會多元化政策

根據上市規則第13.92條，董事會已採納有關董事會成員多元化之董事會多元化政策。董事會多元化政策概述將於決定委任董事會成員及繼續該等委任時考慮之因素。該等因素包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識、服務年期及董事會可能不時認為屬相關及適用之任何其他因素。

Relationship between Board members

- Mr. Lam Chi Fan, the Chairman and an executive Director, is the uncle of Mr. Cheung Tung, the President and an executive Director and a cousin of Ms. Lam Fei Man, an executive Director;
- Mr. Cheung Tung, is a nephew of Ms. Lam Fei Man;
- Mr. Chen Feng, an executive Director, is a cousin of the mother of Ms. Lam Fei Man, an executive Director; and
- Ms. Lam Fei Man is a cousin of Mr. Lam Chi Fan, the Chairman of the Board and an executive Director; the daughter of a cousin of Mr. Chen Feng, an executive Director; and an aunt of Mr. Cheung Tung, the President and an executive Director.

Save as disclosed above, there are no financial, business, family or other material relationships among members of the Board.

Responsibilities, accountabilities and contributions of the Board and management

The Board is responsible and has general power for the management and conduct of the business of the Group. The Board oversees the businesses, strategic decisions and performance of the Group and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board also makes decisions on matters relating to strategies and budgets, financial information, appointment and re-appointment of Directors, dividend, adoption of accounting policies and other matters of operational significance to the Company.

The Board delegates day-to-day management and operations functions of the Company to Board committees and senior management of the Company with clear directions and authority framework. The Board will review periodically the delegation given to management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

The Board has delegated specific roles and responsibilities to the Company's audit committee, corporate governance committee, remuneration committee and nomination committee. Details of these committees are set out on pages 71 to 77 of this report.

董事會成員之間的關係

- 林志凡先生（董事長兼執行董事）為張棟先生（總裁兼執行董事）的叔叔以及林斐雯女士（執行董事）的表哥；
- 張棟先生為林斐雯女士的表姨甥；
- 陳楓先生（執行董事）為林斐雯女士（執行董事）母親的堂弟；及
- 林斐雯女士為林志凡先生（董事長兼執行董事）的表妹、陳楓先生（執行董事）堂姊的女兒及張棟先生（總裁兼執行董事）的表姨。

除上文所披露者外，董事會成員間概無財務、業務、家庭或其他重大關係。

董事會及管理層之責任、問責性及貢獻

董事會負責及擁有管理及經營本集團業務的一般權力。董事會監管本集團之業務、策略性方向及表現，並透過指導及監管本公司事務，共同負責促進本公司成功。董事會亦就有關策略及預算、財務資料、委任及重新委任董事、股息、採納會計政策之事宜及其他對本公司營運屬重大之事宜作出決策。

董事會授權本公司董事委員會及高級管理層處理本公司的日常管理及營運職能，並設立明確的方向及權力框架。董事會將定期審閱授予管理層的權力，藉此確保其乃適當並對本集團整體有利。

董事會已向本公司審核委員會、企業管治委員會、薪酬委員會及提名委員會授權特定角色及責任。該等委員會的詳情載於本報告第71至77頁。

CORPORATE GOVERNANCE REPORT

企業管治報告

Chairman and President

Mr. Lam Chi Fan is the Chairman of the Board. Mr. Lam is responsible for the formulation of the overall business strategies and business planning of the Group.

Mr. Cheung Tung is the President (equivalent to the role of a chief executive) of the Company. Mr. Cheung is responsible for the overall management of the day-to-day operations of the Group.

Mr. Lam Chi Fan is the uncle of Mr. Cheung Tung. However, there is a clear distinction between the Chairman's responsibility and the President's responsibility.

Independent non-executive Directors

The Company currently has five independent non-executive Directors, representing more than one-third of the members of the Board, who are persons of high caliber with appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors bring a diversified range of expertise and provide checks and balances of safeguarding the interests of Shareholders and the Group as a whole.

Each of Mr. Wong Chi Keung, Professor Lam Sing Kwong, Simon, Mr. Fan Chun Wah, Andrew, J.P., Mr. Zhang Hwo Jie and Mr. Wu Tak Lung has entered into a service contract with the Company for a term of three years commenced from 11 July 2017, respectively.

The Company has received from all independent non-executive Directors their confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors have met the independence guidelines and are independent.

董事長及總裁

林志凡先生為董事會主席及本集團聯合創辦人。林先生負責制訂本集團的全面業務策略，管理業務規劃。

張棟先生為本公司總裁（相當於行政總裁的職能）。張先生負責全面管理本集團及其日常運作。

林志凡先生為張棟先生的叔叔。然而，主席職責與總裁職責之間有明確區分。

獨立非執行董事

本公司目前擁有五名獨立非執行董事，超過董事會成員三分之一，且皆為具有合適專業資格或會計或相關財務管理專長的優秀人才。獨立非執行董事帶來多方面的專業知識，並提供制約及平衡，以保障股東及本集團的整體利益。

王志強先生、林誠光教授、范駿華太平紳士、張傑先生及吳德龍先生各自已與本公司訂立服務合約，由2017年7月11日起為期三年。

本公司已獲得全體獨立非執行董事根據上市規則第3.13條所載之獨立性指引作出的獨立性確認。本公司認為全體獨立非執行董事均符合獨立性指引及均具獨立性。

Board meetings

The Board meets at least four times a year and a tentative schedule for regular Board meetings for each year is provided to Directors prior to the beginning of each calendar year. Between scheduled regular Board meetings, Directors may approve various matters by way of passing written resolutions. Additional Board meetings may be arranged if required. At least 14 days' notice of a regular Board meeting shall be given and the Company aims at sending the agenda and the accompanying board papers to Directors at a reasonable time before the intended date of a Board meeting.

During the Reporting Period, the Board held four meetings and the Company held one general meeting.

Board minutes are kept by the company secretary of the Company and are open for inspection by the Directors.

The attendance records of the Directors at the Board meetings held during the Reporting Period are set out as follows:

董事會會議

董事會每年至少召開四次常規會議，而本公司會於每個歷年開始前向董事提供該年度董事會常規會議之初擬時間表。於常規董事會會議間，董事可以書面決議形式批准各項事宜。若有需要，可另行召開董事會會議。董事會常規會議一般須發出至少14天通知，而本公司亦致力於在董事會會議預定日期前一段合理時間向董事發出議程及隨附董事會文件。

於報告期內，董事會召開四次會議，而本公司舉行一次股東大會。

董事會會議記錄由本公司公司秘書保存並供董事公開查閱。

董事出席於報告期舉行的董事會會議記錄載列如下：

Name of Directors	董事姓名	Meetings attended 出席會議次數
Executive Directors	執行董事	
Lam Chi Fan	林志凡	4/4
Cheung Tung	張棟	4/4
Chen Feng	陳楓	4/4
Lam Kam Cheung	林錦祥	4/4
Lam Fei Man	林斐雯	4/4
Independent non-executive Directors	獨立非執行董事	
Wong Chi Keung	王志強	4/4
Lam Sing Kwong, Simon	林誠光	4/4
Fan Chun Wah, Andrew, J.P.	范駿華太平紳士	4/4
Zhang Hwo Jie	張傑	4/4
Wu Tak Lung	吳德龍	4/4

CORPORATE GOVERNANCE REPORT

企業管治報告

Accountability and Audit

The Directors acknowledged their responsibilities for the preparation of financial statements of the Group to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the results of its operation and its cashflows. In preparing the financial statements for the Reporting Period, the Board had prepared the Group's financial statements on a going-concern basis and in accordance with relevant accounting standards and regulations. Board members are provided with monthly updates on the Group's financial position, which give the Directors a clear assessment of the performance, position and prospect of the Group.

A statement from the external auditor relating to their reporting responsibilities is set out in the independent auditor's report on pages 133 to 143 of this annual report.

Continuous training and professional development for Directors

Directors must keep abreast of their responsibilities and duties and are committed to participate in continuous professional development to develop their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Company provides regular updates on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at regular Board meetings. In addition, the Company also organises briefing sessions to the Directors which place emphasis on the roles, functions and duties of a listed company director, as well as the latest developments regarding the Listing Rules and other applicable regulatory requirements.

責任及審計

董事確認其對編製本集團之財務報表負責，以確保財務報表真實而公平地反映出本集團的事務狀況以及其營運業績及現金流。於編製報告期之財務報表時，董事會已按持續基準及根據相關會計準則及規例編製本集團之財務報表。董事會成員獲提供本集團財務狀況之月度更新，其向董事提供本集團表現、狀況及前景清晰明確的評估。

外部審計機構就其報告責任的說明載於第133至143頁之獨立核數師報告內。

董事持續培訓及專業發展

董事必須清楚彼等之職責及職能，並須致力於參加持續專業發展，以拓展其知識及技能，確保彼等在具備全面資訊及切合所需的情況下對董事會作出貢獻。

本公司定期於常規董事會會議上向董事更新與本集團之業務相關變動以及進展及法律及法規環境。此外，本公司亦為董事安排簡報會，着重上市公司董事的角色、職能及責任，以及上市規則及其他適用監管規定的最新發展。

CORPORATE GOVERNANCE REPORT

企業管治報告

Individual training record of each Director during the Reporting Period is set out as follows:

各董事於報告期內之個人培訓記錄如下：

Name of Directors	董事姓名	Reading materials regarding regulatory updates and corporate governance matters 有關監管更新及企業管治事宜的閱讀材料	Attending seminars and/or conferences and/or briefings 出席研討會及／或會議及／或簡報
Executive Directors	執行董事		
Lam Chi Fan	林志凡	✓	✓
Cheung Tung	張棟	✓	✓
Chen Feng	陳楓	✓	✓
Lam Kam Cheung	林錦祥	✓	✓
Lam Fei Man	林斐雯	✓	✓
Independent non-executive Directors	獨立非執行董事		
Wong Chi Keung	王志強	✓	✓
Lam Sing Kwong, Simon	林誠光	✓	✓
Fan Chun Wah, Andrew	范駿華	✓	✓
Zhang Hwo Jie	張傑	✓	✓
Wu Tak Lung	吳德龍	✓	✓

BOARD COMMITTEES

The Company has set up four committees, namely, the audit committee, the remuneration committee, the nomination committee and the corporate governance committee, for overseeing the particular aspects of the Company. The terms of reference of these committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The audit committee comprises five independent non-executive Directors, namely Mr. Wong Chi Keung, Professor Lam Sing Kwong, Simon, Mr. Fan Chun Wah, Andrew, J.P., Mr. Zhang Hwo Jie and Mr. Wu Tak Lung. Mr. Wong Chi Keung is the chairman of the audit committee. He has professional qualifications in accounting and financial management.

董事委員會

本公司設立4個委員會，即審核委員會、薪酬委員會、提名委員會及企業管治委員會，以監督本公司的特定事務。該等委員會職權範圍可於本公司網站及聯交所網站查詢。

審核委員會

審核委員會由五位獨立非執行董事組成，即王志強先生、林誠光教授、范駿華太平紳士、張傑先生及吳德龍先生。王志強先生為審核委員會主席，彼具備會計及財務管理專長相關之專業資格。

CORPORATE GOVERNANCE REPORT

企業管治報告

The primary duties of the audit committee include, among other things:

- reviewing and monitoring the external auditor's independence and objectivity;
- recommending to the Board on the re-appointment of the external auditor and approve its remuneration;
- reviewing the Group's consolidated financial statements, annual reports and interim reports before submitting them to the Board;
- overseeing the Group's financial reporting system, internal control and risk management procedures and audit process;
- reviewing the Group's financial and accounting policies and practices of the Group; and
- meeting with the external auditor to discuss issues regarding audit at least once a year in the absence of the management.

During the Reporting Period, the audit committee held three meetings and reviewed and discussed with the external auditor the interim and annual results of the Group and the relevant financial reports. It also discussed matters with respect to the risk management and internal controls and re-appointment of external auditor.

A summary of the work of the audit committee during the Reporting Period is as follows:

- (a) reviewed and discussed with the external auditor the annual results for the year ended 31 December 2018 and interim results for the six months ended 30 June 2019;
- (b) discussed and reviewed the risk management system of the Group, reviewed the internal control review plan and the internal controls report of the Group prepared by the internal control advisor relating to the annual financial statements for the year ended 31 December 2018 and the interim financial statements for the six months ended 30 June 2019;

審核委員會的主要職責其中包括：

- 審閱及監督外部核數師的獨立性及客觀性；
- 就重新委任外部核數師對董事會作出建議及核准其酬金；
- 於向董事會提交前審閱本集團綜合財務報表、年報及中期報告；
- 監督本集團的財務報告系統、內部控制及風險管理程序及審核過程；
- 審閱本集團財務及會計政策以及本集團的慣例；及
- 每年一次於並無管理層在場的情況下與外部核數師討論有關審核的事宜。

於報告期內，審核委員會召開三次會議並審閱及與外部核數師討論本集團中期及年度業績及財務報告。會上亦討論風險管理及內部控制及續任外部核數師相關事宜。

於報告期內的審核委員會工作概要如下：

- (a) 審閱及與外部核數師討論截至2018年12月31日止年度的年度業績及截至2019年6月30日止六個月的中期業績；
- (b) 討論及審閱本集團之風險管理系統、審閱由內部控制顧問就截至2018年12月31日止年度之年度財務報表及截至2019年6月30日止六個月的中期財務報表編製的內部控制審閱計劃及本集團內部控制報告；

CORPORATE GOVERNANCE REPORT

企業管治報告

(c) reviewed the effectiveness of the Company's internal audit function; and

(d) approved and confirmed the annual audit plan for the year ended 31 December 2019.

The attendance record of each member of the audit committee at the meetings held during the Reporting Period is set out as follows:

(c) 審閱本公司內部控制職能的有效性；及

(d) 批准及確認截至2019年12月31日止年度的年度審核計劃。

各審核委員會成員出席於報告期內舉行之會議的記錄載列如下：

Name of members of audit committee	審核委員會成員姓名	Meetings attended 出席會議次數
Wong Chi Keung	王志強	3/3
Lam Sing Kwong, Simon	林誠光	3/3
Fan Chun Wah, Andrew, J.P.	范駿華太平紳士	3/3
Zhang Hwo Jie	張傑	3/3
Wu Tak Lung	吳德龍	3/3

Corporate Governance Committee

The corporate governance committee comprises five Independent non-executive Directors, namely, Mr. Wong Chi Keung, the chairman of the corporate governance committee, Professor Lam Sing Kwong, Simon, Mr. Fan Chun Wah, Andrew, J.P., Mr. Zhang Hwo Jie and Mr. Wu Tak Lung.

The primary duties of the corporate governance committee include, among other things:

- developing and reviewing the policies and practices of the Company on corporate governance and making recommendation to the Board with regard to any change;
- reviewing and monitoring the training and continuous professional development of Directors and senior management on corporate governance;
- reviewing and monitoring the policies and practices of the Company on compliance with legal and regulatory requirements on corporate governance and making recommendation to the Board with regard to any change;
- developing, reviewing and monitoring the code of conduct and corporate governance manual applicable to Directors and employees; and

企業管治委員會

企業管治委員會由五位獨立非執行董事組成，即王志強先生（企業管治委員會主席）、林誠光教授、范駿華太平紳士、張傑先生及吳德龍先生。

企業管治委員會的主要職責其中包括：

- 檢討本公司企業管治的政策及常規，並就任何變動向董事會作出建議；
- 就企業管治檢討及監察董事及高級管理層的培訓及持續專業發展；
- 檢討及檢查本公司政策及常規遵守法律及法例規定的情況，並就任何變動向董事會作出建議；
- 制定、檢討及監察適用於董事及僱員的行為守則及企業管治手冊；及

CORPORATE GOVERNANCE REPORT

企業管治報告

- reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the Reporting Period, the corporate governance committee held one meeting to review the Company's corporate governance policies and practices and the compliance with the CG Code.

The attendance record of each member of the corporate governance committee at the meeting held during the Reporting Period is set out as follows:

Name of members of corporate governance committee	企業管治委員會成員姓名	Meeting attended 出席會議次數
Wong Chi Keung	王志強	1/1
Lam Sing Kwong, Simon	林誠光	1/1
Fan Chun Wah, Andrew, J.P.	范駿華太平紳士	1/1
Zhang Hwo Jie	張傑	1/1
Wu Tak Lung	吳德龍	1/1

Remuneration Committee

The remuneration committee consists of one executive Director and two independent non-executive Directors. The remuneration committee is chaired by Professor Lam Sing Kwong, Simon, an independent non-executive Director. Other members are Mr. Fan Chun Wah, Andrew, J.P., an independent non-executive Director and Mr. Lam Chi Fan, an executive Director.

The primary duties of the remuneration committee include, among other things:

- studying and making recommendations or proposals to the Board for its review on the Company's policy and structure for remuneration of all Directors and senior management, the Company's incentive schemes and the establishment of a formal and transparent procedure for formulating the remuneration policies and incentive schemes;
- determining the remuneration packages of all executive Directors and senior management and making recommendation to the Board on the remuneration of the non-executive Directors; and
- reviewing and approving performance-based remuneration by reference to corporate objectives approved by the Board from time to time.

- 檢討本公司就企業管治守則及企業管治報告中的披露的合規情況。

於報告期內，企業管治委員會召開一次會議以審閱本公司的企業管治政策及常規，及遵守企業管治守則之情況。

各企業管治委員會成員出席於報告期內舉行之會議的記錄載列如下：

薪酬委員會

薪酬委員會包括一位執行董事及兩位獨立非執行董事。薪酬委員會主席為獨立非執行董事林誠光教授。其他成員為獨立非執行董事范駿華太平紳士及執行董事林志凡先生。

薪酬委員會的主要職責其中包括：

- 就其審閱本公司所有董事及高級管理層的薪酬政策與架構、本公司獎勵計劃及為制定有關薪酬政策及獎勵計劃而設立正式及透明的程序作出研究，並向董事會作出推薦意見或建議；
- 釐定所有執行董事及高級管理層的薪酬待遇，並就非執行董事的薪酬向董事會提供推薦意見；及
- 檢討及批准參考董事會不時批准的公司目標而制定的表現掛鈎薪酬。

In order to recognise and acknowledge the contributions of key employees of the Company, the Company adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme. These incentive schemes enable eligible persons to have a personal stake in the Company and thus motivate them to optimize their performance efficiency for the benefit of the Group.

Details of the Directors' emolument for the year ended 31 December 2019 and the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme are set out in note 11 and note 36 to the consolidated financial statements, respectively.

During the Reporting Period, the remuneration committee held one meeting to review and approve the granting of options pursuant to the Post-IPO Share Option Scheme and to approve Directors' and senior management's performance bonus, after taking into consideration the comparable market practice, competitive market condition position, individual performance and contributions and the Group's operating results.

The attendance record of each member of the remuneration committee at the meeting held during the Reporting Period is set out as follows:

Name of members of remuneration committee	薪酬委員會成員姓名	Meeting attended 出席會議次數
Lam Sing Kwong, Simon	林誠光	1/1
Lam Chi Fan	林志凡	1/1
Fan Chun Wah, Andrew	范駿華	1/1

Nomination Committee

The nomination committee comprises three members with the majority of its members being independent non-executive Directors. The nomination committee is chaired by Mr. Lam Chi Fan, the Chairman of the Board and an executive Director. Other members are Mr. Wong Chi Keung and Professor Lam Sing Kwong, Simon, both being independent non-executive Directors.

為肯定及認可本公司主要僱員的貢獻，本公司採納首次公開發售前購股權計劃及首次公開發售後購股權計劃。該獎勵計劃可令合資格人士於本公司中擁有個人權益，從而鼓勵彼等為本集團的利益提升工作效率。

有關截至2019年12月31日止年度的董事酬金及首次公開發售前購股權計劃及首次公開發售後購股權計劃之詳情分別載於綜合財務報表附註11及附註36。

於報告期間，薪酬委員會召開一次會議，並在考慮可比較市場慣例、具競爭力的市場狀況、個人表現及貢獻以及本集團經營業績後，審閱及批准根據首次公開發售後購股權計劃授出購股權以及批准董事及高級管理層的表現花紅。

各薪酬委員會成員出席於報告期內舉行之會議的記錄載列如下：

提名委員會

提名委員會由三位成員組成，其絕大部分成員為獨立非執行董事。提名委員會主席為董事會主席兼執行行董事林志凡先生。其他成員為獨立非執行董事王志強先生及林誠光教授。

CORPORATE GOVERNANCE REPORT

企業管治報告

The primary duties of the nomination committee include, among other things:

- reviewing the structure, size, diversity and composition of the Board and making recommendations regarding any proposed changes to the Board in line with the Company's strategies;
- developing and formulating relevant procedures for nomination and appointment of directors;
- identifying suitable candidates for appointment as directors; and
- assessing the independence of independent non-executive Director.

The Company acknowledges and embraces the benefits of diversity among its Board members. The nomination committee has a policy concerning the diversity of Board members with measurable objectives. 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, length of service and the legitimate interests of the principal Shareholders.

Nomination Procedures

The Company has a nomination policy for the nomination of Directors. Appointment of new Directors is first considered by the nomination committee. In considering the appointment of a Director, the nomination committee applies criteria such as relevant experience, professional and educational background, reputation for integrity and independence as well as the diversity in the Board. The recommendation of the nomination committee is then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election by the Shareholders at the general meeting after his/her appointment.

提名委員會的主要職責其中包括：

- 審閱董事會的架構、規模、多元性及組成，並根據本公司策略就任何建議變動向董事會作出建議；
- 發展及制定提名及委任董事的相關程序；
- 就董事委任物識適合人選；及
- 評估獨立非執行董事的獨立性。

本公司確認及擁護董事會成員多元化的利益。提名委員會就董事會成員多元化採納具有重大目標的政策。候選人的選擇乃基於一系列多元化的視角，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、服務年期及主要股東的合法利益。

提名程序

本公司就提名董事制定提名政策。新董事之委任首先由提名委員會考慮。於考慮董事之委任時，提名委員會應用如相關經驗、專業及教育背景、誠信聲譽及獨立性以及董事會多元化等準則。提名委員會之建議其後提呈董事會考慮及批准。此後，獲董事會委任之任何董事須於其獲委任後於股東大會上由股東膺選連任。

CORPORATE GOVERNANCE REPORT

企業管治報告

During the Reporting Period, the nomination committee held one meeting to review the structure, size and composition of the Board. The attendance record of each member of the nomination committee at the meeting held during the Reporting Period is set out as follows:

於報告期內，提名委員會召開一次會議以檢討董事會的架構、規模及組成。各提名委員會成員出席於報告期內舉行之會議的記錄載列如下：

Name of members of nomination committee	提名委員會成員姓名	Meeting attended 出席會議次數
Lam Chi Fan	林志凡	1/1
Wong Chi Keung	王志強	1/1
Lam Sing Kwong, Simon	林誠光	1/1

AUDITOR'S REMUNERATION

For the Reporting Period, the fees in respect of the audit and non-audit services provided to the Group by Messrs. Deloitte Touche Tohmatsu, the external auditor, are set out as follows:

核數師酬金

於報告期內，就外聘核數師德勤·關黃陳方會計師行向本集團提供的審核及非審核服務而支付的費用載列如下：

		Fee 費用 HK\$'000 千港元
Audit services	審核服務	4,350
Non-audit services:	非審核服務：	
Reviewing the Company's interim financial information, report on continuing connected transactions and review of risk management and internal control of the Group, and conducting financial and tax due diligence for potential acquisition	審核之本公司中期財務資料、持續關連交易報告及審核本集團的風險管理及內部控制，就潛在收購事項作出財務及稅務方面之盡職審查	688.0
		5,038

COMPANY SECRETARY

Mr. Lam Kam Cheung was appointed as the company secretary of the Company on 4 March 2014. The biographical details of Mr. Lam is set out in the section headed "Directors and Senior Management" on page 22 of this annual report.

公司秘書

林錦祥先生於2014年3月4日獲委任為本公司公司秘書。有關林先生的履歷詳情載於本年報第22頁「董事及高級管理層」一節。

During the Reporting Period, Mr. Lam took no less than 15 hours of relevant professional training.

於報告期內，林先生參加了不少於15小時的有關專業培訓。

CORPORATE GOVERNANCE REPORT

企業管治報告

COMMUNICATION WITH SHAREHOLDERS

The Company respects the rights of Shareholders and seeks to facilitate the effective exercise of those rights by ensuring that the Company communicates effectively with its Shareholders.

The Company promotes effective communication with Shareholders and encourages effective participation by Shareholders at general meetings of the Company. To ensure a high quality of communication and level of clarity with all investors and other stakeholders, whilst complying with its statutory disclosure obligations, the Company endeavours to provide Shareholders with ready and easy access on a timely basis to matters that affect their investment in the Company and communicate in a clear, accurate and easy to understand manner with investors and other stakeholders. Communications with Shareholders are mainly maintained through the Company's interim and annual reports, announcements and circulars, general meetings and publications on the Company's website.

DIVIDEND POLICY

Pursuant to the dividend policy of the Company, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors before declaring or recommending dividends:

- (a) the Group's overall results of operation, financial condition, expected working capital requirements and capital expenditure requirements, liquidity position and future expansions plans;
- (b) the amount of retained profits and distributable reserves of the Company;
- (c) the level of the Group's debts to equity ratio, return on equity ratio and the relevant financial covenant;
- (d) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- (e) the Shareholders' and the investors' expectation and industry's norm; and
- (f) any other factors that the Board deems relevant.

與股東的溝通

本公司尊重股東的權利並致力透過確保本公司與其股東有效溝通促進有關權利的有效行使。

本公司促進與股東的有效溝通，並鼓勵股東有效參與本公司股東大會。為確保與所有投資者及其他利益相關者的高質量溝通及清楚程度，而同時遵守其法定披露責任，本公司致力及時令股東可以隨時及輕易知悉有關影響其於本公司的投資的事宜，並與投資者及其他利益相關者以清晰、準確及易於明白的方式溝通。與股東的溝通將主要透過本公司中期及年度報告、公佈及通函、股東大會及本公司網站公佈披露維持。

股息政策

根據本公司之股息政策，在決定是否建議宣派股息及釐定股息金額時，董事會於宣派或建議派發股息前，須考慮以下因素：

- (a) 本集團之整體營運業績、財務狀況、預期營運資金需求及資本支出要求、流動資金狀況及未來擴展計劃；
- (b) 本公司之保留溢利及可供分派儲備之金額；
- (c) 本集團之債權比率、股本回報率及相關財務契約水平；
- (d) 總體經濟狀況、本集團業務之業務週期及可能對本集團業務或財務表現及狀況產生影響之其他內部或外部因素；
- (e) 股東及投資者之期望及行業常規；及
- (f) 董事會認為相關之任何其他因素。

General Meetings

The Board also considers that general meetings of the Company provide an useful forum for Shareholders to exchange views with the Board. The Company shall in each year hold a general meeting as its annual general meeting. All general meetings other than annual general meeting shall be called extraordinary general meetings ("EGMs").

Members of the audit committee, remuneration committee, corporate governance committee and nomination committee and the external auditor also attend the annual general meetings to answer questions from Shareholders. Notice of annual general meetings is sent to all Shareholders at least 20 clear business days before the annual general meetings and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The voting results of annual general meetings and EGMs are posted on the websites of the Stock Exchange and the Company on the same day of the annual general meetings and EGMs.

SHAREHOLDERS' RIGHTS

Rights and Procedures for Shareholders to Convene General Meetings

Any two or more members of the Company, at the date of the deposit of a written requisition holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings, shall at all times have the right to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must specify the purpose of the meeting, signed by the requisitionists and deposit it with the company secretary of the Company at the Company's principal place of business in Hong Kong at Units 2005-2007, Level 20, Tower 1, MegaBox Enterprise Square Five, No. 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the EGM to be held within a further 21 days, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the EGM, but any EGM shall not be held after the expiration of three months from the date of deposit of the requisition.

股東大會

董事會亦認為本公司股東大會為股東提供一個有用的論壇以與董事會交換意見。本公司應每年舉行股東大會作為其股東週年大會。除股東週年大會以外的所有股東大會均為股東特別大會（「股東特別大會」）。

審核、薪酬、企業管治及提名委員會成員及外部核數師亦出席股東週年大會，以回答股東的提問。股東週年大會通告在股東週年大會舉行前不少於20個營業日寄發予所有股東，而隨附通函亦須載明各提呈決議案之詳情及上市規則要求之其他相關資料。股東週年大會及股東特別大會投票表決的結果會於股東週年大會及股東特別大會舉行當日在聯交所及本公司的網站刊發。

股東權利

股東召開股東大會的權利及過程

凡於書面請求發出日期持有不少於本公司繳足股本（附帶於股東大會上投票之權利）十分之一之兩名或以上本公司股東，隨時有權要求董事會就該請求處理指定的任何事務召開股東特別大會。

書面請求必須述明會議的目的，由請求人簽署並交本公司公司秘書，地址為本公司主要營業地點香港九龍灣宏照道38號企業廣場五期MegaBox 1座20樓2005-2007室。

倘董事會於該請求書交付日期起計21天內未有正式落實將於往後21天內召開股東特別大會，請求人或任何佔全體一半以上總表決權的人士可自行召開股東特別大會，惟任何股東特別大會不得在交付請求日期起計三個月屆滿後舉行。

CORPORATE GOVERNANCE REPORT

企業管治報告

An EGM so convened by the requisitionists shall be convened in the same manner, as nearly possible, as that in which meetings are to be convened by the Board.

Right to put enquiries to the Board

Shareholders may, at any time, direct questions or requests for information to the Directors or management through the 'Contact Us' section in the Company's website at www.sinomax.com or in writing or sent by post to the Company's principal place of business in Hong Kong.

Right to put forward proposals at general meetings

As a matter of Cayman Islands law, no members nor Shareholders are permitted to propose new resolutions at general meetings if the intention to propose the new resolutions is not specified in the notice convening the general meeting. However, procedures for proposing candidate(s) for election as Directors at a Shareholder's meeting are set out in the Corporate Governance section of the Company's website at ir.sinomax.com.

INVESTOR RELATIONS

The Company believes that communicating with its Shareholders, investors and other stakeholders by electronic means, particularly through its website, is an efficient way of distributing information in a timely and convenient manner. The Company's website at www.sinomax.com/group provides the following information:

- member of the Board, terms of reference of the Board committees, key corporate governance policies and the Company's constitutional documents;
- latest news, announcements, financials including interim and annual reports and all material information submitted to the Stock Exchange; and
- other information relating to the Group and its business.

由請求人如此召開的股東特別大會須盡可能以接近董事會召開股東大會的方式召開。

向董事會作出查詢的權利

股東可於任何時間透過本公司網站(www.sinomax.com)的「聯繫我們」或以書面或郵寄至本公司香港主要營業地點向董事或管理層指出疑問或要求資料。

於股東大會提呈議案的權利

就開曼群島法例而言，倘提呈新決議案的意向並未於召開股東大會的通告上指明，概無成員或股東獲准於股東大會提呈新決議案。然而，於股東大會上建議董事候選人的程序載於本公司網站(ir.sinomax.com)的企業管治章節。

投資者關係

本公司相信透過電子方式（特別是其網站）與其股東、投資者及其他持份者溝通乃及時和便捷的資料發佈方式：本公司網站(www.sinomax.com/group)具有以下資料：

- 董事會成員、董事委員會職權範圍、主要企業管治政策及本公司之章程文件；
- 最新新聞、公佈、財務材料（包括中期及年度報告以及呈交聯交所之所有重大資料）；及
- 關本集團及其業務的其他資料。

CORPORATE GOVERNANCE REPORT

企業管治報告

Shareholders can make any query in respect of the Group or to make request for the Company's financial reports. The designated contact details are as follows:

By post: Sinomax Group Limited
Units 2005-2007, Level 20, Tower 1,
MegaBox Enterprise Square Five,
No. 38 Wang Chiu Road, Kowloon Bay, Hong Kong

By email: ir@sinomax.com

Shareholders who have any matters relating to change of name or address, transfer of shares and loss of share certificates, may contact the Company's Hong Kong branch share registrar, Tricor Investor Services Limited. The contact details are as follows:

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

Tel: (852) 2980 1333

Constitutional Documents

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. A review of the implemented systems and procedures, including areas covering financial, operational, legal compliance controls and risk management functions, is carried out annually. The risk management and internal control systems are implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business.

The Board has, through the audit committee, reviewed and considered the Group's risk management and internal control systems to be effective and adequate for the year ended 31 December 2019.

No significant areas of concern that might affect the financial, operational, legal compliance controls and risk management functions of the Group were identified.

股東可就本集團作出查詢或就本公司財務報告作出詢問。指定聯絡詳情如下：

郵寄地址： 盛諾集團有限公司
香港九龍灣宏照道38號
企業廣場五期MegaBox
I座20樓2005-2007室

電郵： ir@sinomax.com

股東倘姓名或地址變動、轉讓股份及股票丟失，請聯繫本公司的香港股份過戶登記分處卓佳證券登記有限公司。聯繫詳情如下：

地址： 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

電話： (852) 2980 1333

章程文件

本公司章程文件於報告期內概無任何變動。

風險管理及內部控制

董事會負責維持及檢討本集團風險管理及內部控制系統的有效性。其已就實施系統及程序進行年度檢討，涵蓋財務、經營、法律合規監控及風險管理職能等方面。實施風險管理及內部控制系統旨在將本集團面臨之風險最小化，並將系統用作日常業務經營之管理工具。

董事會於截至2019年12月31日止年度已透過審核委員會檢討及考察本集團風險管理及內部控制系統是否有效及充足。

並無識別可能影響本集團財務、經營、法律合規控制及風險管理職能之重大關注事項。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Group has established an organizational structure with defined levels of responsibility and reporting procedures. The group internal audit department assist the Board and the audit committee in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis.

The Company has established Enterprise Risk Management Procedures to ensure safeguard of assets and to identify, evaluate, quantify and manage existing and potential risks. Relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and addressed.

The internal audit department is responsible for the operation and coordination of enterprise risk management mechanism, which includes examining, reviewing the effectiveness of risk management processes and systems, assessing whether risk is properly identified, assessing significant risk reporting, and reviewing significant risk management. The internal audit department provides risk management and internal control assessment reports to the management on a regular or ad hoc basis. The internal audit department also regularly reviews and reports to the audit committee and the Board on risk management and internal control affairs. The Group will appoint external internal control consultant when necessary.

The task group on risk management is responsible for establishing the risk management register and defining responsibilities, procedures and system of risk management, formulating the annual risk management work plan, carrying out risk assessment, proposing the risk management strategy, assisting the relevant departments and the enterprises in significant risk management. It also prepares risk management performance appraisal program and conducts annual performance appraisal and arranges risk management training.

The departmental managements execute risk management strategies, solutions and crisis management plans for significant risks, dynamically monitor significant risk associated indicators and execute the procedures and policies of the risk management and internal controls of the Group.

In addition to the review of risk management and internal controls undertaken within the Group, the external auditor also assessed the effectiveness of certain key risks and internal controls as part of their statutory audits.

本集團已建立一個組織架構，清晰訂明責任級別及申報程序。本集團內審部協助董事會及審核委員會按持續基準檢討本集團之風險管理及內部控制系統。

本公司已建立《企業風險管理制度》，以確保資產安全及識別、評估、量化及管理現有及潛在風險。相關規則及規例以及可靠財務及會計記錄保留乃遵從及符合相關會計準則及監管報告規定，亦適當地識別及管理可能影響本集團表現的主要風險。

內部審計部門負責企業風險管理機制的經營及協調，包括檢測、檢討風險管理程序及系統的有效性，評估風險是否得到妥當識別、評估重大風險申報及檢討重大風險管理。內部審計部門定期或臨時向管理層提供風險管理及內部控制評估報告。內部審計部門亦定期檢討並向審核委員會及董事會報告風險管理及內部控制事務。如有需要，本集團將委聘外部內部控制顧問。

風險管理工作小組負責建立風險管理登記冊及界定風險管理的職責、程序及風險，制定年度風險管理工作計劃、進行風險評估、建議風險管理策略、協助相關部門及企業管理重大風險。其亦編製風險管理表現評估計劃及進行年度表現評估及安排風險管理培訓。

部門管理層執行就重大風險制定風險管理策略、解決方案及危機管理計劃、靈活地監察與指標相關的重大風險及制定本集團風險管理及內部控制之程序及政策。

除本集團內所進行的風險管理及內部控制檢討外，外部核數師亦評估若干主要風險及內部控制之有效性，作為其法定審計的一部分。

To help ensure all risks which are relevant to the Group are considered, a systematic approach to risk identification is followed. Identifiable risk areas which are considered include:

- maintaining a safe work environment for the Group's employees;
- safeguarding and efficient use of assets;
- management of human resources;
- ensuring the Group complies with legal and regulatory obligations;
- achieving established objectives and goals;
- reliability and integrity of financial and operational information; and
- compliance with internal policies and procedures.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Group:

- (i) is aware of the obligations under the SFO, the applicable Listing Rules and other statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorises their publication as required;
- (ii) has adopted and implemented its Inside Information Disclosure Policy; and
- (iii) has in place a Code for Securities Dealing for governing the securities transactions of those employees who, because of their positions, are likely to have access to confidential or inside information.

為確保已計及所有與本集團有關的風險，我們就識別風險實行一套有系統的方法。已計及的可識別風險範圍包括：

- 為本集團僱員維持安全的工作環境；
- 維護並有效地利用資產；
- 管理人力資源；
- 確保本集團遵守法定及監管責任；
- 達成既定目標；
- 財務及營運資料的可靠性及完整性；及
- 遵守內部政策及程序。

就處理及散播內幕消息的程序及內部控制措施而言，本集團：

- (i) 知悉根據證券及期貨條例的責任、適用的上市規則及與及時適當地披露內幕消息、公佈及財務披露資料有關的其他法定規例，並在有需要時授權其刊發；
- (ii) 已採納並實施其內幕消息披露政策；及
- (iii) 基於該等僱員的職位，彼等可能需要存取機密或內幕消息，而就該等僱員進行證券交易採納一套有關證券買賣的守則。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

ABOUT US

COMPANY PROFILE

Sinomax Group Limited (“Sinomax” or the “Company”, together with its subsidiaries, the “Group”) (Stock Code: 1418) is principally engaged in the development, manufacture and sales of visco-elastic health and wellness products. Since 2001, Sinomax’s dedication of adhering to its belief, “Love Supports Beloved”, has driven it to continuously developing products ranging from viscoelastic pillows, mattress toppers, mattresses to polyurethane foam, which has consequently led to the Group’s success in being listed on the Stock Exchange of Hong Kong (“SEHK”) in July, 2014. To secure its leading market position, the Group has constantly researched, designed, developed and produced high-quality and healthy products through engaging customers, steering innovation and ensuring high quality standards, in hope of raising awareness of healthy-living and fulfilling households’ everchanging needs.

CORPORATE VISION, MISSION AND CORE VALUE

Sinomax is dedicated to becoming a world-leading health and wellness household products provider. Through the continuous investments in the enhancement of research and development, testing equipment and talents cultivation, with conducting on-going dialogue with customers to understand their needs, the Group has been continuously providing innovative and quality household products to promote healthy living and increase well-being of the community.

關於我們

公司簡介

盛諾集團有限公司（「盛諾」或「本公司」，連同其附屬公司，下稱「本集團」）（股份代號：1418）主要從事研發、製造及銷售健康家居產品。自2001年，盛諾一直秉承「用愛支持所愛」的信念，從而不停發展慢回彈枕頭、床墊、床褥及聚氨酯泡沫等產品，因此令本集團成功於2014年7月在香港聯合交易所有限公司上市。為保持市場的領先地位，本集團透過與客戶溝通、帶動創新和品質監控不斷研究、設計、發展和製造優質及健康的產品，以提升健康生活的意識及滿足家居恆變的需求。

企業願景、使命及核心價值

本集團致力成為引領全球的健康家居產品供應商。通過不斷加強研發、檢測設備和人才培育的投資，並持續與客戶溝通以了解他們的需求，本集團不斷提供創新及優質的家居產品，以促進健康生活及提升社區健康。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

The Group's core values are:

本集團的核心價值為：



ABOUT THIS REPORT

REPORTING STANDARD, PERIOD AND SCOPE

This report was prepared in accordance to the Environmental, Social and Governance ("ESG") Reporting Guide (the "Guide") set out in Appendix 27 of the Listing Rules of SEHK. More in-depth information regarding corporate governance is addressed in the section of corporate governance in the annual report according to Appendix 14 of the Listing Rules. In addition, the Group's senior management team was proactively involved throughout the process of report preparation to guarantee its standards.

關於本報告

報告準則·期間及範圍

本報告乃根據及遵守香港聯合交易所有限公司頒佈的上市規則附錄二十七—《環境·社會及管治(「ESG」)報告指引》(「指引」)所編製。有關企業管治的資料將根據主板上市規則附錄十四於本年報企業管治報告中列出。此外，本集團的管理層積極參與整個報告準備的過程，以確保其標準。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

The Group strictly adheres to the principles of materiality, quantitative, balance and consistency to report on the ESG activities, measures and performances from 1 January 2019 to 31 December 2019 (the “reporting year”). To ensure the materiality and balance of the report, the Group has discussed its challenges and opportunities in sustainability during stakeholder engagements and identified the material ESG topics. The Group also fully disclosed the material key performance indicators (“KPIs”) same as last year regardless of whether performance has improved or declined to in line with the principles of quantitative and consistency.

The scope of this report covers the Group’s headquarter in Hong Kong, office in Shenzhen and factories in Guangdong, Zhejiang, Shandong and Sichuan Provinces, the People’s Republic of China (the “PRC”). As the Shanghai factory was combined to one of the factories that is included in the reporting scope, it has been removed as a premise. The Group shall continuously improve its data collection system, and seeking possibilities of including existing and new premises located in the United States and Vietnam in the future, in order to increase the comprehensiveness of ESG performance and disclosure.

CONTACT DETAILS

To continuously refine the Group’s sustainability strategy, we welcome any feedbacks and suggestions concerning this report and the Group’s sustainability performance. If you have any questions or feedbacks regarding the report, please contact the Group and its contact details are set out as below:

Address: Sinomax Group Limited
Units 2005-2007
Level 20 Tower 1
MegaBox Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Hong Kong

Tel: (852) 2754 7798

E-mail: ir@sinomax.com

本集團遵守重要性、量化、平衡及一致性準則申報其從2019年1月1日起至2019年12月31日期間（「報告年度」）的ESG措施及表現。為確保報告的重要性和平衡性，本集團在持份者參與活動中期間探索其在可持續發展方面的挑戰和機遇，並確定了重要的ESG議題。為符合量化和一致性原則，本集團無論績效成果全面披露與去年相同的關鍵績效指標。

本報告的範圍包括本集團的香港總辦公室、深圳辦公室及位於中華人民共和國（「中國」）廣東、浙江、山東和四川省的廠房。由於上海工廠已被合併為報告範圍內的工廠之一，因此已將其移除。本集團將持續改善其數據收集系統，並尋求將來包括位於美國和越南的現有和新辦公場所於本報告範圍的可能性，以提高ESG績效和披露的全面性。

聯絡資料

為持續改善本集團的可持續發展策略，我們歡迎任何對本報告或對本集團可持續發展策略的查詢和建議。如閣下對本報告有任何問題或反饋，請與本集團聯絡，其聯絡資料如下：

地址： 盛諾集團有限公司
香港
九龍灣
宏照道38號
企業廣場五期MegaBox
1座20樓
2005-2007室

電話： (852) 2754 7798

電郵： ir@sinomax.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

OUTREACHING OUR STAKEHOLDERS

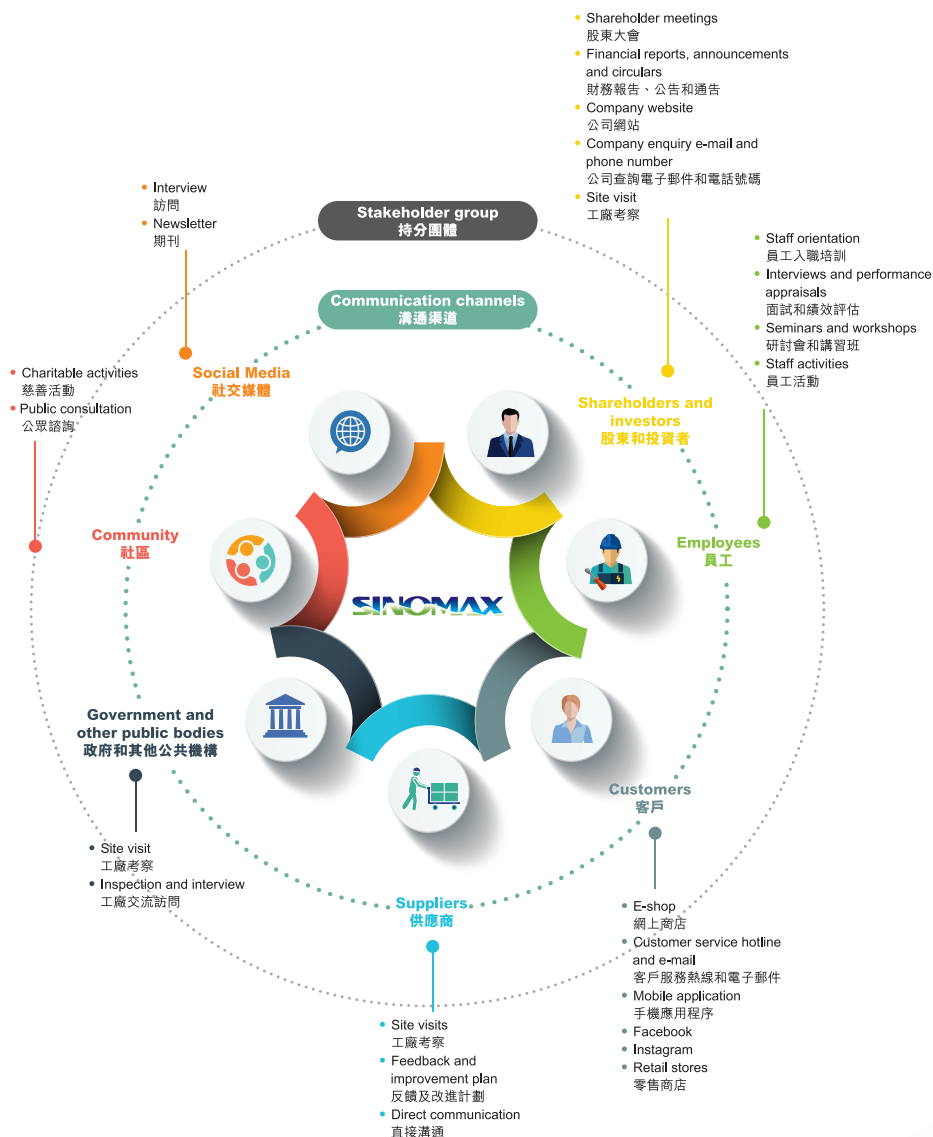
STAKEHOLDER ENGAGEMENT

Effective communication with stakeholders is critical in continual identification of improvement areas, potential risks and opportunities. In this connection, the Group has correspondingly established various communication channels to communicate with a wide verse of stakeholder groups, as to openly listen to stakeholders' thoughts to formulate responsive business strategies and improve operation efficiency in pursuance of sustainable business development. Over the years, the Group has established the following stakeholder communication channels:

連接我們的持份者

持份者參與

與持份者的有效溝通對於尋找改進空間、潛在風險和機會至關重要。在這方面，本集團已建立各種溝通渠道，以與廣泛的持份者溝通，並以開放態度聆聽持份者的意見，以制定相關業務策略及提高營運效率，以實現業務的可持續發展。多年來，本集團已建立以下持份者溝通渠道：



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

In order to identify material ESG issues and review the overall management approach, the Group had invited stakeholders including employees, suppliers and customers to complete an ESG survey during the reporting year. Under the assistance of a sustainability consultancy company, the senior management has confirmed a list of material ESG topics that relate to the Group's operations, in which stakeholders were asked to rate the importance of the topics.

為了確定重大的ESG議題並審視整體的管理方法，本集團在報告年度內邀請了包括員工、供應商和客戶在內的持份者進行ESG問卷調查。在可持續發展顧問公司的協助下，高級管理層已確認與集團營運相關的重要ESG議題，並邀請持份者對這些議題的重要性評分。

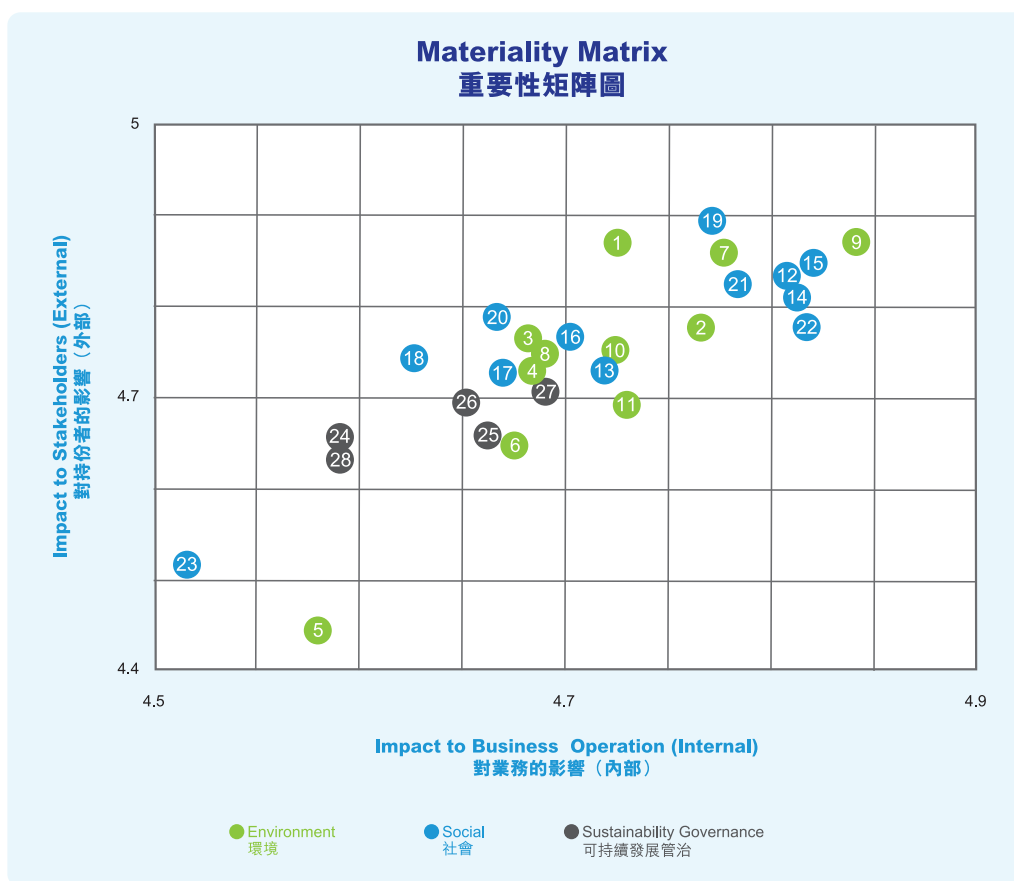
MATERIALITY ASSESSMENT

Based on the survey outcome, the Group has generated its materiality matrix and identified the top-3 material sustainability governance, environmental and social topics:

重要性評估

根據調查結果，本集團已得出其重要性矩陣，並確定了排名前三重要的可持續性管治、環境和社會議題：

環境 Environment	社會 Social	可持續性管治 Sustainability Governance	綜合 Overall
<ul style="list-style-type: none">Hazardous waste management 有害廢棄物管理Wastewater management 污水管理Environmental compliance 環境合規性	<ul style="list-style-type: none">Occupational health and safety 職業健康及安全Product health and safety 產品健康及安全Social compliance 社會合規性	<ul style="list-style-type: none">On-going communication channels with stakeholders 與持份者持續溝通渠道Sustainability targets 可持續性目標Sustainable development framework 可持續發展框架	<ul style="list-style-type: none">Hazardous waste management 有害廢棄物管理Occupational health and safety 職業健康及安全Product health and safety 產品健康及安全



Environment 環境

- 1 Environmental compliance
環境合規性
- 2 Air quality control
空氣質素控制
- 3 Greenhouse gas emission
溫室氣體排放
- 4 Energy usage and conservation
能源使用及節約
- 5 Renewable energy
再生能源
- 6 Water consumption and conservation
水的使用和節約
- 7 Wastewater management
廢水管理
- 8 General waste recycling and management
一般廢棄物的回收及管理
- 9 Hazardous waste management
有害廢棄物管理
- 10 Raw material management and selection
原材料的管理與選擇
- 11 Impact on natural environment
對自然環境的影響

Social 社會

- 12 Social compliance
社會合規性
- 13 Employment practices
僱傭慣例
- 14 Labour standard
勞工準則
- 15 Occupational health and safety
職業健康與安全
- 16 Development and training
發展與培訓
- 17 Supply chain selection and management
供應商的選擇與管理
- 18 Green procurement
綠色採購
- 19 Product health and safety
產品健康與安全
- 20 Product advertising and labelling
產品廣告和標籤
- 21 Product quality assurance
產品質量保證
- 22 Anti-corruption practices
反貪污慣例
- 23 Community involvement
社區投入

Sustainability Governance 可持續發展管治

- 24 Sustainability Committee formation
成立可持續發展委員會
- 25 Sustainable development framework establishment
建立可持續發展框架
- 26 Sustainability targets setting
設定可持續發展目標
- 27 On-going communication channels with stakeholders
與持份者的持續溝通管道
- 28 Disclosure on stakeholders' opinions and company's responses
披露持份者的意見和公司的回應

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

At a glance, the topics ranked as the most important material are those that associated with the nature of Sinomax's business. With Sinomax's endeavors of responding stakeholders' concerns transparently, in-depth disclosures on the measures and management approaches of the above material topics will be discussed throughout this report. Other than that, Sinomax shall review relevant management approaches and current practices on governing the material topics to seek for further improvement.

Although sustainability governance is not ranked as high importance as compare to environmental and social aspects, the Group has seen an increasing interest of stakeholders on the Sinomax's sustainability strategy and targets. The Group will remain committed to maintaining on-going communications with stakeholders and incorporate diverse and valuable thoughts, through forming a more comprehensive and accurate materiality matrix and strategy in response to stakeholders' concern via a step-by-step approach.

SUSTAINABLE VALUE CHAIN

The Group believes that in order to bring wellness to the community, managing a sustainable value chain is critical. For instance, the Group's management approach to ensure a sustainable procurement facing the challenges of resource scarcity and creating products that enhance customers' wellness.

從此而見，與盛諾業務性質相關的議題被視為最重要。隨著盛諾努力透明地回應持份者的關注，本報告將深入討論上述重要議題的措施和管理方法。除此之外，盛諾將審視有關重要議題的管理方法和現行做法，以尋求進一步的改進。

儘管與環境和社會議題相比，可持續性管治議題的重要性不高，但本集團看到持份者對盛諾的可持續發展策略和目標的興趣與日俱增。本集團將繼續致力於與持份者保持溝通及納入多元化和有價值的意見，並通過形成更全面和準確的重要性矩陣及策略，逐步回應持份者的顧慮。

可持續價值鏈

本集團相信可持續的價值鏈管理，在促進社區健康上至為重要。例如，本集團的管理方法可確保可持續採購能面對資源短缺的挑戰，並能開發可提高客戶健康水平的產品。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

STRINGENT PROCUREMENT PRACTICES

Products which are expected to enhance customers well-being is highly depending on the material used throughout the manufacturing process. In this connection, the Group greatly emphasizes on suppliers' ESG and manufacturing materials assessments to achieve sustainable procurement. Under the procurement policy, the Procurement Department is responsible for evaluating suppliers based on their environmental and social compliance, reviewing track records on business ethics and product health and safety proofs.

In the mean of delivering safe and healthy products to end-users, the Group has a strict requirement on procuring non-hazardous and harmless raw materials involved in the manufacturing of goods. This is to ensure the output products meet the highest standards of customer health and safety. The Group has placed great emphasis on sourcing organic and environmentally friendly materials that are low VOC, natural or recyclable that fulfil certification standards including CertiPUR foam and OEKO TEX.

嚴謹採購常規

以促進高客戶健康為前提的產品在很大程度上取決於製造過程中使用的材料。就此而言，本集團非常重視供應商的ESG表現和製造材料評估以達致可持續採購。根據採購政策，採購部負責根據供應商的環境和社會合規性對其進行評估，審查有關商業道德以及產品健康和安全的往績記錄。

為確保產品符合客戶健康和安全的最高標準，本集團在製造安全及健康產品的過程中，對採購涉及製造過程的無害原材料有嚴格的要求。本集團十分重視採購低揮發性有機化合物含量、天然或可回收並符合CertiPUR泡沫和OEKO TEX認證標準的有機環保材料。



CertiPUR-US certification
CertiPUR-US認證



UK BS5852 standard
英國BS5852標準



Oeko-Tex Standard 100
生態紡織品標準100



Canada 117 standard
加拿大117標準



Low volatile organic compounds (VOC)
低揮發性有機化合物



Chlorofluorocarbons (CFC) free
不含破壞臭氧層的氟氯化碳

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

When acquiring materials and services, all potential suppliers are required to undergo a rating assessment. Apart from the quality and price of the suppliers, the Group also considers suppliers' social responsibility as the selection criteria by assessing the potential suppliers' business ethnic, environmental compliance and labor standard. Any potential suppliers fail to fulfil any of the requirements would be given a chance to be re-assessed in the following year, follow by the provision of feedbacks as to engage suppliers to improve its sustainability performance, and assist them in transforming to a more sustainable and greener operation.

在採購材料和服務時，所有潛在供應商均須接受評級評估。除供應商的質素和價格之外，本集團還通過評核潛在供應商的商業道德、環境合規性和勞工標準，將供應商的社會責任納入評估準則。如潛在的供應商不符合任何要求，本集團將提供意見反饋，並將給予機會在第二年重新接受評估，以供他們改善其可持續發展績效，並幫助他們的營運轉變成更具可持續性及更環保。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Regarding existing suppliers, the Group conducts yearly inspection and quarterly assessment as a monitoring mechanism to ensure quality consistency and incentive. Existing suppliers with higher grades will have a higher chance of increasing order volume where possible as a rewarding scheme in continuation of good cooperation. However, for suppliers who are assessed to be underperformed will be notified and proposed with an improvement plan in which Sinomax will supervise the implementation process. If they fail to improve within a set timeframe, they will be removed from the supplier list. Sinomax wishes to engage suppliers to pursue a sustainable and greener operations through conducting reviews on their performances with time.

Additionally, the Group is dedicated to minimizing the environmental footprints caused by transporting materials in response to climate change. In this regard, the Group strives to prioritize local suppliers to lower relevant carbon emissions. Throughout the reporting year, 96% of the suppliers were from the PRC.

對於現有供應商，本集團會進行年度檢查和季度評估，以作為確保質量的一致性和鼓勵供應商的機制。評估等級較高的現有供應商將有較大的機會增加訂單，以作為良好合作的獎勵。然而，被評估為表現不佳的供應商，本集團將作出通知並提出改進計劃，並由盛諾監督改進過程。如果他們未能在規定的時限內改善，本集團將把他們從供應商的列表中剔除。盛諾希望通過對供應商的績效進行評估，讓其供應商能與時俱進，追求可持續發展和綠色營運。

此外，本集團為應對氣候變化而致力減少因運輸材料而造成的環境足跡。在這方面，本集團致力優先考慮本地供應商以降低相關的碳排放量。在整個報告年度中，有96%的供應商來自中國。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

CUSTOMER-ORIENTED PRODUCTS AND SERVICES

Innovation driven development

Foreseeing the rising awareness on wellness in the globe, Sinomax believes innovation and forward-looking are the main keys to maintain its market leading position. Consequently, the Group has established a professional Research and Development (R&D) team in support of continual healthy-living products development. Upkeeping the aspiring spirit, the Group has successfully developed and registered over 20 design patents as part of our valuable assets as of today.

Quality products' health and safety assurance

With strong market competition, Sinomax believes quality consistency is a key element to gain customers' trust and selection. Starting from the raw materials, they are stored and handled carefully to ensure their best conditions in contribution of high-quality products. A detailed guide is provided and communicated to responsible staff members to ensure correct handling and storage of materials. Foams including slow rebounding foam, Polyether Foam and high rebounding foam used are VOC and CFC free and have achieved CertiPUR-US award. This proves that the products' health and safety are up to international standard. With an effective quality controlling system as certified by international standards including ISO 9001:2008 and ISO 14001:2004, and a professional quality assurance team which comprises of over 80 members, the Group has able to manufacture high quality goods in a constant and efficient manner.

以客為本的產品及服務

創新驅動發展

預見到全球的健康意識不斷加強，盛諾認為創新和前瞻性是保持其市場領先地位的關鍵。因此，本集團已建立專業的研發團隊，以持續支持開發健康生活產品。憑藉熱衷的精神，本集團截至報告期末，已成功開發和註冊20多項外觀設計專利，作為我們寶貴資產的一部分。

優質產品的健康和 safety 保證

在激烈的市場競爭中，盛諾相信質量的一致性贏得客戶信任和選擇的關鍵因素。從原材料開始，它們會被妥善地存儲和處理，以確保它們在最佳狀況下提供高質量產品。本集團已提供詳細的指南給負責的工作人員，以確保他們正確地處理和存儲材料。所用泡沫包括慢回彈泡沫、聚氨酯泡沫和高回彈泡沫，均不含揮發性有機化合物和氟氯化碳，並獲得了CertiPUR-US認證。這證明產品的健康和安全性達到國際標準。擁有包括ISO 9001:2008和ISO 14001:2004在內的國際標準認證的有效質量管理系統，以及由80多個成員組成的專業質量保證團隊，本集團能夠以穩定和高效的方式製造高質量的商品。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

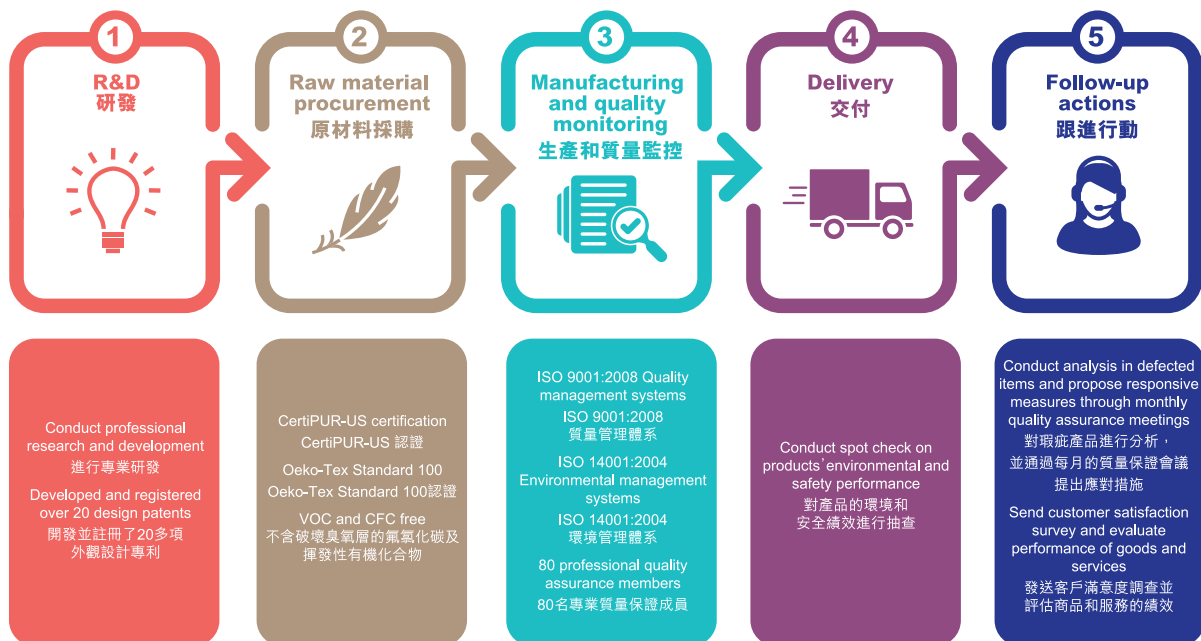
環境·社會及管治報告

Prior to shipment, the Group will conduct spot check on products' environmental and safety performance, such as VOC content and fire resistance ability in accordance with international standards. The goods are analyzed at its advanced independent laboratory and testing centre which are equipped with advanced testing instrument. This has ensured products' safety level meets regulatory level. Throughout the reporting year, 0% of products were recalled due to health and safety issues.

In order to minimize the chance and rate of manufacturing defects, the manufacturing premises shall collect defect items and conduct analysis. The analysis shall be discussed in monthly quality assurance meeting to adjust or implement any preventive measures as necessary.

在出貨前，本集團將根據國際標準對產品的環境和安全性能進行抽查，例如，揮發性有機化合物含量和耐火能力。貨物在配備先進測試儀器的獨立實驗室和測試中心進行分析。此確保產品的安全性能達到法規要求。在報告年度內，本集團沒有因健康和安全管理問題而召回的產品。

為盡量減少製造瑕疵產品的機會和頻率，工場會收集瑕疵產品並進行分析。分析會在每月質量保證會議上討論，以調整或實施必要的預防措施。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

In recognition of Sinomax's endeavors in developing healthy-living and inspiring products, the Group was awarded the "Superbrands Hong Kong" by the Superbrands during the reporting year. The Group sees this as a motivation and will focus on our belief in developing health products and keep listening to our stakeholders' perspectives in an open manner to continue our journey of creating wellness in our community.

為表揚盛諾在開發健康和啟發性產品方面所做的努力，本集團於報告年度被Superbrands獲選為「香港超級品牌」。本集團視其為一種動力，並將專注我們對開發保健產品的信念，持續以開放的態度聆聽持份者的觀點，以繼續我們在社區中創造健康的旅程。

Award 獎項

Awarding institution 頒授機構

<p>"Superbrands Hong Kong" (香港超級品牌) 大獎</p>		<p>Superbrands 超級品牌</p>
<p>2019 Annual Double Support Model Unit 2019年度雙擁模範單位</p>		<p>Weitang Sub-district Double Support Work Leading Group 魏塘街道雙擁工作領導小組</p>
<p>2018 Top Ten Enterprise Awards for development Quality 2018 發展質量十佳企業獎</p>		<p>Management Committee of Chang'an Town (High-tech Zone) 海寧長安鎮人民政府高新區管委會</p>
<p>China's top ten enterprises in the light industry plastics industry (polyurethane) 中國輕工業塑料行業（聚氨酯）十強企業</p>		<p>China National Light Industry Council 中國輕工業聯合會 China Plastics Processing Industry Association 中國塑料加工工業協會</p>
<p>Standing Director Unit of China Polyurethane Industry Association 中國聚氨酯工業協會常務理事單位</p>		<p>China Polyurethane Industry Association 中國聚氨酯工協會</p>
<p>Advanced Unit for Standardization of Plastic Products 塑料制品標準化工作先進單位</p>		<p>National Plastics Standardization Technical Committee 全國塑料制品標準化技術委員會</p>

CONNECTING OUR CUSTOMERS

Bridges to connect our customers

In continuation on making and deliver customer-oriented products, it is vital to keep exploring ways to outreach and engage our customers. Consequently, the Group has opened various engagement channels to interact customers with enhanced convenience.

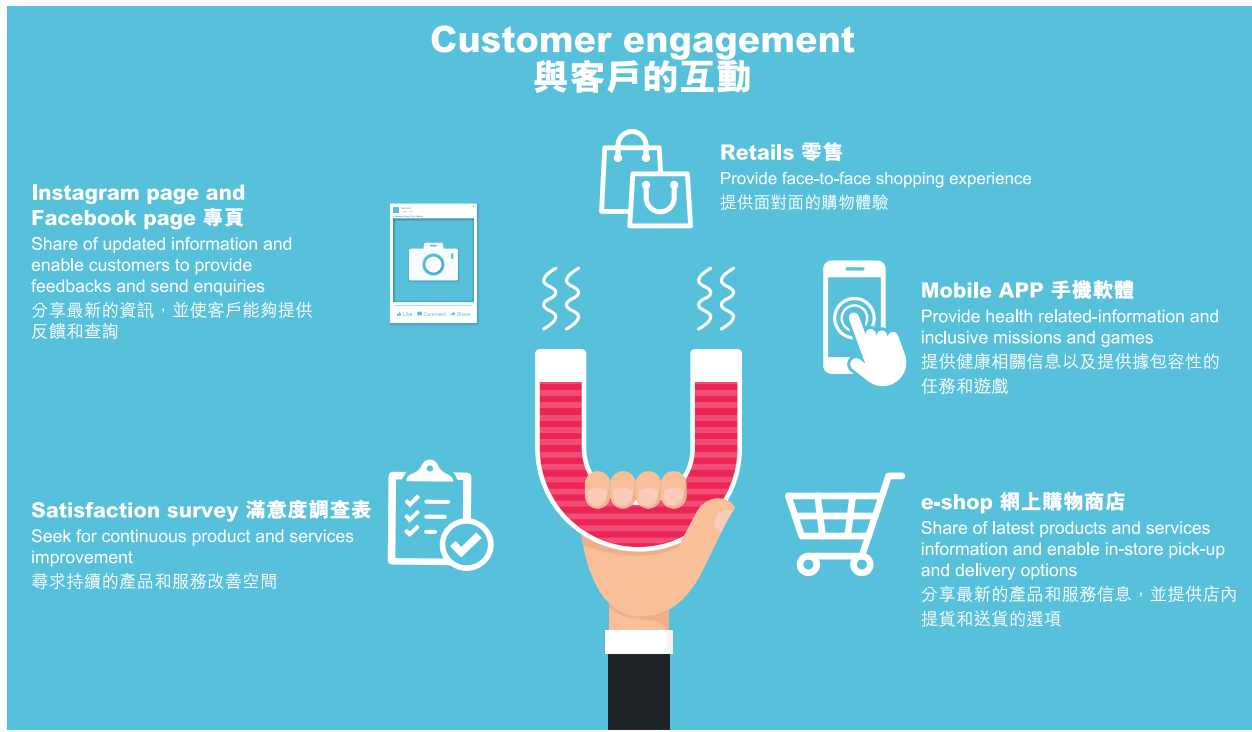
Ranging from retails, e-shop to mobile apps, customers can obtain and gain access to informative updates easily. Furthermore, Sinomax has provided frontline staff members with sufficient product and service training and guidance in the purpose of maintaining professionalism when serving customers, thus, enhancing their shopping experiences. With the newly launched Online to Offline Programme for in-store pick up, customers now have the flexibility on picking up online purchased items from the shops, which also in turn lower potential footprint caused by logistics. In addition to product information, Sinomax has frequently shared latest health-related news through its mobile app to facilitate well-being of customers. With a wide range of tools that help reducing carbon footprint, enhancing shopping convenience and communicating effectively, the Group has moved towards a greener operation with closer connections with our customers, in the aim of uplifting wellness in the community. In addition, the Group had also participated in exhibition during Christmas and Chinese New Year to engage customers and maintain brand awareness.

聯繫我們的客戶

連繫客戶的橋樑

為持續製造和推出以客戶為先的產品，不斷探索與客戶聯繫溝通的方法至為重要。因此，本集團已開放不同溝通渠道，以更方便與客戶互動。

從零售、電子商店到手機應用程式，客戶可以輕鬆獲得最新資訊。此外，盛諾亦為前線員工提供足夠的產品和服務培訓與指導，目的是在為客戶提供服務時保持專業水平，從而改善他們的購物體驗。通過新推出的「線上到線下」計劃，客戶現在可以靈活地從實體商店提取他們於電子商店購買的產品，這也降低了物流帶來的潛在環境足跡。除了產品信息外，盛諾亦經常通過其手機應用程式分享最新的健康資訊，以促進客戶的健康。憑藉各種有助減低碳足跡、增強購物便利性和加強溝通的工具，本集團以提升社區的健康水平為前提，正朝著更綠色的營運和與客戶之間更緊密聯繫的方向發展。此外，本集團亦於聖誕節及農曆新年期間參加展覽，以吸納客戶及維持品牌知名度。



Customer privacy and data protection

Protecting customer privacy is critical as to maintain Sinomax as a trustworthy company. With this, the Group has taken reference to the Personal Data (Privacy) Ordinance and formulated its information management guidelines in the Corporate Culture Handbook, asked all staff members to handle and store customers' personal information with cautious. The Group can only use the information for promotional purpose upon customers' consents. To prevent information leakage, the Group has appointed external information technology and auditing company to monitor the security strategy and level of the data storage system of eShop.

The Group respects intellectual property rights (IPRs) as part of the corresponding companies' assets. When it comes to signing contracts with suppliers and partners, the Group shall pay more attention on the protection of IPRs when using any particular resources by including it as one of the terms in related contracts.

客戶私隱及資料保護

盛諾作為一家值得信賴的公司，保護客戶的私隱至為重要。因此，本集團參考《個人資料（隱私）條例》，在《企業文化手冊》中製定了信息管理指引，要求所有員工謹慎處理和存儲客戶的個人信息。本集團只會在客戶同意下將信息用作推銷用途。為防止信息洩漏，本集團已委任外部資訊科技和審計公司以監察電子商店數據存儲系統的安全策略和級別。

本集團尊重知識產權作為公司資產的一部分。在與供應商和合作夥伴簽訂合同時，本集團會於合同中更加注意使用任何資源時的知識產權保護。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

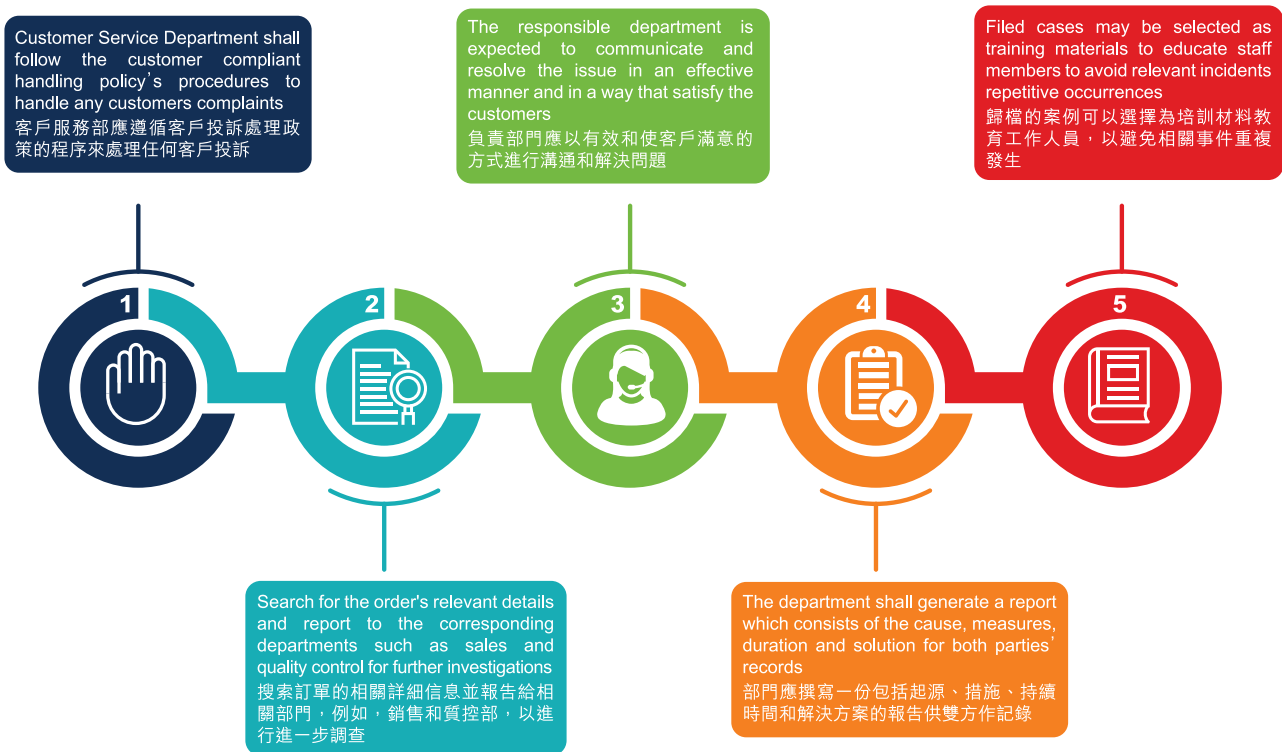
環境、社會及管治報告

Complaint handling mechanism

As a responsible corporation, after sales services quality is the key to keep customers' loyalty and trust. In this regard, the Group remains open to listen to any feedbacks that customers may have and treat it as an opportunity for improving its products and services. Customer may either provide review and feedback in any of the retail shops, or reach customer service through phone, e-mail and mobile application to contact Customer Service Department. In any case:

投訴處理機制

作為一家負責任的公司，售後服務質素是保持客戶忠誠度和信任的關鍵。就此而言，本集團將繼續聆聽客戶的任何反饋，並會視其為改善產品和服務的機會。客戶可以在任何零售商店中提供意見和反饋，或者通過電話、電子郵件和移動應用程序聯絡客戶服務部。如有任何投訴：



During the reporting year, the Group has received 107 complaints mainly due to minor quality issues. Through close communication with the customers, the Group had managed to resolve their concerns with offering satisfactory solutions. Throughout the complaint handling processes, the Group has established and implemented responsive measures including improving product manufacturing cycle and quality assurance procedures as approved in the monthly product quality meetings. In hopes of reducing similar cases' occurrence and increasing customers' satisfaction level, the Group strives to patiently listen and resolve any issues our customers encountered related to the use of our products and services.

在報告年度內，本集團總共收到107宗主要關於輕微質量問題的投訴。通過與客戶的密切溝通，本集團已提供滿意的解決方案以處理他們的擔憂。在整個投訴處理流程中，本集團已制定並實施相應措施，包括改進產品製造週期和質量保證程序。為減少類似案件的發生並提高客戶的滿意度，本集團致力耐心聆聽並解決客戶遇到任何與我們的產品和服務有關的問題。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

CREATE WELL-BEING INSIDE OUT

To fulfil our commitment of promoting wellness, Sinomax recognizes aligning employees' awareness to collaborate and influence the community in a positive manner are just as important to manage a sustainable value chain. In this connection, Sinomax takes pride to promote employee's well-being and nurture a harmonious culture proactively, aim to spreading the message of wellness importance to the community agreeably.

ETHICAL OPERATION

An ethical business operation implies a company with sound cooperate governance and business integrity. In this regard, Sinomax is determined to enforce ethical business practices in all aspects of its operation.

The Group has established anti-corruption guidelines in the Code of Conduct to prevent employees from unethical practice, such as bribery, extortion, fraud and money laundering. Every employee is required to follow the Letter of Commitment to Honest and Clean Business Practice in order to ensure their thorough understanding on the Group's ethical standards.

In addition, the Group has set up the chairman's mailbox as a whistle-blowing channel for stakeholders to report any suspected cases of misconduct. The Human Resources ("HR") Department investigates and reports any suspected misconduct to the Board in a timely and judicious manner. In case of any incidents of misconduct discovered, the HR Department shall take necessary disciplinary actions.

Under this strict corporate governance framework, the Group has complied with all relevant laws and regulations and was not aware of any violation or legal cases relating to corruption in the reporting year.

促進身心健康

為履行我們促進健康的承諾，盛諾意識到提升員工的意識以積極的態度進行協助和貢獻社區與管理可持續的價值鏈同樣重要。在這方面，盛諾樂意及積極地促進員工的福祉並培養和諧文化，希望將健康的重要性廣泛地傳播給社區。

道德營運

道德業務營運意味著公司擁有良好的企業管治和業務誠信。就此而言，盛諾決心在其營運的所有方面執行道德商業慣例。

本集團已在《行為準則》中建立反貪污指引，以防止員工進行不道德的行為，例如賄賂、勒索、欺詐和洗黑錢。每位員工均必須遵守《員工誠信廉潔從業承諾書》，以確保他們對本集團的道德標準有貫徹的了解。

本集團已將董事長信箱設為舉報渠道，讓持份者舉報任何涉嫌違規行為。人力資源部將及時和公平地調查任何可疑的不當行為並向董事會報告。如果發現任何不當行為，人力資源部會採取必要的紀律處分。

在嚴格的公司管治框架下，本集團已遵守所有相關法律法規，並沒有在報告年度內發現任何與貪污腐敗相關的違法或法律案件。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

BE A RESPONSIBLE EMPLOYER

Seeing employees as the pivot of bringing wellness to the community, Sinomax has stipulated measures to create a productive workplace that supports the rights, welfares and wellness of each and every employee.

Employment practices

As an equal opportunity employer, the Group places high importance on respecting the fundamental rights and diversity of applicants and employees at all stages of employment. The Group offers reasonable salaries, holidays and remuneration packages that fulfil respective local employment standards.

Sinomax puts emphasis on acquiring and retaining talents in support of building on the past successes and sustain future development. To attract and retain talents, the Group constantly reviews and upgrades its competitive compensation packages with reference to market trends. The Group aims to form a cohesive and diverse team to keep inspiring the company as a whole to create innovative health solutions to our customers.

In purpose of protecting employees' right, the HR Department is responsible for screening the identity, age and working permit of all applicants in the course of eliminating any unlawful or unethical labor practice, such as child labor abuse and forced worker in the talent acquisition process. In case of any forced labor discovered, the HR Department shall terminate the violation immediately and remunerate the individual accordingly. In case of any child labor discovered, the HR Department shall discontinue the employment and provide the individual with learning opportunities.

In the reporting year, the Group has complied with all local laws and regulations in relation to child or forced labor and has not noticed any infringement of worker rights and labor standard.

負責任的僱主

盛諾視員工為為社區帶來健康的重要支柱，並制定了相應措施以創建一個支持員工的福利、福利和健康並且高效的工作場所。

僱傭慣例

作為公平的僱主，本集團高度重視對在不同就業階段的申請人和僱員的基本權利和多樣性的尊重。本集團提供符合當地僱用標準的合理薪金，假期和薪酬待遇。

盛諾著重吸納和保留人才，以在過去成功的基礎可持續地發展未來。為了吸納和保留人才，本集團會參照市場趨勢不斷復閱和提升其具競爭力的薪酬待遇。本集團的目標是組建一支團結一致且多元化的團隊，以不斷激勵整間公司，為我們的客戶提供創新的健康解決方案。

為了保障員工的權利，人力資源部負責在招聘過程中按所有申請人的身份，年齡和工作許可進行篩選，以消除任何非法或不道德的僱傭常規（例如童工和強制勞工）。如果發現任何強制勞工，人力資源部門會立即終止違規行為並向其支付報酬。如果發現任何童工，人力資源部則會終止其合約並為其提供學習機會。

在報告年度內，本集團已遵守所有有關童工或強迫勞動的當地法律及法規，沒有發現任何侵犯勞工權益和勞工標準的情況。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

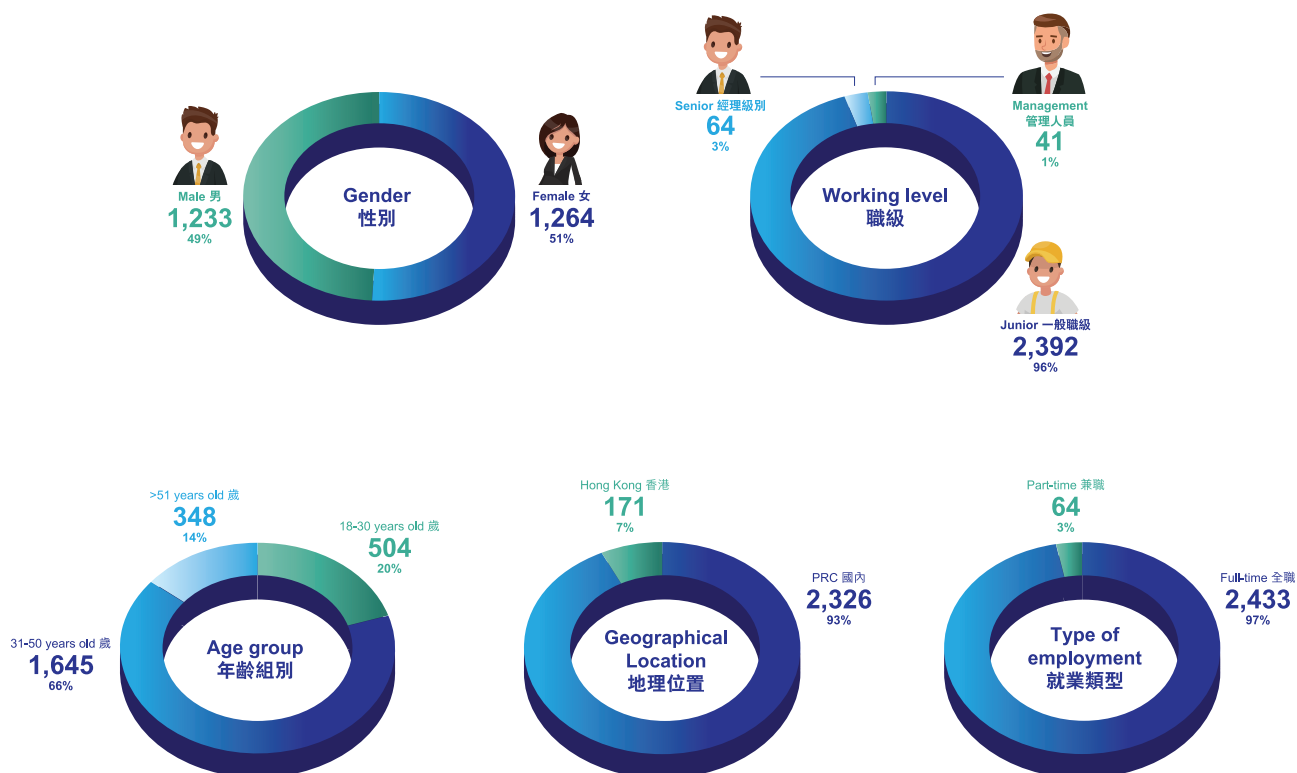
環境、社會及管治報告

Workforce portfolio

In the reporting year, the Group has recorded a detailed diverse workforce portfolio as follows:

員工概況

在報告年度內，本集團已詳細記錄員工概況如下：



* The workforce portfolio includes the employees of the businesses in China and Hong Kong only.
員工概況只包括中國及香港業務的員工。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

EMPLOYEES WELL-BEING

Reinforcing employees' well-being has made Sinomax a proud company that embraces a healthy company culture and carries good intentions to care for the community's health.

Company culture

To boost employees' sense of belonging and productivity, the Group places great emphasis on creating an inviting and interactive working space and culture. In the Guangdong premise, the Group has provided entertainment amenities including library, recreational centre, fitness rooms, karaoke and game rooms for employees to relax and recharge.

Having a dynamic and interactive workplace motivate employees to thrive at work. In light of this, the Group has organized various team bonding programs and activities including birthday parties and sport days to strengthen internal communication and team bonding in the reporting year.

員工福祉

通過增強員工的福祉，盛諾已使自身成為一家自豪及擁有健康公司文化，並致力關心社區的健康。

公司文化

為增強員工的歸屬感和工作效率，本集團非常重視營造一個的友好及互動的工作空間和文化。在廣東基地，本集團為員工提供娛樂設施，包括圖書館、康樂中心、健身室、唱歌廳和玩樂室，供員工放鬆和休息。

一個具有活力和互動性的工作場所，能鼓勵員工並提升其表現。有鑑於此，本集團在報告年度內已組織各種團隊聯誼計劃和活動，包括生日會和運動日，以加強內部溝通和團隊聯誼。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Sinomax's 2019 Annual Dinner 盛諾2019年年度晚會



The Group held an annual dinner to share Sinomax's achievements with its employees and encourage them to continuously contribute to the Group's long-term development.
本集團舉辦了年度晚會，與員工一同分享盛諾的成果，並鼓勵他們繼續為本集團的長遠發展作出貢獻。

Company Tree Planting Day 公司植樹日



To steer an environmental protection culture, the Group had organized Tree Planting Day activity in PRC encourage staff members to participate and contribute to a greener living environment.
為引導環保文化，本集團在國內舉辦了植樹日活動，鼓勵員工參與並為綠色生活環境做出貢獻。

Conquer the peak 勇攀高峰



Sinomax Kuka in Zhejiang had organized a team building tour enabling employees to learn more about local culture by exploring Dinghu Peak Scenic Spot.

位於浙江的聖諾盟顧家組織了一次團建旅遊，使員工能夠通過探索鼎湖峰風景名勝區更深入的了解當地文化。

Safeguard employees' health and safety

At Sinomax, employees' health and well-being are not only supported by a good company culture, but also through offering a safe and harm-free working environment. In this endeavor, the Group has developed an occupational health and safety management system which was certified with ISO 45001:2018. Under the management system, the Group instituted rigorous safety management policies and manual for employees to excel work in a vigilant and safe manner.

Safety standard and awareness have always been the Group's top priorities in the production process. As such, the Group has appointed qualified safety managers to ensure full compliance with safety standards on-site. Additionally, periodic incident drills and safety trainings are provided to hone employees' awareness on safety-related issues and responsiveness in case of emergency.

Taking into account the hazardous substances used during the manufacture of memory foams, the Group pays cautious attention in minimizing employees' exposure to such harmful substances. Employees are required to wear protective equipment, such as helmets and dust masks, at designated areas in the factory. The Group also performs checks and maintenance on these gears, production facilities, safety equipment, electronic appliances as well as hazardous substance storage on a regular basis.

Any work-related injury shall be reported to the Group's Administration Department for further action. Depending on the severity of injury, remuneration shall be provided to the staff. Moreover, the Group has a strict protocol that requires relevant department(s) to investigate the cause of injury and propose preventive measures within 2 working days.

In the reporting year, no material non-compliance with any applicable laws and regulations on workplace hazards and occupational health and safety has been discovered. In effort to promote occupational health and safety, the Group has witnessed zero work-related fatality and each work injury was handled and recorded in accordance with established procedures, and may be shared as scenarios for training to reduce the likelihood of similar accidents reoccurrence.

保障員工的健康及安全

除公司文化外，盛諾亦提供安全無害的工作環境以支持員工的健康和福祉。為此，本集團已設立一個獲得ISO45001:2018認證的職業健康及安全管理系統。在該管理系統下，本集團為員工製定了嚴格的安全管理政策和手冊，以確保員工在警惕和安全態度下工作。

安全標準和意識一直是本集團在生產過程上的首要議題。因此，本集團已委任合資格的安全經理以確保員工全面跟從工場安全標準。此外，本集團亦定期提供的意外演練和安全培訓，以磨練員工的安意識和緊急情況下的應變能力。

考慮到生產記憶泡沫過程中的有害物質，本集團高度關注減少員工對此類有害物質的接觸。員工在工廠指定區域必須佩戴防護裝備，例如安全帽和防塵口罩。本集團還定期對器械、生產設施、安全設備、電子設備以及有害物質儲藏室進行檢查和維護。

任何與工作有關的受傷均需向本集團的行政部門報告，以採取進一步行動。視乎受傷的程度，本集團須向工作人員提供報酬。此外，本集團制定了嚴格的規程，要求相關部門調查受傷原因並在2個工作日內提出預防措施。

在報告年度內，本集團沒有發現違反與預防職業性危害、職業健康和安全的任何適用法律和規例的事件。在保障職業健康和安全的努力下，本集團沒有與工作有關的死亡事件，而每宗工傷均跟照既有程序處理並作紀錄，作為培訓的案件分享而減低相類似意外再發生的機率。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Continuous training and development

Sinomax is keen on supporting employees' professional growth and growing alongside with them. The Group's training scheme is developed to hone employees' skillset and knowledge. In addition to induction training for new recruits, the HR Department customizes suitable training to meet employees' needs to facilitate their career development. Upon the completion of each course, the HR Department is responsible for evaluating the performance and capacity of employees to strategize their future training and career plan.

持續進修及發展

盛諾支持員工的職業發展並與他們一起成長。本集團的培訓計劃旨在磨練員工技能和知識。除了為新員工提供入職培訓外，人力資源部還為員工量身定制合適的培訓，以滿足其職業發展的需要。在完成每門課程後，人力資源部將負責評估員工的工作表現和能力，以制定未來的培訓和職業計劃。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Training Percentage
平均受訓百分比

Average Training Hour
平均受訓時數



Male 男



Female 女



Management
管理人員



Senior
高級員工



Junior
一般職員

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

In support of employees' personal and professional growth, the Group looks to continuously upgrade the training scheme and programs that aids business development.

In dedication to integrate employee-oriented employment practices, the Group has committed to the Good Employer Charter by the Labour Department. This encouraging milestone translates into the driving force that motivates the Group's ongoing effort to become a more people-centric enterprise.

為支持員工的個人和專業發展，本集團希望不斷優化有助於業務發展的培訓計劃。

本集團致力於整合以員工為導向的僱傭實踐，並已簽署勞工處的《好僱主約章》。這令人鼓舞的里程碑轉化為推動本集團持續努力成為以人為本的企業的動力。



CARE FOR THE COMMUNITY

Sinomax marks its success not simply in economic terms but also in terms of positive influence on society. As the first enterprise to receive the ISO 26000 certification on corporate social responsibility, the Group has continued to bring in values of wellness into the community.

The establishment of Sinomax's staff volunteer teams has become the testimony that reflects the Group's devotion to foster a healthy and harmonious society. During the reporting year, the volunteer teams have organized and participated in the following community events:

社會關懷

盛諾不只是在經濟方面刻劃其的成功，而且還對社會的付出正面影響。作為首家獲得ISO 26000企業社會責任認證的企業，本集團會繼續將健康價值帶入社區。

盛諾員工義工隊的建立已反映本集團於建立健康和諧社會的努力。在報告年度內，義工隊已舉辦及參加以下社區活動：

Love support beloved 用愛支持所愛



In January 2020, 27 employees from Dongguan premise went on a visit to elderly centre. They sang and celebrate their birthdays together. 2020年1月，27名東莞基地的員工探訪了老人中心。他們一起唱歌，並與他們一起慶生。

2019 Earth Day community clean up activity 2019 世界地球日垃圾撿拾活動



Emphasis on enhancing environmental protection awareness, the Group's volunteer team at Sinomax (Zhejiang) had participated in 2019 community cleanup during Earth Day, and contributed to the protection of the environment.

著重提高環保意識，本集團的賽諾（浙江）義工隊在世界地球日參與了垃圾撿拾活動，為保護環境出一分力。



AVEDA Walk & Run For Water 2019 2019年 AVEDA 點滴清水



In May 2019, staff members from Hong Kong headquarters had participated this event that aims to raise fund for water projects, making clean water accessible to different countries. Throughout the activity, staff members carried a bottle of water to walk or run for few kilometres, to experience the hardship villagers in arid countries have to face on a daily basis.

在2019年5月，香港總辦事處的員工參加了旨在為水項目籌集資金，使不同國家都能獲得清潔水的活動。在整個活動中，員工拿著一瓶水行走或奔跑數公里，以體驗乾旱國家村民所面對的艱辛。

"Love Supports Beloved" Elderly Event Plan 2019-Reunion at Mid-Autumn Festival Luncheon 「用愛·關懷」長者活動計劃2019 - 團圓樂聚在中秋午宴



Hong Kong headquarters staff members made a visit and celebrate Mid-Autumn Festival with elderlies in an event hosted by YMCA. 在基督教青年會舉辦的活動中，香港總部員工一起探訪和與長者們一起慶祝中秋。

Capture the love moment 情深深留倩影



Hong Kong Headquarter volunteer team had participated an activity organized by YWCA to put makeup on and take wedding photos for elderly couples to create romance. 香港總辦事處的義工隊參與了由香港基督教女青年會的活動，為長者夫婦化妝及造型拍攝結婚照，製造浪漫。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Sinomax envisions itself as a giver to serve the society. In light of this, the Group takes opportunity to extend love and support in where it operates. In the reporting year, the Group's newly acquired factory in Vietnam has created about 600 employment opportunities for local workers. This has also enabled the development of community and generated local income, while sustaining the Group's manufacturing capacity.

In addition to spreading care to the communities in and surrounding its operations, the Group has continued to support various local environmental campaigns and organizations. For the 4 consecutive years, the Group has become the silver member of World Wide Fund ("WWF") Hong Kong in driving collaborative effort to shape a sustainable community.

In consideration of the external factors that have influenced the local Hong Kong community during the reporting year, Sinomax takes responsibility to consistently provide maximum love and support in serving Hong Kong and beyond.

盛諾視其為服務社會的奉獻者。有鑑於此，本集團把握任何在其經營所在地擴大其愛心與支持的機會。在報告年度，本集團新收購的越南工廠為當地社區創造了約600個就業機會，這能促進當地社區發展並提高當地收入，同時維持本集團的生產力。

除向關注其營運及其周圍的社區外，本集團亦繼續支持不同本地的環保組織。本集團已連續四年成為香港分會的純銀會員的重要成員，以合作努力建立一個可持續發展的社區。

在報告年度內，在外部因素影響香港本地社區下，盛諾負責在服務香港及其他地區的同時，如貫一轍地提供愛心和支持。

Community investment 社區投資



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

CONTRIBUTE TO CREATING A BETTER ENVIRONMENT

Sinomax, as a responsible visco-elastic health and wellness products manufacturer, is committed to adopting environmentally friendly operational measures. The Group's ultimate goal is to effectively mitigate its environmental footprints throughout its operation. With environmentally conscious management of various resources, ranging from energy and water to paper and other recyclables, Sinomax outlines its firm commitment to maximizing the resource efficiency and thereby safeguarding the interests of future generations.

ENVIRONMENTAL MANAGEMENT

Sinomax remains committed to bolstering the effectiveness and benefits of its environmental management approach. During the reporting year, Sinomax has established production facilities in Vietnam. When selecting the geographical locations, the Group regards Vietnam as a region in the vicinity of its customers to minimize the emissions incurred by transportation of products.

Under the framework of ISO 14001:2004 Environmental Management System, the Group is dedicated to controlling and monitoring of the Group's environmental impacts due to operations. In support of green industry chains, the Group continues to appoint a third-party certification agency to undertake annual field inspection and to ensure its environmental management system is aligned with relevant international standards. As stipulated by the Management Procedures for Environmental Monitoring and Measurement, the Group engages an independent agency in assessing the wastewater, air emissions, and noises, with the aim of minimizing the environmental impacts of operations. In the reporting year, the Group has also made a progress on certifying Zhejiang premise as a green factory.

Hinging on delicate environmental management practices, the Group strictly obeys the relevant environmental laws and regulations. During the reporting year, there were no significant cases of non-compliance in this regard.

創造更好環境

盛諾作為負責任的慢回彈保健產品製造商，致力採取環保的措施。本集團的最終目標是有效減低整個營運過程中的環境足跡。通過能源、用水到紙張和其他可回收資源的管理，盛諾堅定地承諾提高資源效率，減低對自然環境的影響，以維護將來的利益。

環境管理

盛諾如一地致力提高其環境管理方法的有效性和優點。報告年度內，盛諾在越南興建生產設施。在選擇地理位置時，本集團將越南視為其客戶附近的地區以最小化運送產品過程中所引起的排放。

在ISO 14001:2004環境管理體系的框架下，本集團致力控制和監察本集團從營運中產生的環境影響。為支持綠色產業鏈，本集團繼續委任第三方認證機構進行年度現場檢查，並確保其環境管理體系符合相關國際標準。根據《環境監測與測量管理程序》，本集團委聘獨立機構評估廢水、空氣排放和噪音，以最大限度地降低營運對環境的影響。在報告年度，本集團在認證浙江物業為綠色工廠方面也取得進展。

本集團憑藉精細的環境管理規範，嚴格遵守相關的環境法律及規例。在報告年度內，在此方面並沒有重大的違規案件。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

PACKAGING MATERIAL

The Group mainly used cardboard and plastic as packaging materials of products. In an effort to reduce the environmental footprints of packaging materials, the Group has been working towards the wider use of renewable paper in wrapping its products. Some of the Group's paper packaging materials are certified by Forest Stewardship Council ("FSC"), ensuring the paper is made under responsible management of forests.

In a bid to minimize the generation of packaging waste from procurement of raw materials, the Group opts for purchasing refillable-packaged raw materials instead of the barrelled-packaged ones.

Striking the right balance between environmental protection and customer satisfaction, the Group has formulated various packaging guidelines at the requests of customers and industrial standards for staff to follow. The Group will continue to explore innovative ways to promote the use of sustainable packaging materials in the future.

Packaging material consumption

	Unit 單位	2019 2019年	2018 2018年
Recyclable packaging materials 可回收的包裝材料	tonnes 噸	1,355	895
Total packaging materials used 包裝材料的總用量	tonnes 噸	5,585	7,158

包裝物料

本集團主要使用紙板和塑料作為產品的包裝材料。為減少包裝材料對環境的影響，本集團一直致力在產品包裝上廣泛使用再造紙。本集團的部分紙質包裝材料已通過森林管理委員會的認證，以確保所用紙來自在負責管理的森林。

為採購原材料時最大程度地減少包裝材料廢棄物的產生，本集團選擇購買原材料的補充裝，減少採購桶裝。

為在環境保護和客戶滿意度之間取得適當的平衡，本集團已根據客戶的要求和行業標準制定不同的包裝指引，以供員工遵循。本集團於未來將會繼續探索創新方法，以促進可持續包裝材料的使用。

包裝材料的使用

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

ENERGY CONSUMPTION AND GHG EMISSIONS

Sinomax has been working relentlessly towards energy conservation, and keeping track of its impacts on climate change. The direct and indirect emissions of greenhouse gas (“GHG”) were attributed to consumption of various energy sources. The production units use electricity, diesel, natural gas and gas for manufacturing equipment and cooking, and liquefied petroleum gas (“LPG”), diesel and gasoline for vehicles to logistics and vehicular transportation. Other than electricity that contributes Scope 2 GHG emissions, the rest of the sources contribute to Scope 1 GHG emissions.

In order to fulfill its responsibility in climate change mitigation, the Group continues to invest in solar energy that is more sustainable than fossil fuels. With solar panels on the roof-top of the factories installed in Dongguan and Zhejiang, a total of 2,245MWh of solar power was generated during the Reporting year. This clean energy source has therefore reduced 1,413 tonnes of carbon emission.

Noticing the strong correlation between energy consumption and operating costs, the Group has been making an effort to replace traditional lightings with more energy efficient lighting fixtures. The initiative has cut down not less than 80% electricity consumption at Dongguan and Zhejiang premises.

能源使用及溫室氣體排放

盛諾一直熱衷於節能，並關注其對氣候變化的影響。溫室氣體的直接和間接排放歸因於各種能源的消耗。生產單位使用電力、柴油、天然氣和煤氣作為製造和烹飪用途，並使用液化石油氣、柴油和汽油作為物流和運輸用途。除電力導致範圍2溫室氣體排放外，其餘能源均導致範圍1溫室氣體排放。

為了履行其在舒緩氣候變化的責任，本集團繼續投資於比化石燃料更具可持續性的太陽能。於報告年度，在東莞及浙江的工廠屋頂上的太陽能發電板共產生2,245兆瓦時的電力。該清潔能源從而減少約1,413噸碳排放。

本集團注意到能源消耗和營運成本之間的密切關係，本集團一直努力以更節能的照明系統代替傳統照明設備。該計劃已減少東莞和浙江物業不少於百分之八十的用電量。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Under the framework of ISO 50001:2018 Energy Management System, the Group has been actively embedding the following energy-saving practices into its daily operation:

在ISO50001:2018能源管理系統的框架下·集團一直積極地將以下節能實踐納入其日常營運中：



Maximize daylighting by opening blinds
通過打開百葉窗採光



Turn off all idle electrical appliances, equipment and lightings
關閉所有閒置的電器、設備和照明燈



Activate low-powered sleep settings on devices where possible
盡可能在設備上開啟低能耗的睡眠設置



Implement regular equipment maintenance to ensure energy efficient functioning
定期進行設備維護以確保節能運行



Monitor the energy usage to detect abnormal consumption patterns and evaluate the effectiveness of relevant measures
監測能源使用情況，以發現異常使用模式並評估相關措施的有效性



Adopt logistics transports with high emission standard model where feasible
可行時採用高排放標準模式的物流運輸工具

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Energy consumption ⁽¹⁾

能源使用⁽¹⁾

	Unit 單位	2019 2019年	2018 ⁽²⁾ 2018年 ⁽²⁾
Electricity 電	MWh 兆瓦時	10,875	11,554
Natural gas 天然氣	m ³ 立方米	64,491	38,794
Diesel (Logistic) 柴油 (運輸)	MWh 兆瓦時	697	420
Petrol (Logistic) 氣油 (運輸)	L 公升	570,467	542,928
Liquefied petroleum gas ("LPG") 液化石油氣	MWh 兆瓦時	6,120	5,778
Gas 煤氣	L 公升	41,445	208,158
Diesel (Manufacturing) 柴油 (生產)	MWh 兆瓦時	394	1,939
Solar energy 太陽能	m ³ 立方米	0	14,409
Energy consumption 能源消耗	MWh 兆瓦時	0	25
Energy intensity 能源密度	kg 公斤	9,100	7,450
	MWh 兆瓦時	25	19
	L 公升	23,413	36,987
	MWh 兆瓦時	249	393
	MWh 兆瓦時	2245	2279
	MWh 兆瓦時	20,605	22,407
	MWh/M' revenue 兆瓦時／百萬收入	6.88 ⁽³⁾	5.26

Note 1: The energy consumption of retail shops were excluded.

註1：零售商店不包括在能耗內。

Note 2: 2018 energy data is adjusted to enhance the comparability to 2019 data.

註2：2018年的能源數據進行了整體調整，以增強與2019年數據的可比性。

Note 3: As the revenue of FY2019 was decreased, the energy intensity was increased subsequently.

註3：由於2019年財政年度的收入有所減少，因此導致能源密度隨之而上升。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

GHG emissions ⁽¹⁾

溫室氣體排放⁽¹⁾

	Unit 單位	2019 2019年	2018 2018年
Scope 1: Direct emission 範圍1：直接排放	tonnes of CO ₂ equivalent (tCO ₂ -e) 公噸二氧化碳當量	1,883	2,309
Scope 2: Indirect emission 範圍2：間接排放	tCO ₂ -e 公噸二氧化碳當量	6,844	7,294
Total emissions 總排放量	tCO ₂ -e 公噸二氧化碳當量	8,727	9,603
Total emissions intensity 總排放密度	tCO ₂ -e/M ¹ Revenue 公噸二氧化碳當量／ 百萬元收入	2.91 ⁽²⁾	2.25

Note 1: Due to the overall adjustment of the energy data in 2018, the GHG emissions data for 2018 have also been changed.

註1：由於2018年的能源數據進行了整體調整，2018年的溫室氣體排放數據亦因此有所改變。

Note 2: As the revenue of FY2019 was decreased, the emission intensity was increased subsequently.

註2：由於2019年財政年度的收入有所減少，因此導致溫室氣體排放密度隨之而上升。

AIR QUALITY

The Group is environmentally aware of air pollutant emissions such as dichloromethane, toluene and carbon tetroxide during the production process, and eager to deploy feasible actions to address the issue. First, spray towers were installed at the exhaust outlets to curb at least 80% of gaseous pollutant emissions into the atmosphere.

The Group also built in activated carbon adsorption devices in the Guangdong premise, not only to meet regulatory requirements, but also to filter most gaseous contaminants during the manufacturing process. Additionally, VOC removal equipment has been installed at Shandong premise to remove VOC that is a kind of ozone-depleting air pollutants.

空氣質素

本集團很關注在生產過程中排放的二氯甲烷、甲苯和四氧化碳等空氣污染物，並渴望採取切實可行的措施解決問題。首先，在排氣口安裝噴霧塔，以便在進入大氣層之前去除至少80%的空氣污染物。

本集團還在廣東基地內建有活性炭吸附裝置，不僅滿足法規要求，還可以過濾生產過程中所排放的廢氣。此外，山東基地已安裝揮發性有機化合物去除設備，以去除能破壞臭氧層的揮發性有機化合物。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

With the aim of managing and tracking the operational compliance, on-site air quality audit was undertaken at least once a year to maintain the air emissions level under effective control.

Regarding the air emission by combustion of fuels, the Group's production unit in Dongguan has continued to bolster the use of natural gas, a cleaner fuel source that releases less air emissions since the previous reporting year. The Group pledges to incorporate clean and green production concepts into everyday operation, and also remains committed to seeking opportunities of further improving the air quality.

為管理和監察營運運合規性，本集團每年至少進行一次現場空氣質素審核，以有效控制空氣排放水平。

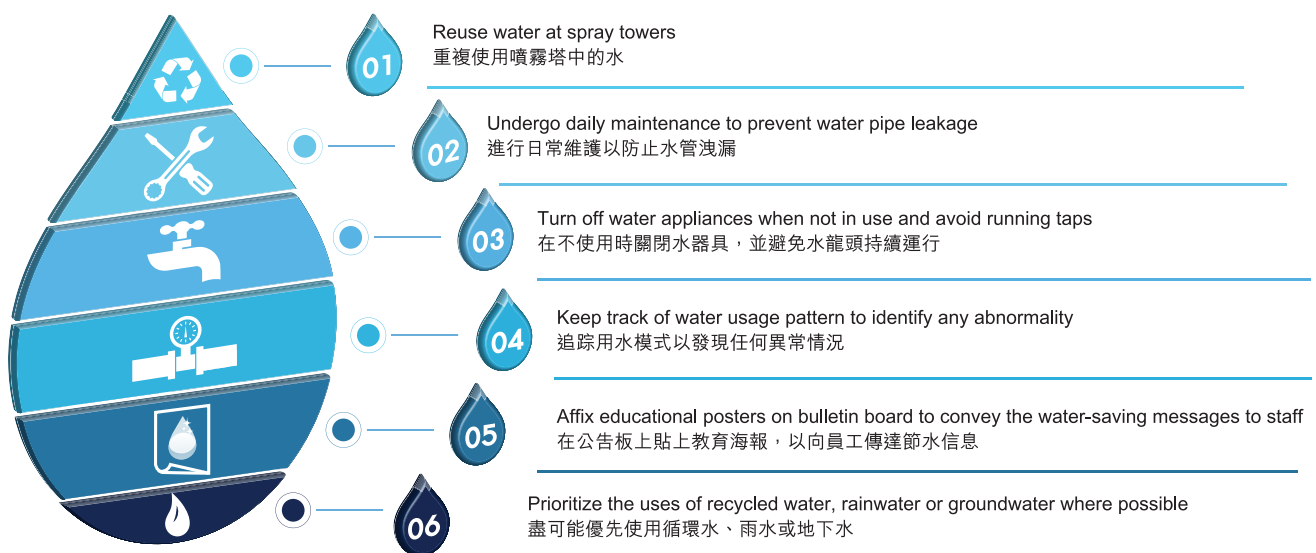
關於燃燒燃料時產生的廢氣排放，本集團在東莞的生產單位繼續增加使用天然氣，天然氣是較潔淨的燃料來源，因此排放的污染物自上一個報告年度以來開始減少。本集團承諾將潔淨和綠色的生產理念納入日常營運，並繼續尋求進一步改善空氣質素的機會。

WATER AND WASTEWATER MANAGEMENT

At Sinomax, water is mainly utilized for chemical mixing procedures during the manufacturing process, toiletry needs and daily operation. During the Reporting year, there were no particular issues in sourcing water. Despite that, addressing the mounting global issue of water scarcity, the Group places great emphasis on water conservation throughout its operation. In this regard, the Group has pursued constant efforts to educate the employees about conserving the use of water resources through implementing the following initiatives:

用水及污水管理

盛諾的用水主要來自製造過程中化學混合程序、衛生間用水和日常操作。在報告年度內，求取水源上並無特別問題。儘管如此，為解決日益嚴重的全球水資源短缺問題，本集團在營運過程中亦非常重視節約用水。在這一方面，本集團通過實施以下舉措，不斷努力教育員工如何節約用水：



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Water consumption

用水量

	Unit 單位	2019 ⁽¹⁾ 2019年 ⁽¹⁾	2018 2018年
Water consumption 用水量	m ³ 立方米	254,124	315,254
Water consumption intensity 用水密度	m ³ /M ¹ revenue 立方米／百萬收入	84.79 ⁽²⁾	73.95

Note 1: Water consumption of Shandong premise was not included due to the breakdown of water meter.

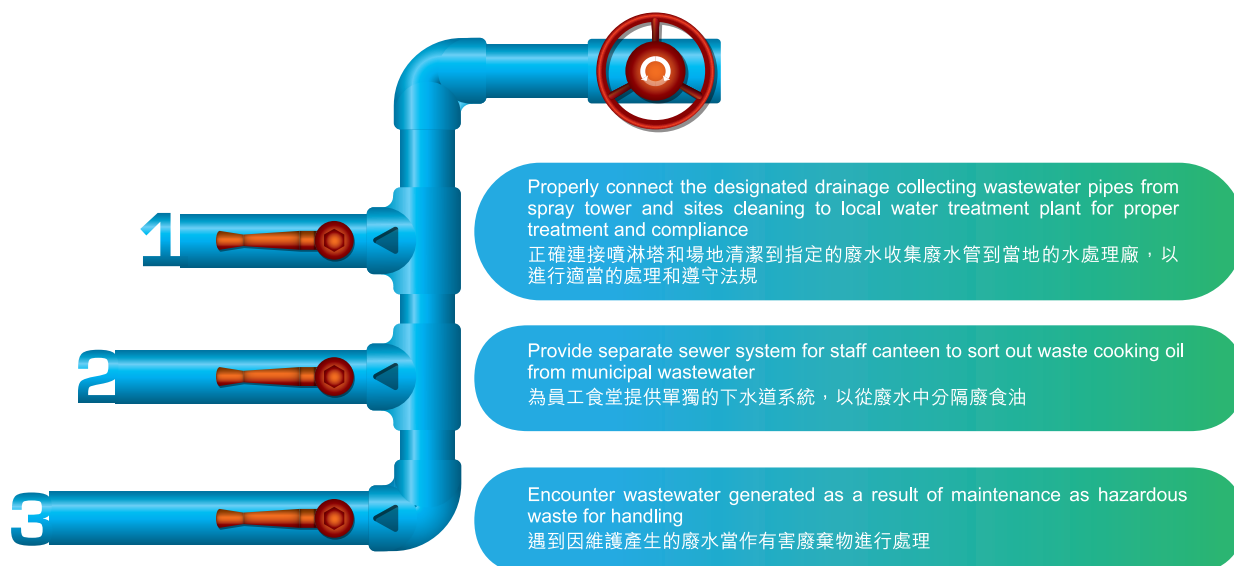
註1：由於山東基地的水錶發生故障，故此沒有包括山東基地的用水量。

Note 2: As the revenue of FY2019 was decreased, the water consumption intensity was increased subsequently.

註2：由於2019年財政年度的收入有所減少，因此導致用水密度隨之而上升。

Meanwhile, the manufacturing operation consists of chemical mixing procedures that would result in the generation of wastewater with chemicals. In response to this, Sinomax was conscious of the adverse environmental impacts of direct release of wastewater. As a responsible company, the Group has formulated a policy, along with the following targeted measures to manage wastewater discharge:

與此同時，由於生產過程涉及化學物混合程序，導致含有化學品的污水排放。因此，盛諾意識到污水排放對環境的負面影響。作為一家負責任的公司，本集團已制定政策並實施相關措施以管理污水排放：



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Moreover, the Group has also invested in building a diffidence facility at Zhejiang premise. On one hand, it assists in treating wastewater prior to discharge to neighbouring water bodies. On another hand, the diffidence facility technically separates rainwater and sewage.

In a bid to supervise the situation of wastewater discharge and treatment, wastewater sampling and auditing was carried out annually at all production premises to guarantee the compliance requirement had been fulfilled.

WASTE MANAGEMENT

Reinforcing the waste stewardship approach towards waste avoidance, reduction, reuse and recycling, the Group systematically classified its waste into non-hazardous waste, hazardous waste, recyclables and non-recyclables.

To further elaborate hazardous waste management to our stakeholders, the handling procedures and type of hazardous waste will be discussed more deeply. In the manufacturing premises, hazardous waste mainly consists of machinery oil, chemical containers and residue. As stipulated in the solid waste handling manual, all employees are responsible for properly separating waste by types and putting it at the specified waste storage area. The storage area shall always remain clean, ventilated and cool. On a regular basis, the HR Department was assigned to employ eligible contractors for waste recycling and handling. For every handling transaction, appointed personnel shall fill in a hazardous waste transfer form to record the transaction. Additionally, regular trainings were provided to the employees so as to deepen their understanding of appropriate waste sorting and management.

The process of manufacturing gives rise to a significant amount of waste foams. In recognition of the issue, Sinomax has constructed a recycling facility at all sites to collect the wasted foams and sophisticatedly turn them into resalable useful materials. As a result, not only is the resources efficiency effectively enhanced, but also waste generation due to manufacturing is reduced.

此外，本集團以在浙江地區設立建造雨污分流設施。一方面，它有助於處理污水後再排放到鄰近的水體中。另一方面，雨污分流設施能將雨水和污水分開。

為監督污水的排放和處理情況，本集團於每年在所有場地進行污水取樣和審核，以確保排放質量符合法規。

廢棄物處理

為加強廢棄物避免、減少、循環再用和回收的廢棄物管理方法，本集團將其廢物有系統地分類為無害廢棄物、有害廢棄物、可回收廢棄物和不可回收廢棄物。

為進一步向我們的持份者闡述有害廢棄物管理，有害廢棄物的處理程序和類型將會更深入地討論。在生產工場中，有害廢棄物主要包括機械潤滑油、化學容器和殘餘物。根據固體廢棄物處理手冊中的指引，所有員工都有責任按類型妥善分類廢棄物並將其放置在指定的廢棄物儲存區。儲存區應恆常保持清潔、通風和陰涼。人力資源部定期委派合格的承辦商和廢棄物回收及處理公司處理廢棄物。每次承辦商處理廢棄物，指定人員應填寫有害廢棄物轉移表格以作記錄。此外，本集團向員工提供定期培訓，以加強他們對廢棄物分類和管理的認識。

在生產過程中，本集團已產生一定數量的海綿廢棄物。就此而言，盛諾在所有地點都建立了一個回收設施，已在所有地點設立了回收設施，將海綿廢棄物回收再造成可出售的有用材料。結果，不僅有效地提高了資源效率，而且減少了製造過程中產生的廢棄物。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

As an easy start of daily waste reduction in the workplace, the Group encouraged its employees to bring their own drinking bottles for water refill, instead of bottled or barrelled water to minimize generation of plastic waste.

The Group is dedicated to steering its waste management approach by chronicling the disposal and treatment of waste for continuous improvement of resource utilization. During the reporting year, the Group had achieved an overall non-hazardous waste recycling rate of 82%. The Group will keep up the effective waste management initiatives while continuing to identify ways to reduce and recycle waste.

為減少工作場所的日常廢棄物，本集團鼓勵員工自攜水瓶以補充及避免使用瓶裝或桶裝水，以減少隨之產生的塑料廢棄物。

本集團致力改善其廢棄物的處理方式，以不斷提高資源利用率。於報告年度內，本集團的無害廢棄物整體回收率為82%。本集團將繼續採取有效的廢物管理措施，同時繼續尋找減少和回收廢物的方法。

Non-hazardous waste type 無害廢棄物種類



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

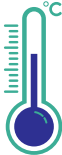






環境·社會及管治報告

GREEN OFFICE

To extend our effort in reducing environmental burden, apart from implementing greener manufacturing initiatives, the Group promotes green office adoption to create an all-rounded green working culture and strengthen environmental awareness in the workplace. Under the "Sinomax Green Office Plan", the HR Department was appointed to put the plan into practices, and closely review the monthly performance. According to the plan, employees are advised to:

綠色辦公室

為擴展我們減低對環境負擔的努力，除於生產過程實施更環保的舉措外，本集團亦推廣綠色辦公室，以營造全方位的綠色工作文化並增強工作場所的環保意識。根據「盛諾綠色辦公室計劃」，本集團已委任人力資源部實行該計劃並每月檢視成效一次。根據該計劃，本集團建議員工：

Maintain room temperature between 24 and 26 degrees Celsius to avoid unnecessary power wastage		保持室內溫度在24至26攝氏度之間以避免浪費能源
Switch off all electronic devices and lighting systems when not in use to cut down on electricity consumption		在不使用時關掉所有電子設備或燈具
Shut down computers at 10pm automatically to save energy		晚上十時自動關閉電腦以節省能源
Print on both sides of paper to alleviate the demand for paper use		在紙張雙面列印以減少用紙
Reuse and recycle used papers as far as possible		盡可能重複使用和回收已用紙張
Encourage electronic documentation and promote paperless operation		鼓勵電子文檔並促進無紙化操作
Bring own drinking cups and bottles to avoid single-use drinking containers		自攜飲用杯並避免使用一次性容器

Moreover, energy saving signage has been affixed at noticeable areas to promote employees' environmental consciousness and disseminate relevant environmental information. Sinomax aspires to continue cultivating a greener working culture in the future.

此外，在當眼處張貼節能標誌以提高員工的節能意識並傳播相關的環境信息，盛諾渴望在未來繼續培養更綠色的工作文化。

Additionally, Sinomax has signed up to Energy Saving Charter established by Environmental Protection Department and Electrical and Mechanical Services Department. Sinomax has further reinforced energy efficiency and saving by following the guidelines provided to achieve certain target. The Group endeavors to promote a greener operation and will continuously assess the feasibility for implementing applicable measures.

另外，盛諾亦已簽署環保署和機電工程處制定的《節能約章》。盛諾為進一步提高能源效率和節能效果，而提供指導方針以實現其環保目標。本集團致力促進綠色營運，並將繼續評估實施相關措施的可行性。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

LOOKING FORWARD

Despite the business challenge ahead, the Group will uphold its mission to provide high quality products and promote health lifestyle in a sustainable manner. In order to minimize the cost and emission of production and transportation, the Group is committed to enhancing its production efficiency and arranging production and logistics schedules flexibly. In contribution to sustainable business development, the Group will also continue to develop the O2O program to deliver care to the community and decrease environmental footprint.

展望將來

儘管面臨未來的業務挑戰，本集團依然會秉承使命，以可持續的方式提供優質產品並促進健康生活。為盡量減少生產和運輸的成本和排放，本集團會致力提高生產效率並靈活安排生產和物流時間表。為了推廣業務的可持續發展，本集團還將繼續發展O2O網上商店計劃，關懷社區並減少環境足跡。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

PERFORMANCE TABLE

績效表

Environmental Performance 環境表現	Unit 單位	2019 2019年	2018 ⁽²⁾ 2018年 ⁽²⁾
Greenhouse Gas (GHG) Emissions 溫室氣體排放			
Scope 1: Direct emission ⁽²⁾ 範圍1：直接排放 ⁽²⁾	Tonnes of CO ₂ equivalent (tCO ₂ -e) 公噸二氧化碳當量	1,883	2,309
Scope 2: Indirect emission ⁽³⁾ 範圍2：間接排放 ⁽³⁾	tCO ₂ -e 公噸二氧化碳當量	6,844	7,294
Total emissions 總排放量	tCO ₂ -e 公噸二氧化碳當量	8,727	9,603
GHG emissions intensity 溫室氣體排放密度	tCO ₂ -e/M' Revenue 公噸二氧化碳當量/百萬收入	2.91 ⁽¹⁰⁾	2.25
Energy Usage⁽⁴⁾⁽⁵⁾⁽⁶⁾ 能源使用⁽⁴⁾⁽⁵⁾⁽⁶⁾			
Solar energy ⁽⁷⁾ 太陽能 ⁽⁷⁾	MWh 兆瓦時	2,244	2,279
Electricity 電	MWh 兆瓦時	10,875	11,554
Natural gas ⁽⁸⁾ 天然氣 ⁽⁸⁾	MWh 兆瓦時 m ³ 立方米	697 64,491	420 38,974
Manufacturing diesel 柴油	MWh 兆瓦時 Litre (L) 升	249 23,413	393 36,967
Diesel used for transportation 柴油	MWh 兆瓦時 Litre (L) 升	6,120 570,467	5,778 542,929
Petrol used for transportation 氣油	MWh 兆瓦時 Litre (L) 升	394 41,445	1,939 208,158
Liquefied petroleum gas ("LPG") 液化石油氣(「液化石油氣」)	MWh 兆瓦時 m ³ 立方米	0 0	25 14,409
Gas 煤氣	MWh 兆瓦時 kg 公斤	25 9,100	19 7,450
Energy consumption 能源使用	MWh 兆瓦時	20,605	22,408
Energy intensity 能源密度	MWh/M' Revenue 兆瓦時/百萬收入	6.88 ⁽¹⁰⁾	5.26
Water Consumption⁽⁹⁾ 用水⁽⁹⁾			
Total 總量	m ³ 立方米	254,124	315,254
Water consumption intensity 水密度	m ³ /M' Revenue 立方米/百萬收入	84.79 ⁽¹⁰⁾	73.95
Hazardous Waste 有害廢棄物			
Total 總計	tonnes 噸	354	185
Non-Hazardous Waste 無害廢棄物			
Total 總計	tonnes 噸	1,812	871
Total waste recycled 廢棄物回收總量	tonnes 噸	1,480	977
Waste recycling rate 廢棄物回收率	%	82	83
Packaging Material 包裝材料			
Total 總計	tonnes 噸	5,585	7,158

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Note (1): Gaseous emissions are insignificant to Sinomax's operations.

註(1)：其餘氣體排放對賽諾的運營並不重要。

Note (2): Scope 1 GHG emissions refer to direct emission of GHG from sources owned or controlled by the Group, which include (i) transportation and (ii) machinery usage.

註(2)：範圍一溫室氣體排放指本集團擁有或控制的業務直接產生的溫室氣體排放。

Note (3): Scope 2 GHG emissions refer to indirect GHG emissions resulting from the generation of the electricity which the Group purchased.

註(3)：範圍二溫室氣體排放指本集團內部消耗（購回來的或取得的）電力所引致的「間接能源」溫室氣體排放

Note (4): The retail shops' energy consumptions were excluded.

註(4)：零售店的能源消耗被排除在外。

Note (5): 2018 energy consumption data had been refined as to increase the comparability with 2019 data.

註(5)：2018年的能耗數據因需提高與2019年數據的可比性而作出調整。

Note (6): The Group's premises did not use LPG for transportation in 2019.

註(6)：本集團的基地於2019年未使用液化石油氣。

Note (7): The reported data involved the electricity generated from solar panel in Dongguan premise only.

註(7)：披露的數據僅涉及東莞太陽能電池板產生的電力。

Note (8): Natural gas was used in the Shanghai and Dongguan factories only. The Dongguan factory has started using natural gas since May, 2018.

註(8)：天然氣僅用於上海和東莞的工廠。東莞工廠自2018年5月開始使用天然氣。

Note (9): Water consumption of Shandong premise was not included due to the breakdown of water meter.

註(9)：由於山東基地的水錶發生故障，故此沒有包括山東基地的用水量。

Note (10): As the revenue of FY2019 was decreased, the energy, GHG emission and water intensities were increased subsequently.

註(10)：由於2019年財政年度的收入有所減少，因此導致能源、溫室氣體排放及用水密度隨之而上升。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Social Performance 社會表現 ⁽¹⁾	Unit 單位	2019 ^(3,4) 2019年 ^(3,4)	2018 2018年
Workforce Profile 員工概況			
Total workforce 總僱員	No. of people 人數	2,497	2,864
Total turnover rate 總員工流失率	%	41	–
By gender 按性別劃分	Male 男性	No. of people 人數 1,233	1,476
	Female 女性	Turnover rate % 員工流失率 21	–
		No. of people 人數 1,264	1,388
		Turnover rate % 員工流失率 20	–
By age group 按年齡組別劃分	30 years old or below 30歲或以下	No. of people 人數 504	675
	31 to 50 years old 31歲至50歲	Turnover rate % 員工流失率 13	–
		No. of people 人數 1,645	1,866
		Turnover rate % 員工流失率 24	–
	50 years old or above 50歲以上	No. of people 人數 348	323
		Turnover rate % 員工流失率 4	–
By working level 按職級劃分	Management 管理層	No. of people 人數 41	20
		Turnover rate % 員工流失率 0.5	–
	Senior 經理級別	No. of people 人數 64	52
		Turnover rate % 員工流失率 1	–
	Junior 一般職級	No. of people 人數 2,392	2,792
		Turnover rate % 員工流失率 39.5	–
By geographical region 按地區類型劃分	Hong Kong 香港	No. of people 人數 171	112
		Turnover rate % 員工流失率 1	–
	PRC 國內	No. of people 人數 2,326	2,752
		Turnover rate % 員工流失率 40	–
By employment type 按就業類型劃分	Full time 全職	No. of people 人數 2,433	–
		Turnover rate % 員工流失率 40	–
	Part time 兼職	No. of people 人數 64	–
		Turnover rate % 員工流失率 1	–
Occupational Health and Safety 職業健康與安全			
Injury rate per 1,000 employees 每千名員工工傷率	%	12.65	12.40
Lost days due to work injury 因工傷而損失工作日數	Day 日數	1,133.5	1,202.5
Number of fatalities 死亡數字	No. of people 人數	0	0
Rate of fatalities 死亡比率	%	0	0
Training and development ⁽²⁾ 培訓和發展⁽²⁾			
By gender 按性別劃分	Male 男性	Training % 受訓百分比 85	–
		Average training hour 受訓平均時數 114	–
	Female 女性	Training % 受訓百分比 68	–
		Average training hour 受訓平均時數 89	–
By employment type 按僱員類型劃分	Management 管理層	Training % 受訓百分比 44	–
		Average training hour 受訓平均時數 9	–
	Senior 經理級別	Training % 受訓百分比 61	–
		Average training hour 受訓平均時數 13	–
	Junior 一般職級	Training % 受訓百分比 77	–
		Average training hour 受訓平均時數 105	–

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Note (1): Employment information of premises not included in the reporting scope were excluded.

註(1)：未納入報告範圍的基地的僱傭資料已被排除。

Note (2): Training and development information has only been started to collect since 2019.

註(2)：培訓和發展的資料僅在2019年才開始收集。

Note (3): The Group has started to disclose turnover information since 2019.

註(3)：本集團已於2019年開始披露員工流失資料。

Note (4): As Chengdu premise has been sold during the reporting year, resulting in a higher employee turnover rate than the previous year.

註(4)：由於成都工廠已於本報告年度出售，因此本年度員工流失率比上個報告年度高。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

ESG CONTENT INDEX

ESG 內容索引

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
SUBJECT AREA (A) ENVIRONMENT 環境				
A1: EMISSIONS				
層面A1：排放物				
A1	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 法規的資料。	(a) Contribute to create a better environment (a) 創造更好環境 (b) There was no non-compliance noticed during the Reporting Year. (b) 報告年度內沒有相關的重大違規事件	111-121
A1.1		The types of emissions and respective emissions data. 排放物種類及相關排放資料。	Performance table 績效表	123-126
A1.2		Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 溫室氣體總排放量（以噸計算）及（如適用）密度（如以每產量單位、每項設施計算）。	Performance table 績效表	123-126
A1.3		Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 所產生有害廢棄物總量（以噸計算）及（如適用）密度（如以每產量單位、每項設施計算）。	Performance table 績效表	123-126
A1.4		Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). 所產生無害廢棄物總量（以噸計算）及（如適用）密度（如以每產量單位、每項設施計算）。	Performance table 績效表	123-126
A1.5		Description of measures to mitigate emissions and results achieved. 描述減低排放量的措施及所得成果。	Energy consumption and GHG emissions 能源使用及溫室氣體排放	113-116
A1.6		Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. 描述處理有害及無害廢棄物的方法、減低產生量的措施及所得成果。	Waste management 廢棄物管理	119-120

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
A2: USE OF RESOURCES				
層面A2：資源使用				
A2	General disclosure 一般披露	Policies 政策	Contribute to creating a better environment 創造更好環境	111-121
A2.1		Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). 按類型劃分的直接及／或間接能源（如電、氣或油）總耗量（以千個千瓦時計算）及密度（如以每產量單位、每項設施計算）。	Performance table 績效表	123-126
A2.2		Water consumption in total and intensity (e.g. per unit of production volume, per facility). 總耗水量及密度（如以每產量單位、每項設施計算）。	Performance table 績效表	123-126
A2.3		Description of energy use efficiency initiatives and results achieved. 描述能源使用效益計畫及所得成果。	Energy consumption and GHG emissions 能源使用及溫室氣體排放	113-116
A2.4		Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. 描述求取適用水源上可有任何問題，以及提升用水效益計畫及所得成果。	Water and wastewater management 用水及污水管理	117-119
A2.5		Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. 製成品所用包裝材料的總量（以噸計算）及（如適用）每生產單位占量。	Packaging material 包裝材料	123-126
A3: THE ENVIRONMENT AND NATURAL RESOURCES				
層面A3：環境及天然資源				
A3	General disclosure 一般披露	Policies 政策	Contribute to creating a better environment 創造更好環境	111-121
A3.1		Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. 描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動。	Contribute to creating a better environment 創造更好環境	111-121

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
SUBJECT AREA (B) SOCIAL 社會				
BI: EMPLOYMENT				
層面BI：僱傭				
BI	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 法規的資料。	(a) Ethical operation (a) 道德營運 (b) There was no non-compliance noticed during the reporting year. (b) 報告年度內沒有相關的重大違規事件	100
B1.1		Total workforce by gender, employment type, age group and geographical region. 按性別、僱傭類型、年齡組別及地區劃分的雇員總數。	Performance table 績效表	123-126
B1.2		Employee turnover rate by gender, age group and geographical region. 按性別、年齡組別及地區劃分的僱員流失比率。	Performance table 績效表	123-126
B2: HEALTH AND SAFETY				
層面B2：健康與安全				
B2	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 法規的資料。	(a) Employees well-being (a) 員工福祉 (b) There was no non-compliance noticed during the reporting year. (b) 報告年度內沒有相關的重大違規事件	103-108
B2.1		Number and rate of work-related fatalities. 因工作關係而死亡的人數及比率。	Performance table 績效表	123-126
B2.2		Lost days due to work injury. 因工傷損失工作日數。	Performance table 績效表	123-126
B2.3		Description of occupational health and safety measures adopted, how they are implemented and monitored. 描述所採納的職業健康與安全措施，以及相關執行及監察方法。	Employees well-being 員工福祉	123-126

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
B3: DEVELOPMENT AND TRAINING				
層面B3：發展及培訓				
B3	General disclosure 一般披露	Policies 政策	Employees well-being 員工福祉	103-108
B3.1		The percentage of employees trained by gender and employee category (e.g. senior management, middle management). 按性別及僱員類別（如高級管理層、中級管理層等）劃分的受訓僱員百分比。	Performance table 績效表	123-126
B3.2		The average training hours completed per employee by gender and employee category. 按性別及僱員類別劃分，每名僱員完成受訓的平均時數。	Performance table 績效表	123-126
B4: LABOUR STANDARDS				
層面B4：勞工準則				
B4	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 法規的資料。	(a) Ethical operation (a) 道德營運 (b) There was no non-compliance noticed during the reporting year. (b) 報告年度內沒有相關的重大違規事件	100
B4.1		Description of measures to review employment practices to avoid child and forced labour. 描述檢討招聘慣例的措施以避免童工及強制勞工。	Be a responsible employer 負責任的僱主	101-102
B4.2		Description of steps taken to eliminate such practices when discovered. 描述在發現違規情況時消除有關情況所採取的步驟。	Be a responsible employer 負責任的僱主	101-102

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
B5: SUPPLY CHAIN MANAGEMENT				
層面B5：供應鏈管理				
B5	General disclosure 一般披露	Policies 政策	Sustainable value chain 可持續價值鏈	90-99
B5.1		Number of suppliers by geographical region. 按地區劃分的供應商數目。	Stringent procurement practices 嚴謹採購常規	91-93
B5.2		Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. 描述有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行及監察方法。	Stringent procurement practices 嚴謹採購常規	91-93
B6: PRODUCT RESPONSIBILITY				
層面B6：產品責任				
B6	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 法規的資料。	(a) Sustainable value chain (a) 可持續價值鏈 (b) There was no non-compliance noticed during the reporting year. (b) 報告年度內沒有相關的重大違規事件	90-99
B6.1		Percentage of total products sold or shipped subject to recalls for safety and health reasons. 已售或已運送產品總數中因安全與健康理由而須回收的百分比。	Connecting our customer 聯繫我們的客戶	97-99
B6.2		Number of products and service-related complaints received and how they are dealt with. 接獲關於產品及服務的投訴數目以及應對方法。	Connecting our customer 聯繫我們的客戶	97-99
B6.3		Description of practices relating to observing and protecting intellectual property rights. 描述與維護及保障知識產權有關的慣例。	Connecting our customer 聯繫我們的客戶	97-99
B6.4		Description of quality assurance process and recall procedures. 描述品質檢定過程及產品回收程式。	Customer-oriented products and services 以客為本的產品及服務	94-96
B6.5		Description of consumer data protection and privacy policies, how they are implemented and monitored. 描述消費者資料保障及私隱政策，以及相關執行及監察方法。	Connecting our customer 聯繫我們的客戶	97-99

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Aspect 層面	KPI 關鍵績效指標	Description 描述	Statement/Section 聲明／章節	Page No. 頁數
B7: ANTI-CORRUPTION				
層面B7：反貪污				
B7	General disclosure 一般披露	Information on: (a) the policies; and (a) 政策；及 (b) compliance (b) 法規的資料。	(a) Ethical operation (a) 道德營運 (b) There was no non-compliance noticed during the reporting year. (b) 報告年度內沒有相關的重大違規事件	100
B7.1		Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. 於匯報期內對發行人或其僱員提出並已審結的貪污訴訟案件的數目及訴訟結果。	Ethical operation 道德營運	100
B7.2		Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. 描述防範措施及舉報程式，以及相關執行及監察方法。	Ethical operation 道德營運	100
B8: COMMUNITY INVESTMENT				
層面B8：社區投資				
B8	General disclosure 一般披露	Policies 政策	Care for the community 社會關懷	108-110
B8.1		Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). 專注貢獻範疇（如教育、環境事宜、勞工需求、健康、文化、體育）。	Care for the community 社會關懷	108-110
B8.2		Resources contributed (e.g. money or time) to the focus area. 在專注範疇所動用資源（如金錢或時間）。	Care for the community 社會關懷	108-110



TO THE SHAREHOLDERS OF SINOMAX GROUP LIMITED
盛諾集團有限公司
(incorporated in the Cayman Islands with limited liability)

致盛諾集團有限公司股東
盛諾集團有限公司
(於開曼群島註冊成立的有限公司)

OPINION

We have audited the consolidated financial statements of Sinomax Group Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 144 to 315, 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 ("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.

意見

吾等已審計列載於第144至315頁盛諾集團有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，包括於2019年12月31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、綜合權益變動表和綜合現金流量表，以及綜合財務報表的附註，包括主要會計政策概要。

吾等認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而公允地反映了貴集團於2019年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及其綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

吾等已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審計。吾等就該等準則承擔的責任在本年報「核數師就審計綜合財務報表承擔的責任」部分中闡述。根據香港會計師公會的《專業會計師道德守則》(「守則」)，吾等獨立於貴集團，並已履行守則中的其他職業道德責任。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審計意見提供基礎。

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.

Key audit matter

關鍵審計事項

Impairment of goodwill and intangible assets

商譽及無形資產之減值

We identified the impairment of goodwill and intangible assets arising from the acquisition of Dormeo North America, LLC ("Dormeo") in 2016 as a key audit matter due to the significant management judgments and estimations are required to estimate the value in use of cash-generating units ("CGUs") of the Dormeo.

吾等已識別於2016年收購Dormeo North America, LLC (「Dormeo」)產生之商譽及無形資產之減值為關鍵審計事項，原因為估計Dormeo之現金產生單位(「現金產生單位」)之使用價值須作出重大管理層判斷及估計。

關鍵審計事項

關鍵審計事項是根據吾等的職業判斷，對本期綜合財務報表的審計最為重要的事項。這些事項是在吾等審計整體綜合財務報表及出具意見時進行處理的。吾等不會對這些事項提供單獨的意見。

How our audit addressed the key audit matter

吾等在審計中對關鍵審計事項的處理方式

Our procedures in relation to impairment of goodwill and intangible assets included:

吾等關於商譽及無形資產的減值之程序包括：

- Obtaining an understanding of the management's basis and assumptions used in relation to the impairment of goodwill and intangible assets, including the process of preparation of the discounted cash flow model and CGUs allocation;

了解管理層就有關商譽及無形資產的減值所用之基準及假設，包括編製貼現現金流量模型及現金產生單位的分配；

- Evaluating the appropriateness of the key assumptions, including growth rates, gross margin, discount rate and expected sales from customers, in the discounted cash flow model prepared and endorsed by the board and reviewed by an independent professional valuer and discussing with the management on their expectation for future market development;

評價董事會編製及認可並經獨立專業估值師審閱之貼現現金流量模型之關鍵假設(包括增長率、毛利率、貼現率及來自客戶的預期銷售)之適當性，並與管理層討論彼等對未來市場發展的期望；

Key audit matter 關鍵審計事項

Impairment of goodwill and intangible assets 商譽及無形資產之減值

Determining whether the goodwill and intangible assets are impaired requires the management judgments and estimations to estimate the value in use of the CGUs related to business of which the goodwill and intangible assets have been allocated using discounted cash flow model. In estimating the value in use of the CGUs, key assumptions used by the management include growth rates, gross margin, discount rate, expected sales from customers and management's expectation for future market development.

釐定商譽及無形資產是否已減值須作出重大管理層判斷及估計，以使用貼現現金流量模型估計與已獲分配商譽及無形資產之業務有關之現金產生單位之使用價值。於估計現金產生單位之使用價值時，管理層所用之關鍵假設包括增長率、毛利率、貼現率、來自客戶的預期銷售及管理層對未來市場發展之期望。

How our audit addressed the key audit matter 吾等在審計中對關鍵審計事項的處理方式

- Evaluating the reasonableness of, and recalculating, the sensitivity analysis prepared by management and assessing the impact on the value in use of the CGUs;

評估管理層編製的敏感度分析的合理性，並進行重新計算，以及評估對現金產生單位使用價值的影響；

- Comparing the actual results for the current year with management's cash flows projections prepared in the previous year to evaluate the accuracy of management's budgeting process;

將本年度之實際業績與管理層於去年編製的現金流量預測作比較，以評估管理層作出預算的過程的準確程度；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key audit matter

關鍵審計事項

Impairment of goodwill and intangible assets

商譽及無形資產之減值

As at 31 December 2019, the carrying amounts of goodwill and intangible assets are nil and HK\$15,374,000, after taking into account the impairment losses of HK\$36,463,000 and HK\$108,350,000 that have been recognised, respectively.

於2019年12月31日，商譽及無形資產之賬面值分別為零及15,374,000港元，此乃計及已確認之減值虧損分別為36,463,000港元及108,350,000港元。

Details relating to the management assessment on the impairment of goodwill and intangible assets are set out in note 22 to the consolidated financial statements.

有關管理層對商譽及無形資產之減值評估詳情載於綜合財務報表附註22。

How our audit addressed the key audit matter

吾等在審計中對關鍵審計事項的處理方式

- Evaluating the competence and objectivity of the independent qualified professional valuer and obtaining an understanding of the valuer's scope of work and their terms of engagement; and

評估獨立合資格專業估值師的勝任程度及客觀性，以及了解估值師的工作範圍及彼等的委聘條款；及

- Engaging our internal valuation specialists to assess the appropriateness of valuation methodology and discount rate adopted.

聘請內部估值專家評估所採用估值方法及貼現率的適當性。

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

吾等在審計中對關鍵審計事項的處理方式

Impairment of property, plant and equipment and right-of-use assets held by the subsidiaries incorporated in The United States of America (“US Subsidiaries”)

於美利堅合眾國註冊成立之附屬公司（「美國附屬公司」）所持之物業、廠房及設備以及使用權資產之減值

We identified the impairment assessment of property, plant and equipment and right-of-use assets held by the US Subsidiaries as a key audit matter due to significance of management judgement and estimations required to estimate the recoverable amounts of these assets.

吾等已識別美國附屬公司所持之物業、廠房及設備以及使用權資產之減值評估為關鍵審計事項，原因為估計該等資產之可收回金額須作出重大管理層判斷及估計。

Our procedures in relation to impairment assessments of property, plant and equipment and right-of-use assets included:

吾等關於物業、廠房及設備以及使用權資產的減值評估之程序包括：

- Obtaining an understanding of the management's basis and assumptions used in relation to the impairment assessments of the property, plant and equipment and right-of-use assets;

了解管理層就有關物業、廠房及設備以及使用權資產的減值評估所用之基準及假設；

- Evaluating the competence, capabilities and objectivity of the independent qualified professional valuer; comparing the recent market transactions of similar property, plant and equipment by taking into account of the conditions and other individual factors and challenging the reasonableness of significant inputs used in the valuation regarding the estimation of the fair value less costs of disposal of the property, plant and equipment;

評估獨立合資格專業估值師的勝任程度、能力及客觀性，經考慮有關條件及其他個別因素來比較相似物業、廠房及設備之近期市場交易，並質疑在就物業、廠房及設備之公平值減出售成本估計所作估值中使用的主要輸入數據的合理性；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

吾等在審計中對關鍵審計事項的處理方式

Impairment of property, plant and equipment and right-of-use assets held by the subsidiaries incorporated in The United States of America ("US Subsidiaries")

於美利堅合眾國註冊成立之附屬公司（「美國附屬公司」）所持之物業、廠房及設備以及使用權資產之減值

As at 31 December 2019, the carrying amounts of the property, plant and equipment and right-of-use assets held by the US Subsidiaries were HK\$297 million and HK\$146 million, respectively. The management performed impairment assessments which took into consideration the estimation of the recoverable amounts of the property, plant and equipment and right-of-use assets which were determined based on higher of fair value less costs of disposal and value in use and certain key assumptions. In estimating the fair value of property, plant and equipment, the Group took into account the characteristics of these assets if market participants would take those characteristics into account when pricing the assets at the measurement date by using market approach. Value in use calculation used cash flow projections based on financial budgets approved by the management and certain key assumptions used by the management including growth rates, gross margin, discount rate, expected sales from customers and management's expectation for future market development. Where the recoverable amounts of the property, plant and equipment and right-of-use assets are lower than respective carrying amounts, impairment losses may be recognised.

於2019年12月31日，美國附屬公司所持之物業、廠房及設備以及使用權資產之賬面值分別為297百萬港元及146百萬港元。管理層進行減值評估時考慮了對物業、廠房及設備以及使用權資產之可收回金額之估計，該等估計乃基於公平值減出售成本與使用價值之中的較高者以及若干關鍵假設而釐定。若市場參與者於計量日期使用市場法對資產定價時會考慮資產的特點，則貴集團於估計物業、廠房及設備的公平值時會考慮該等資產的特點。使用價值計算乃根據管理層所批准的財務預算以及管理層所使用的若干關鍵假設（包括增長率、毛利率、貼現率、來自客戶的預期銷售以及管理層對未來市場發展之預期）使用現金流量預測計算。倘物業、廠房及設備以及使用權資產的可收回金額低於各自之賬面值，則可確認減值虧損。

- Evaluating the appropriateness of the key assumptions used in estimating of the value in use of the property, plant and equipment and right-of-use assets, including growth rates, gross margin, discount rate and expected sales from customers, in the discounted cash flow model prepared and endorsed by the board and discussing with the management on their expectation for future market development;

評價於估計物業、廠房及設備以及使用權資產之使用價值中所使用的關鍵假設（包括董事會編製及認可之貼現現金流量模型的增長率、毛利率、貼現率及來自客戶的預期銷售）之適當性，並與管理層討論彼等對未來市場發展的期望；

- Evaluating the reasonableness of, and recalculating, the sensitivity analysis prepared by management and assessing the impact on the fair value less costs of disposal and value in use of the property, plant and equipment and right-of-use assets; and

評估管理層編製的敏感度分析的合理性，並進行重新計算，以及評估對物業、廠房及設備以及使用權資產之公平值減出售成本與使用價值的影響；及

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key audit matter
關鍵審計事項

How our audit addressed the key audit matter
吾等在審計中對關鍵審計事項的處理方式

Impairment of property, plant and equipment and right-of-use assets held by the subsidiaries incorporated in The United States of America (“US Subsidiaries”)

於美利堅合眾國註冊成立之附屬公司（「美國附屬公司」）所持之物業、廠房及設備以及使用權資產之減值

Details relating to the management impairment assessments on the property, plant and equipment and right-of-use assets held by the US Subsidiaries are set out in notes 16 and 17 to the consolidated financial statements.

有關管理層對美國附屬公司所持有之物業、廠房及設備以及使用權資產之減值評估詳情載於綜合財務報表附註16及17。

- Comparing the actual results for the current year with management's cash flows projections prepared in the previous year to evaluate the accuracy of management's budgeting process.

將本年度之實際業績與管理層於去年編製的現金流量預測作比較，以評估管理層作出預算的過程的準確程度。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION

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

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

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

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

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

In preparing the consolidated financial statements, the directors 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事需對其他資料負責。其他資料包括年報所載的資料，但不包括綜合財務報表及吾等就此發出的核數師報告。

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

在吾等審計綜合財務報表時，吾等的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或吾等在審計過程中所了解的情況有重大抵觸，或者似乎有重大錯誤陳述。基於吾等已執行的工作，如果吾等認為其他資料有重大錯誤陳述，吾等需要報告該事實。在這方面，吾等沒有任何報告。

董事及管治人員就綜合財務報表須承擔的責任

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

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

管治人員負責監督貴集團財務報告過程的責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審計綜合財務報表承擔的責任

吾等的目標，是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等僅向閣下（作為整體）按照吾等協定的委聘條款報告，除此之外本年報別無其他目的。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《香港審計準則》進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響綜合財務報表使用者所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，吾等運用了職業判斷，保持了職業懷疑態度。吾等亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及取得充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險比較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露資料的合理性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所得的審計憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對 貴集團持續經營的能力構成重大疑慮。如果吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者對綜合財務報表中的相關披露資料的關注。假若有關的披露資料不足，則吾等須出具非無保留意見的核數師報告。吾等的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事件或情況可能導致 貴集團不能繼續持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露資料，以及綜合財務報表是否公允反映交易和事項。
- 就 貴集團內各實體或業務活動的財務資料獲得充足適當的審核憑證，以就綜合財務報表發表意見。吾等負責指導、監督和執行 貴集團的審核工作。吾等須為吾等的審核意見承擔全部責任。

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

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

吾等與管治人員溝通了計劃的審計範圍、時間安排、重大審計發現等事項，包括吾等在審計期間識別出內部控制的任何重大缺陷。

吾等亦向管治人員作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及相關防範措施（如適用）。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

The engagement partner on the audit resulting in the independent auditor's report is Gladys Fung Suet Ngan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 April 2020

從與管治人員溝通的事項中，吾等釐定對本期間綜合財務報表的審計至關重要的事項，因而構成關鍵審計事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中傳達該事項。

出具獨立核數師報告的審計項目合夥人為馮雪顏女士。

德勤•關黃陳方會計師行
執業會計師
香港
2020年4月24日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2019

截至2019年12月31日止年度

		NOTES	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
		附註		
Revenue	收入	5	2,997,321	4,263,322
Cost of sales	銷售成本		(2,392,045)	(3,491,279)
Gross profit	毛利		605,276	772,043
Other income	其他收入	6	58,479	66,931
Impairment losses under expected credit loss model, net of reversal	預期信貸虧損模式項下之減值虧損(扣除撥回)	7	(6,107)	(5,923)
Other gains and losses	其他收益及虧損	8	(67,140)	356
Selling and distribution costs	銷售及分銷成本		(393,686)	(453,362)
Administrative expenses	行政開支		(209,588)	(217,491)
Finance costs	財務成本	9	(48,522)	(40,096)
Other expenses	其他開支		(84,714)	(94,872)
(Loss) profit before taxation	除稅前(虧損)溢利	10	(146,002)	27,586
Income tax expense	所得稅開支	13	(66,000)	(22,744)
(Loss) profit for the year	年內(虧損)溢利		(212,002)	4,842
Other comprehensive expense	其他全面開支			
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益的項目:</i>			
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額		(6,699)	(59,937)
Reclassification of cumulative exchange differences to profit or loss upon disposal of subsidiaries	出售附屬公司後重新分類至損益的累計匯兌差額		(9,623)	(67)
Other comprehensive expense for the year	年內其他全面開支		(16,322)	(60,004)
Total comprehensive expense for the year	年內全面開支總額		(228,324)	(55,162)
(Loss) profit for the year attributable to:	下列人士應佔年內(虧損)溢利:			
Owners of the Company	本公司擁有人		(216,509)	(5,801)
Non-controlling interests	非控股權益		4,507	10,643
			(212,002)	4,842

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2019

截至2019年12月31日止年度

			2019	2018
			2019年	2018年
		NOTE	HK\$'000	HK\$'000
		附註	千港元	千港元
Total comprehensive (expense) income for the year attributable to:	下列人士應佔年內全面(開支)收入總額:			
Owners of the Company	本公司擁有人		(224,578)	(58,777)
Non-controlling interests	非控股權益		(3,746)	3,615
			(228,324)	(55,162)
Loss per share	每股虧損	15		
– Basic and diluted (HK cents)	– 基本及攤薄(港仙)		(12.37)	(0.33)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2019

於2019年12月31日

		NOTES	2019	2018
		附註	2019年	2018年
			HK\$'000	HK\$'000
			千港元	千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	16	569,836	682,084
Right-of-use assets	使用權資產	17	249,110	–
Investment properties	投資物業	18	33,376	90,224
Prepaid lease payments	預付租賃款項	19	–	62,479
Deposits paid for acquisition of property, plant and equipment	就收購物業、廠房及設備支付的按金		4,533	13,182
Goodwill	商譽	20	–	61,409
Intangible assets	無形資產	21	15,374	122,399
Other receivables	其他應收款項	25	132,444	23,365
Deferred tax assets	遞延稅項資產	23	8,409	25,451
			1,013,082	1,080,593
CURRENT ASSETS	流動資產			
Prepaid lease payments	預付租賃款項	19	–	1,638
Inventories	存貨	24	491,845	531,071
Trade and other receivables	貿易及其他應收款項	25	559,476	843,359
Bills receivables	應收票據	26	55,553	91,960
Trade receivables at fair value through other comprehensive income	透過其他全面收益按公平值列賬之貿易應收款項	28	44,696	87,769
Pledged bank deposits	已抵押銀行存款	29	1,791	–
Fixed bank deposits	定期銀行存款	29	–	32,394
Bank balances and cash	銀行結餘及現金	29	240,320	234,435
			1,393,681	1,822,626
CURRENT LIABILITIES	流動負債			
Trade and other payables	貿易及其他應付款項	30	532,053	600,258
Bills payables	應付票據	31	47,649	86,181
Contract liabilities	合約負債	32	466	893
Unsecured bank borrowings	無抵押銀行借款	34	622,863	584,369
Lease liabilities	租賃負債	33	59,429	–
Taxation payable	應付稅項		23,267	19,825
			1,285,727	1,291,526
NET CURRENT ASSETS	流動資產淨值		107,954	531,100
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		1,121,036	1,611,693

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2019

於2019年12月31日

		NOTES	2019	2018
		附註	2019年	2018年
			HK\$'000	HK\$'000
			千港元	千港元
NON-CURRENT LIABILITIES	非流動負債			
Lease liabilities	租賃負債	33	226,154	–
Unsecured bank borrowings	無抵押銀行借款	34	–	289,388
Deferred tax liabilities	遞延稅項負債	23	29,874	96,462
			256,028	385,850
NET ASSETS	資產淨值		865,008	1,225,843
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	35	175,000	175,000
Reserves	儲備		679,962	904,429
Equity attributable to owners of the Company	本公司擁有人應佔權益		854,962	1,079,429
Non-controlling interests	非控股權益	46	10,046	146,414
TOTAL EQUITY	權益總額		865,008	1,225,843

The consolidated financial statements on pages 144 to 315 were approved and authorised for issue by the board of directors on 24 April 2020 and are signed on its behalf by:

第144至315頁所載綜合財務報表於2020年4月24日獲董事會批准及授權刊發，並由下列董事代表簽署：

Mr. Cheung Tung 張棟先生
DIRECTOR 董事

Mr. Lam Kam Cheung 林錦祥先生
DIRECTOR 董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2019

截至2019年12月31日止年度

Equity attributable to owners of the Company
本公司擁有人應佔股權

		Share capital	Share premium	Merger reserve	Statutory reserve	Capital reserve	Share options reserve	Translation reserve	Retained profits	Sub-total	Non-controlling interests	Total
		股本	股份溢價	合併儲備	法定儲備	資本儲備	購股權儲備	匯兌儲備	保留溢利	小計	非控股權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(Note (i)) (附註(i))	(Note (ii)) (附註(ii))	(Note (iii)) (附註(iii))						
At 1 January 2018 (restated)	於2018年1月1日(經重列)	175,000	404,520	(403,835)	15,529	1,510	19,163	32,740	909,939	1,154,566	154,436	1,309,002
(Loss) profit for the year	年內(虧損)溢利	-	-	-	-	-	-	-	(5,801)	(5,801)	10,643	4,842
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額	-	-	-	-	-	-	(52,915)	-	(52,915)	(7,022)	(59,937)
Reclassification of cumulative exchange differences to profit or loss upon disposal of a subsidiary	出售一間附屬公司後重新分類至損益的累計匯兌儲備	-	-	-	-	-	-	(61)	-	(61)	(6)	(67)
Total comprehensive (expense) income for the year	年內全面(開支)收益總額	-	-	-	-	-	-	(52,976)	(5,801)	(58,777)	3,615	(55,162)
Dividend recognised as distribution (note 14)	確認為分派的股息(附註14)	-	-	-	-	-	-	-	(17,500)	(17,500)	-	(17,500)
Dividend declared to non-controlling interests	向非控股權益所派付的股息	-	-	-	-	-	-	-	-	-	(11,903)	(11,903)
Recognition of share based payment expense	確認股份付款開支	-	-	-	-	-	1,140	-	-	1,140	-	1,140
Lapse of share options	購股權失效	-	-	-	-	-	(876)	-	876	-	-	-
Derecognition of non-controlling interests upon disposal of a subsidiary	於出售一間附屬公司後取消確認非控股權益	-	-	-	-	-	-	-	-	-	266	266
Transfers	轉讓	-	-	-	2,473	-	-	-	(2,473)	-	-	-
At 31 December 2018	於2018年12月31日	175,000	404,520	(403,835)	18,002	1,510	19,427	(20,236)	885,041	1,079,429	146,414	1,225,843
(Loss) profit for the year	年內(虧損)溢利	-	-	-	-	-	-	-	(216,509)	(216,509)	4,507	(212,002)
Exchange differences arising on translation of foreign operation	換算海外業務產生的匯兌差額	-	-	-	-	-	-	(3,039)	-	(3,039)	(3,660)	(6,699)
Reclassification of cumulative exchange differences to profit or loss upon disposal of a subsidiary	於出售一間附屬公司後重新分類至損益的累計匯兌儲備	-	-	-	-	-	-	(5,030)	-	(5,030)	(4,593)	(9,623)
Total comprehensive expense for the year	年內全面開支總額	-	-	-	-	-	-	(8,069)	(216,509)	(224,578)	(3,746)	(228,324)
Capital contribution by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	390	390
Dividend declared to non-controlling interests	向非控股權益所派付的股息	-	-	-	-	-	-	-	-	-	(46,258)	(46,258)
Recognition of share based payment expense	確認股份付款開支	-	-	-	-	-	111	-	-	111	-	111
Lapse of share options	購股權失效	-	-	-	-	-	(14,879)	-	14,879	-	-	-
Derecognition of non-controlling interests upon disposal of a subsidiary	於出售一間附屬公司後取消確認非控股權益	-	-	-	-	-	-	-	-	-	(86,754)	(86,754)
Transfers	轉讓	-	-	-	19,992	-	-	-	(19,992)	-	-	-
At 31 December 2019	於2019年12月31日	175,000	404,520	(403,835)	37,994	1,510	4,659	(28,305)	663,419	854,962	10,046	865,008

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2019

截至2019年12月31日止年度

Notes:

(i) The merger reserve represented the difference between the total equity of those subsidiaries attributable to the owners of the Company which were transferred from the shareholders of Sinomax Enterprises Limited, the immediate holding company of the Company, ("Individual Shareholders") to Treasure Range Holdings Limited ("Treasure Range"), a wholly owned subsidiary of the Company, and the aggregated share capital of the relevant subsidiaries pursuant to the group reorganisation where the transfer of the relevant subsidiaries to Treasure Range as satisfied by issue of new shares from Treasure Range to the Company and from the Company to Sinomax Enterprises Limited.

(ii) According to the relevant requirements in the memorandum of association of the subsidiaries of the Company established in the People's Republic of China (the "PRC"), a portion of their profits after taxation has to be transferred to the statutory reserve and allocation to the statutory reserve which shall be approved by the board of directors of the entity. The transfer had been made before the distribution of a dividend to equity owners. The appropriation to statutory reserve may cease if the balance of the statutory reserve has reached 50% of the registered capital of the entity. The reserve can be applied either to set off accumulated losses, if any, or to increase registered capital. The statutory reserve is non-distributable other than upon liquidation.

In accordance with the provisions of the Macao Commercial Code, the subsidiary of the Company incorporated in Macau is required to transfer a minimum of 25% of annual net profit to statutory reserve until the accumulated amount equals half of its quota capital. This reserve is not distributable to the shareholders.

(iii) During the year ended 31 December 2011, the Individual Shareholders acquired an additional 34% interest in Trade Sincere Limited ("Trade Sincere"), a non-wholly owned subsidiary of the Company, from a non-controlling shareholder for a consideration of United States dollars ("US\$") 998,012 (equivalent to HK\$7,755,000) and the Group's interest in Trade Sincere was then increased from 51% to 85%. Simultaneously, Trade Sincere disposed of its 40% equity interest in Sinomax Kuka (Zhejiang) Foam Co. Limited ("Sinomax Kuka"), a then wholly-owned subsidiary of Trade Sincere, to a non-controlling shareholder for a consideration of US\$1,174,132 (equivalent to HK\$8,855,000). Sinomax Kuka became a 60% owned subsidiary of Trade Sincere after this partial disposal. The Group's effective interest in Sinomax Kuka remained unchanged. The difference between the consideration received by the Group and the increase in non-controlling interests after these transactions amounting to approximately HK\$1,510,000 is recorded in capital reserve.

附註：

(i) 合併儲備乃指根據集團重組本公司擁有人應佔該等附屬公司的權益總額由本公司直接控股公司聖諾盟企業有限公司之股東（「個別股東」）向本公司全資附屬公司Treasure Range Holdings Limited（「Treasure Range」）轉讓與相關附屬公司股本總額的差額。向Treasure Range轉讓相關附屬公司的代價乃透過Treasure Range向本公司發行新股份及本公司向聖諾盟企業有限公司發行新股份的方式支付。

(ii) 根據本公司於中華人民共和國（「中國」）成立的附屬公司組織章程大綱的相關規定，除稅後溢利部份須轉撥至法定儲備及分配予法定儲備須經實體董事會批准。該轉撥已於向權益擁有人分派股息前進行。倘法定儲備結餘已達實體註冊資本之50%，則可終止撥款至法定儲備。該儲備可用於抵銷累計虧損（如有）或增加註冊資本。除進行清盤時外，法定儲備不得用作分派。

根據澳門《商法典》的規定，本公司於澳門註冊成立的附屬公司須轉撥最少25%的年度純利至法定儲備，直至累計金額等同於配額資本的一半。該儲備不得用作股東分派。

(iii) 截至2011年12月31日止年度，個別股東向非控股股東收購本公司非全資附屬公司質誠有限公司（「質誠」）的額外34%權益，代價為998,012美元（「美元」）（相當於7,755,000港元）及本集團於質誠的權益因此由51%增加至85%。同時，質誠向非控股股東出售其於浙江聖諾盟顧家海綿有限公司（「聖諾盟顧家」）（當時質誠的一間全資附屬公司）的40%股權，代價為1,174,132美元（相當於8,855,000港元）。於該部份出售後，聖諾盟顧家成為質誠擁有60%權益的附屬公司。本集團於聖諾盟顧家的實際權益維持不變。於該等交易後，本集團所收取的代價與非控股權益增加的差額約為1,510,000港元，並計入資本儲備。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2019

截至2019年12月31日止年度

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
(Loss) profit before taxation	除稅前(虧損)溢利	(146,002)	27,586
Adjustments for:	經下列各項調整:		
Amortisation of intangible assets	無形資產攤銷	6,772	6,772
Depreciation of investment properties	投資物業折舊	5,031	4,002
Depreciation of property, plant and equipment	物業、廠房及設備折舊	71,848	73,572
Depreciation of right-of-use assets	使用權資產折舊	73,934	-
Finance costs	財務成本	48,522	40,096
Gain on disposal of subsidiaries	出售附屬公司之虧損	(44,058)	(5,285)
Gain from sale and leaseback transaction	銷售及租回交易所得收益	(49,698)	-
Impairment losses under expected credit loss model, net of reversal on trade receivables	預期信貸虧損模式項下之減值虧損，扣除貿易應收款項撥回	6,107	5,923
Impairment losses on property, plant and equipment	物業、廠房及設備減值虧損	17,274	-
Impairment losses on right-of-use assets	使用權資產減值虧損	10,481	-
Impairment loss on goodwill	商譽減值虧損	36,463	-
Impairment losses on intangible assets	無形資產減值虧損	100,253	8,097
Interest income	利息收入	(3,158)	(487)
Interest income on trade receivables at fair value through other comprehensive income ("FVTOCI")	透過其他全面收益按公平值列賬(「透過其他全面收益按公平值列賬」)之貿易應收款項之利息收入	(3,213)	(2,263)
Loss on initial recognition of trade receivables at FVTOCI	初步確認透過其他全面收益按公平值列賬之貿易應收款項之虧損	3,362	1,910
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	1,759	1,894
Provision for onerous leases	虧損租賃撥備	-	2,935
Provision (reversal of provision) for inventories	存貨撥備(撥備撥回)	10,327	(5,670)
Release of prepaid lease payments	解除預付租賃款項	-	1,647
Share based payment expense	股份付款開支	111	1,140
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量	146,115	161,869
(Increase) decrease in inventories	存貨(增加)減少	(1,320)	139,217
Decrease (increase) in trade and other receivables	貿易及其他應收款項減少(增加)	254,412	(112,092)
Decrease (increase) in trade receivables at FVTOCI	透過其他全面收益按公平值列賬之貿易應收款項減少(增加)	42,815	(1,222)
Decrease (increase) in bills receivables	應收票據減少(增加)	74,754	(8,413)
Decrease in trade and other payables	貿易及其他應付款項減少	(77,263)	(90,004)
Decrease in contract liabilities	合約負債減少	(427)	(362)
Decrease in bills payables	應付票據減少	(36,964)	(597)
Cash generated from operations	經營產生現金	402,122	88,396
Hong Kong Profits Tax refunded (paid)	退回(已付)香港利得稅	1,572	(4,177)
PRC Enterprise Income Tax ("EIT") paid	已付中國企業所得稅(「企業所得稅」)	(26,635)	(24,307)
PRC withholding tax paid	中國預扣稅	(24,102)	(1,418)
The United States of America (the "US") Income Tax refunded (paid)	退回(已付)美利堅合眾國(「美國」)所得稅	219	(810)
NET CASH FROM OPERATING ACTIVITIES	經營活動產生現金淨額	353,176	57,684

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2019

截至2019年12月31日止年度

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
INVESTING ACTIVITIES	投資活動		
Payment for acquisition of property, plant and equipment	收購物業、廠房及設備付款	(70,188)	(46,021)
PRC EIT paid on the gain on disposal of a subsidiary	就出售一間附屬公司之收益已付中國企業所得稅	(8,475)	–
Placement of pledged bank deposits	存放已抵押銀行存款	(1,791)	(732)
Placement of fixed bank deposits	存放定期銀行存款	–	(33,246)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備的所得款項	259,024	2,360
Withdrawal of fixed bank deposits	提取定期銀行存款	31,928	31,979
Net cash inflow (outflow) from disposal of subsidiaries (note 42)	出售附屬公司之現金流入／(流出)淨額(附註42)	14,745	(2,175)
Interest received	已收利息	1,754	487
Withdrawal of pledged bank deposits	提取已抵押銀行存款	–	3,567
NET CASH FROM (USED IN) INVESTING ACTIVITIES	投資活動產生(動用)現金淨額	226,997	(43,781)
FINANCING ACTIVITIES	融資活動		
Repayments of unsecured bank borrowings	償還無抵押銀行借款	(599,118)	(748,289)
Repayments of lease liabilities	償還租賃負債	(253,066)	–
Interest paid	已付股息	(48,890)	(40,371)
Dividends paid	已付利息	(19,409)	(29,403)
New unsecured bank borrowings raised	新籌集的無抵押銀行借款	352,071	896,887
Capital contribution by non-controlling interests	非控股權益注資	390	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(動用)產生現金淨額	(568,022)	78,824
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	12,151	92,727
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	年初現金及現金等價物	234,435	155,485
Effect of foreign exchange rate changes	匯率變動的影響	(6,266)	(13,777)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by Bank balances and cash	年末現金及現金等價物，以銀行結餘及現金呈列	240,320	234,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

I. GENERAL

Sinomax Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate and ultimate holding company is Sinomax Enterprises Limited (“**Sinomax Enterprises**”), a company incorporated in the British Virgin Islands (the “**BVI**”).

The addresses of the registered office and the principal place of business of the Company are P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and Units 2005-2007, Level 20, Tower 1, MegaBox Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Hong Kong, respectively.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in note 45.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”), which is also the functional currency of the Company.

I. 一般事項

盛諾集團有限公司（「**本公司**」）根據開曼群島公司法第22章（1961年第三號法例，經綜合及修訂）於開曼群島註冊成立並登記為一間獲豁免有限公司，及其股份於香港聯合交易所有限公司（「**聯交所**」）主板上市。其直接及最終控股公司為聖諾盟企業有限公司（「**聖諾盟企業**」），該公司為一間於英屬處女群島（「**英屬處女群島**」）註冊成立的公司。

本公司的註冊辦事處及主要營運地點之地址分別為P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands及香港九龍灣宏照道38號企業廣場五期MegaBox 1座20樓2005-2007室。

本公司為投資控股公司，其主要附屬公司之主要業務載於附註45。

綜合財務報表以港元（「**港元**」）呈列，港元亦為本公司的功能貨幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (the “Group”) has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year:

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本

本年度強制生效的新訂香港財務報告準則及其修訂本

本公司及其附屬公司（「本集團」）已於本年度首次應用香港會計師公會（「香港會計師公會」）所頒佈的以下新訂香港財務報告準則及其修訂本：

香港財務報告準則第16號	租賃
香港（國際財務報告詮釋委員會）— 詮釋第23號	所得稅處理的不確定性
香港財務報告準則第9號的修訂本	具有負補償的提前償付特性
香港會計準則第19號的修訂本	計劃修訂、縮減或清償
香港會計準則第28號的修訂本	於聯營公司及合資企業之長期權益
香港財務報告準則的修訂本	2015年至2017年週期香港財務報告準則的年度改進

除下文所述外，於本年度應用新訂香港財務報告準則及其修訂本對本集團於本年度及過往年度之財務狀況及表現及／或該等綜合財務報表所載之披露事項概無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃

本集團已於本年度首次應用香港財務報告準則第16號。香港財務報告準則第16號取代香港會計準則第17號租賃（「香港會計準則第17號」）及相關詮釋。

租賃之釋義

本集團已選擇可行權宜方法，對先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）—詮釋第4號釐定安排是否包含租賃識別為租賃的合約應用香港財務報告準則第16號，而並無對先前並未識別為包含租賃的合約應用該準則。因此，本集團並無重新評估於首次應用日期前已存在的合約。

就於2019年1月1日或之後訂立或修訂的合約而言，本集團於評估合約是否包含租賃時根據香港財務報告準則第16號所載的規定應用租賃的定義。

作為承租人

本集團已追溯應用香港財務報告準則第16號，累計影響於2019年1月1日首次應用日期確認。

於2019年1月1日，本集團透過應用香港財務報告準則第16號第C8(b)(ii)項過渡法確認額外租賃負債及金額與相關租賃負債（經任何預付或應付租賃款項調整）相同之相關使用權資產。首次應用日期的任何差額於期初保留溢利確認，及並無重列比較資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 *Leases* (continued)

As a lessee (continued)

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃（續）

作為承租人（續）

於過渡時應用香港財務報告準則第16號項下之經修訂追溯法時，本集團對先前根據香港會計準則第17號分類為經營租賃之租賃按每項租賃就對各份租約之相關程度應用以下可行權宜方法：

- i. 依賴透過應用香港會計準則第37號撥備、或然負債及或然資產作為減值審閱之替代方法，評估租賃是否屬虧損；
- ii. 選擇不確認租期於首次應用日期12個月內之租賃之使用權資產及租賃負債；
- iii. 於首次應用日期對使用權資產之計量中排除初步直接成本；
- iv. 根據於首次應用日期之事實及情況使用事後方式釐定本集團具有延長及終止選擇權之租賃之租期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 Leases (continued)

As a lessee (continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities ranged from 5% to 10%.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃（續）

作為承租人（續）

當就先前分類為經營租賃之租賃確認租賃負債時，本集團已應用於首次應用日期之相關集團實體之增量借款利率。相關集團實體所應用之加權平均增量借款利率介乎5%至10%。

		At 1 January 2019 於2019年 1月1日 HK\$'000 千港元
Operating lease commitments disclosed as at 31 December 2018	於2018年12月31日披露之經營租賃承擔	295,537
Lease liabilities discounted at relevant incremental borrowing rates	按相關增量借款利率貼現之租賃負債	262,644
Add: Purchase option reasonably certain to be exercised (Note)	加：合理確定將予行使之購買選擇權（附註）	79,104
Less: Recognition exemption – short-term leases Recognition exemption – low value assets	減：確認豁免－短期租賃 確認豁免－低價值資產	(14,630) (95)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	於2019年1月1日應用香港財務報告準則 第16號後確認之 有關經營租賃之租賃負債	327,023
Analysed as	分析為	
Current	流動	219,849
Non-current	非流動	107,174
		327,023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 *Leases* (continued)

As a lessee (continued)

Note: According to the operating lease agreement entered into by the Group in 2015, a purchase option exercisable within 3 years from the date of lease agreement was granted to the Group to acquire a property in the US currently leased by the Group at a pre-determined purchase consideration. As of the date of initial application of HKFRS 16, the directors of the Company considered that continuing negotiation with the lessor since 2018 and the recent property market in US, and concluded that the purchase option is reasonably certain to be exercised during the year ended 31 December 2019. As a result, the lease liabilities have been adjusted and such adjustment represented the difference between the present value of the relevant lease commitment amounting to HK\$112,901,000 and the expected lease payments for such operating lease up to the date of exercising the purchase option with the pre-determined purchase consideration.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃（續）

作為承租人（續）

附註：根據本集團於2015年訂立之經營租賃協議，本集團獲授自租賃協議日期起三年內可行使的購買選擇權，以按預先釐定之購買代價收購本集團現時於美國租賃之物業。截至首次應用香港財務報告準則第16號日期，本公司董事經考慮自2018年起與出租人之持續磋商及近期之美國物業市場，得出的結論為購買選擇權合理確定將於截至2019年12月31日止年度內行使。因此，租賃負債已獲調整，且有關調整指相關租賃承擔之現值112,901,000港元與直至按預定購買代價行使購買選擇權日期就相關經營租賃作出之預期租賃付款之差額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 Leases (continued)

As a lessee (continued)

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

		NOTES 附註	Right-of-use assets 使用權資產 HK\$'000 千港元
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	應用香港財務報告準則第16號時確認之有關經營租賃之使用權資產		327,023
Reclassified from prepaid lease payments	自預付租賃款項重新分類	(a)	64,117
Adjustments on rental deposits at 1 January 2019	於2019年1月1日對租賃按金之調整	(b)	2,923
Less: Accrued lease liabilities relating to rent free period at 1 January 2019	減：於2019年1月1日有關免租期間之應計租賃負債	(c)	(17,359)
Provision for onerous leases	虧損性租賃撥備	(d)	(2,935)
			373,769

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$1,638,000 and HK\$62,479,000 respectively were reclassified to right-of-use assets.

(a) 就中國租賃土地之首付款項於2018年12月31日分類為預付租賃款項。於應用香港財務報告準則第16號時，預付租賃款項之流動及非流動部分分別1,638,000港元及62,479,000港元重新分類為使用權資產。

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃（續）

作為承租人（續）

於2019年1月1日之使用權資產之賬面值包括以下各項：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 *Leases* (continued)

As a lessee (continued)

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$2,923,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(c) *Rent free period*

These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities under trade and other payables as at 1 January 2019 was adjusted to right-of-use assets at transition.

(d) *Provision for onerous leases*

These relate to provision for onerous leases for several retail shops. The carrying amount of the provision as at 1 January 2019 was adjusted to right-of-use assets at transition.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃（續）

作為承租人（續）

(b) 於應用香港財務報告準則第16號前，本集團將已付可退還租賃按金視為已應用香港會計準則第17號之租賃項下之權利與義務。根據香港財務報告準則第16號項下租賃付款之定義，有關按金並非與相關資產之使用權有關之付款，且已調整以反映過渡時之貼現影響。因此，2,923,000港元已調整至已付可退還租賃按金及使用權資產。

(c) *免租期*

此與出租人提供免租期之物業租賃之應計租賃負債有關。於2019年1月1日之貿易及其他應付款項項下之租賃優惠負債賬面值於過渡時調整至使用權資產。

(d) *虧損性租賃撥備*

此與若干零售店舖之虧損性租賃之撥備有關。於2019年1月1日之撥備賬面值於過渡時調整至使用權資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 *Leases* (continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃（續）

作為出租人

根據香港財務報告準則第16號之過渡性條文，本集團毋須就本集團為出租人之租賃於過渡時作出任何調整，惟須根據香港財務報告準則第16號自首次應用日期起為該等租賃入賬，而比較資料並未經重列。

於應用香港財務報告準則第16號時，有關現有租約項下相同相關資產之已訂立但於首次應用日期後開始之新租約以猶如現有租賃於2019年1月1日獲修訂之方式入賬。該項應用對本集團於2019年1月1日之綜合財務狀況表並無影響。然而，於2019年1月1日生效，有關經修訂租期於修訂後之租賃付款按直線法於經延長租期內確認為收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 *Leases* (continued)

As a lessor (continued)

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and the discounting effect is insignificant at transition.

Effective on 1 January 2019, the Group has applied HKFRS 15 *Revenue from Contracts with Customers* (“HKFRS 15”) to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃（續）

作為出租人（續）

於應用香港財務報告準則第16號前，本集團將已收可退回租賃按金視為於貿易及其他應付款項項下應用香港會計準則第17號的租賃項下的權利及責任。根據香港財務報告準則第16號下租賃款項的定義，該等按金並非與使用權資產有關的款項，而有關貼現影響於過渡時並不重大。

於2019年1月1日生效，本集團已應用香港財務報告準則第15號客戶合約收益（「香港財務報告準則第15號」）將合約代價分配至各租賃及非租賃組成部分。分配基準之變動對本集團於本年度之綜合財務報表並無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

2.1 HKFRS 16 Leases (continued)

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

	NOTES 附註	Carrying amounts previously reported at 31 December 2018 先前於 2018年 12月31日 呈報之 賬面值 HK\$'000 千港元	Adjustments 調整 HK\$'000 千港元	Carrying amounts under HKFRS 16 at 1 January 2019 根據香港 財務報告 準則第16號 於2019年 1月1日之 賬面值 HK\$'000 千港元
Non-current Assets				
Right-of-use assets		–	373,769	373,769
Prepaid lease payments	(a)	62,479	(62,479)	–
Trade and other receivables	(b)	23,365	(2,923)	20,442
Current Assets				
Prepaid lease payments	(a)	1,638	(1,638)	–
Current Liabilities				
Trade and other payables				
– Accrued lease liabilities	(c)	17,359	(17,359)	–
– Provision for onerous leases	(c)	2,935	(2,935)	–
Lease liabilities		–	219,849	219,849
Non-current Liabilities				
Lease liabilities		–	107,174	107,174

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

附註：就呈報截至2019年12月31日止年度按間接法呈列之經營活動所得呈報現金流量而言，營運資金變動已根據上文所披露的2019年1月1日期初綜合財務狀況表計算。

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

本年度強制生效的新訂香港財務報告準則及其修訂本（續）

2.1 香港財務報告準則第16號租賃（續）

下列為對於2019年1月1日之綜合財務狀況表中確認之金額所作出的調整。未受變動影響的項目不計入在內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

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

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

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

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

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

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

已頒佈但尚未生效的新訂香港財務報告準則及其修訂本

本集團尚未提早應用以下已頒佈但尚未生效的新訂香港財務報告準則及其修訂本：

香港財務報告準則第17號	保險合約 ¹
香港財務報告準則第3號的修訂本	業務的定義 ²
香港財務報告準則第10號及香港會計準則第28號的修訂本	投資者與其聯營公司或合資企業間的資產出售或注資 ³
香港會計準則第1號及香港會計準則第8號的修訂本	重大之定義 ⁴
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號的修訂本	利率基準變革 ⁴

¹ 於2021年1月1日或之後開始的年度期間生效。

² 就收購日期為2020年1月1日或之後開始之首個年度報告期間開始當日或之後之業務合併及資產收購有效。

³ 於尚未釐定日期或之後開始的年度期間生效。

⁴ 於2020年1月1日或之後開始的年度期間生效。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

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

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

2. 應用新訂香港財務報告準則（「香港財務報告準則」）及其修訂本（續）

已頒佈但尚未生效的新訂香港財務報告準則及其修訂本（續）

除上文之新訂香港財務報告準則及其修訂本外，2018年頒佈經修訂財務報告之概念框架。其後續修訂香港財務報告準則之概念框架指引的修訂本，將於2020年1月1日或之後開始的年度期間生效。

除下文所述之香港財務報告準則修訂本外，本公司董事預期應用所有其他新訂香港財務報告準則及其修訂本於可見將來將不會對綜合財務報表造成重大影響。

香港會計準則第1號及香港會計準則第8號的修訂本「重大之定義」

該等修訂本透過載入作出重大判斷時的額外指引及解釋，對重大的定義進行改進。尤其是有關修訂本：

- 包含「掩蓋」重要資料的概念，其與遺漏或誤報資料有類似效果；
- 就影響使用者重要性的範圍以「可合理預期影響」取代「可影響」；及
- 包含使用詞組「主要使用者」，而非僅指「使用者」，於決定於財務報表披露何等資料時，該用語被視為過於廣義。

該等修訂本亦與各香港財務報告準則的定義一致，並將在本集團於2020年1月1日開始的年度期間強制生效。預期應用該等修訂本不會對本集團的財務狀況及表現造成重大影響，惟可能影響於綜合財務報表中的呈列及披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on historical basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share Based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

3. 主要會計政策

綜合財務報表乃根據香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則（「上市規則」）及香港《公司條例》所規定的適用披露資料。

誠如下列會計政策所述，綜合財務報表乃按歷史基準而編製，惟若干金融工具乃按報告期末之公平值計量。

歷史成本一般按交換貨品及服務所付代價的公平值計算。

公平值是於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。此等綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬於香港財務報告準則第2號股份付款範圍的以股份付款的交易、根據香港財務報告準則第16號（自2019年1月1日起）或香港會計準則第17號（於應用香港財務報告準則第16號前）列賬的租賃交易，以及與公平值有部份相若地方但並非公平值的計量，譬如香港會計準則第2號存貨內的可變現淨額或香港會計準則第36號資產減值的使用價值除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

For financial instruments which is transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

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

3. 主要會計政策 (續)

對於以公平值進行交易的金融工具，以及於後續期間使用不可觀察輸入數據計量公平值的估值技術而言，會對估值技術進行校準，以便在初步確認時，估值技術的結果等於交易價格。

此外，就財務呈報而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價（未經調整）；
- 第二級輸入數據是就資產或負債直接或間接地可觀察之輸入數據（第一級內包括的報價除外）；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

主要會計政策載列如下。

綜合基準

綜合財務報表包括本公司及本公司控制的實體以及其附屬公司的財務報表。當本公司完成以下事項則可被視為取得控制權：

- 可對被投資方行使權力；
- 承擔或擁有因參與被投資方業務產生的浮動回報的風險或權利；及
- 有能力使用其權力影響其回報。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. 主要會計政策 (續)

綜合基準 (續)

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

綜合附屬公司於本集團取得附屬公司的控制權時開始，並於本集團失去附屬公司的控制權時終止。尤其是，於年內收購或出售附屬公司的收入及開支，會由本集團取得控制的日期直至本集團失去附屬公司的控制權當日計入綜合損益及其他全面收益表。

溢利或虧損及其他全面收益的各個項目會分配予本公司擁有人及非控股權益。附屬公司的全面收益總額會分配予本公司擁有人及非控股權益，即使此舉將導致非控股權益出現虧絀結餘。

如需要，將會就附屬公司的財務報表作出調整，使其會計政策與本集團的會計政策貫徹一致。

本集團成員公司間的交易所涉及的所有集團內公司間資產及負債、權益、收入、開支及現金流量已於綜合賬目時全部對銷。

附屬公司之非控股權益與本集團於當中之權益分開呈列，其指賦予持有人於清盤時有權收取有關附屬公司之資產淨值之按比例份額之現時擁有權權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. 主要會計政策 (續)

本集團於現有附屬公司之權益變動

倘本集團失去對附屬公司之控制權，該附屬公司之資產及負債以及非控股權益（如有）即終止確認。收益或虧損於損益中確認，並按(i)已收代價之公平值與任何保留權益之公平值之和與(ii)本公司擁有人應佔附屬公司的資產（包括商譽）及負債之賬面值之差額計算。先前於其他全面收益中確認並與該附屬公司有關的所有金額，會按猶如本集團已直接出售該附屬公司的相關資產或負債入賬（即按適用香港財務報告準則所訂明／允許而重新分類至損益或轉撥至另一權益類別）。於失去控制權當日在前附屬公司保留之任何投資之公平值，會根據香港財務報告準則第9號在其後入賬時被視作初步確認之公平值，或在適用情況下被視作初步確認於聯營公司或合資企業之投資之成本。

商譽

因收購一項業務而產生之商譽乃按成本（於收購業務當日確定）減累計減值虧損（如有）列賬。

進行減值測試時，商譽將分配至預期會因合併之協同效應而受惠之各本集團之現金產生單位（「現金產生單位」）（或現金產生單位組別），代表就內部管理之目的監察商譽最低水平，且不大於經營分部。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

3. 主要會計政策 (續)

商譽 (續)

已獲分配商譽之現金產生單位 (或現金產生單位組別) 每年或凡單位有跡象顯示可能出現減值時更頻繁地進行減值測試。就於報告期間收購所產生之商譽而言, 已獲分配商譽之現金產生單位 (或現金產生單位組別) 於該報告期間結束前進行減值測試。倘可收回金額低於其之賬面金額, 則分配減值虧損, 首先削減任何商譽之賬面金額, 然後以單位 (或現金產生單位組別) 各資產之賬面金額為基準, 按比例分配到其他資產。

於出售有關現金產生單位或現金產生單位組別內之任何現金產生單位時, 商譽應佔金額將計入出售時所釐定之損益金額。當本集團出售現金產生單位內之一項業務 (或現金產生單位組別內之一項現金產生單位) 時, 所出售之商譽金額乃按所出售之業務 (或現金產生單位) 與所保留之現金產生單位 (或現金產生單位組別) 部分之相對價值計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. 主要會計政策 (續)

客戶合約收益

本集團當(或於)達成履約責任時確認收益,即於特定履約責任相關的貨品或服務的「控制權」轉移予客戶時。

履約責任指一項特定貨品或服務(或一批特定貨品或服務)或一系列大致相同的特定貨品或服務。

倘符合以下其中一項標準,則控制權隨時間轉移及收益參考相關履約責任之完成進度隨時間予以確認:

- 隨本集團履約,客戶同時取得並耗用本集團履約所提供的利益;
- 隨本集團履約而創造或提升客戶於本集團履約時控制的資產;或
- 本集團履約並無創造對本集團有替代用途的資產,且本集團對迄今已完成的履約付款具有可強制執行之權利。

否則,收益於客戶取得特定貨品或服務控制權的時間點確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

A receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

3. 主要會計政策 (續)

客戶合約收益 (續)

應收款項指本集團無條件收取代價的權利，即該項代價之付款到期前僅需經過時間推移。

合約負債指本集團就其已自客戶收取代價（或代價金額已到期）而向該客戶轉移貨品或服務的責任。

投資物業

投資物業包括持有以賺取租金及／或資本升值的物業。

投資物業初步按成本（包括任何直接應佔開支）計量。於初步確認後，投資物業乃按成本減其後累計折舊及任何累計減值虧損列賬。折舊乃按投資物業的估計可使用年期後以直線法撇銷其成本而確認。估計可使用年期及折舊法於各報告期末檢討，而任何估計變動的影響按預期基準入賬。

投資物業乃於出售時或於投資物業永久終止使用及預期未來不能自出售投資物業取得經濟利益時終止確認。從終止確認物業產生的任何收益或虧損（按出售所得款項淨額與資產賬面值的差額計算）乃於物業終止確認期間計入損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that held for use in the production or supply of goods, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 主要會計政策 (續)

物業、廠房及設備

除下文所述在建工程外，物業、廠房及設備（為持作生產或供應商品或作行政用途的無形資產）乃按成本減其後的累計折舊及累計減值虧損（如有）於綜合財務狀況表中列賬。

永久業權土地不予折舊，並按成本減其後累計減值虧損列賬。

用作生產、供應或行政用途的在建物業按成本減任何已確認減值虧損列賬。成本包括於將資產移至使其能夠以管理層擬定的方式運作所必需的地點及條件直接應佔的任何成本，以及就合資格資產而言，借貸成本乃根據本集團的會計政策撥充資本。該等資產的折舊於資產可投入擬定用途時開始按與其他物業資產相同的基準計算。

折舊乃按撇銷資產（在建工程除外）的成本減其於估計可使用年期內的剩餘價值使用直線法確認。於各報告期末檢討估計可使用年期、剩餘價值及折舊法，而任何估計變動的影響按預期基準入賬。

物業、廠房及設備項目會在出售或預期繼續使用資產不會帶來未來經濟利益時解除確認。物業、廠房及設備項目在出售或報廢時產生的任何收益或虧損，乃按出售所得款項與有關資產賬面值的差額計算，並於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Research expenditure

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

3. 主要會計政策 (續)

業務合併中收購的無形資產

業務合併中收購的無形資產與商譽分開確認，以及初步按其於收購日期的公平值（被視作其成本）確認。

初步確認後，業務合併中收購的具備有限可使用年期無形資產按成本減累計攤銷及任何累計減值虧損呈報，與獨立收購之無形資產之基準相同。具備有限可使用年期之無形資產的攤銷於其估計可使用年內按直線法確認。於各報告期末檢討估計可使用年期及攤銷方法，而任何估計變動的影響按預期基準入賬。業務合併中收購的具備無限可使用年期無形資產乃按成本減任何其後累計減值虧損列賬。

無形資產於出售時或當預期使用或出售無形資產不會產生未來經濟利益時終止確認。終止確認無形資產所產生的收益及虧損按出售所得款項淨額與該資產賬面值的差額計量，並於終止確認該資產時於損益中確認。

研究費用

研究工作的費用於產生期間確認為開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

3. 主要會計政策 (續)

租賃

租賃之定義 (於根據附註2之過渡安排應用香港財務報告準則第16號後)

倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約為租賃或包含租賃。

就於首次應用日期或之後訂立或修訂或由於業務合併而產生之合約而言，本集團於開始、修改日期或收購日期（如適用）按香港財務報告準則第16號項下之定義評估合約是否為或是否包含租賃。除非合約之條款及條件其後變動，否則有關合約將不予重新評估。

本集團作為承租人 (於根據附註2之過渡安排應用香港財務報告準則第16號後)

分配代價至合約組成部分

對於包含一項租賃組成部分及一項或多項額外的租賃或非租賃組成部分的合約，本集團根據租賃組成部分的相對單獨價格及非租賃組成部分的單獨價格總和將合約代價分配至各個租賃組成部分（包括收購包括租賃土地及非租賃樓宇組成部分在內的物業的所有權權益的合約），除非該等分配不能可靠地進行。

本集團亦應用可行權宜方法，並不將非租賃組成部分自租賃組成部分分開，反而將租賃組成部分及任何相關之非租賃組成部分作單一租賃組成部分入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises, warehouses, retail shops and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. 主要會計政策 (續)

租賃 (續)

*本集團作為承租人 (於根據附註2之過渡安排應用香港財務報告準則第16號後)
(續)*

短期租賃及低價值資產租賃

本集團將短期租賃確認豁免應用於租期自開始日期起為12個月或以下並且不包括購買選擇權之辦公室物業、倉庫、零售店及汽車之租賃。本集團亦將確認豁免應用於低價值資產租賃。短期租賃及低價值資產租賃之租賃付款於租期內按直線法或另一系統基準確認為開支。

使用權資產

使用權資產成本包括：

- 租賃負債的初步計量金額；
- 於開始日期或之前作出的任何租賃付款，減去所收取的任何租賃優惠；
- 本集團產生的任何初步直接成本；及
- 本集團拆除及移除相關資產、恢復相關資產所在場地或將相關資產恢復至租賃條款及條件所規定狀態產生的估計成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Right-of-use assets (continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

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

3. 主要會計政策 (續)

租賃 (續)

本集團作為承租人 (於根據附註2之過渡安排應用香港財務報告準則第16號後)
(續)

使用權資產 (續)

使用權資產按成本減任何累計折舊及減值虧損計量，並就任何租賃負債之重新計量作出調整。

本集團合理確定將於租期結束時取得相關租賃資產之所有權之使用權資產自開始日期起至可使用年期結束折舊。否則，使用權資產於其估計可使用年期及租期之較短者以直線法折舊。

倘本集團於租期結束時取得相關租賃資產之所有權，於行使購買選擇權時，相關使用權資產的賬面值將轉撥至物業、廠房及設備。

本集團將使用權資產於綜合財務狀況表呈列為獨立項目。

可退還租賃按金

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. 主要會計政策 (續)

租賃 (續)

*本集團作為承租人 (於根據附註2之過渡安排應用香港財務報告準則第16號後)
(續)*

租賃負債

於租賃開始日期，本集團按於當日尚未支付之租賃付款之現值確認及計量租賃負債。於計算租賃付款之現值時，倘租賃隱含之利率難以釐定，則本集團使用於租賃開始日期之增量借款利率。

租賃付款包括：

- 固定付款 (包括實質固定付款) 減任何應收租賃優惠；
- 基於指數或利率的可變租賃付款；
- 剩餘價值擔保下的預期應付款項；
- 購買選擇權之行使價 (倘本集團合理確定將行使有關選擇權)；及
- 支付終止租賃的罰款 (倘租賃條款反映本集團行使終止租賃的選擇權)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Lease liabilities (continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. 主要會計政策 (續)

租賃 (續)

本集團作為承租人 (於根據附註2之過渡安排應用香港財務報告準則第16號後)
(續)

租賃負債 (續)

反映市場租金費率變動之可變租賃付款初步按開始日期之市場租金費率計量。並非取決於指數或利率之可變租賃付款並不計入租賃負債及使用權資產之計量，並於觸發付款之事件或狀況發生之期間確認為開支。

於開始日期後，租賃負債按應計利息及租賃付款調整。

當以下事件發生時，本集團重新計量租賃負債 (及對相關使用權資產作出相應調整)：

- 租賃期有所變動或行使購買選擇權的評估發生變化，在該情況下，相關租賃負債透過使用於重新評估日期之經修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃付款於市場租金審查後因市場租金費率變動而出現變動，在此情況下，相關租賃負債使用初始貼現率貼現經修訂租賃付款而重新計量。

本集團將租賃負債於綜合財務狀況表呈列為獨立項目。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives for lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. 主要會計政策 (續)

租賃 (續)

本集團作為承租人 (於根據附註2之過渡安排應用香港財務報告準則第16號後) (續)

租賃修訂

倘出現以下情況，則本集團將租賃修訂作為一項單獨的租賃入賬：

- 該項修改通過增加使用一項或多項相關資產的權利擴大租賃範圍；及
- 增加租賃的代價，增加的金額相當於範圍擴大對應的單獨價格及對單獨價格進行的任何適當調整以反映特定合約的情況。

就並不以單獨租賃入賬之租賃修訂而言，本集團透過使用於修訂生效日期之經修訂貼現率貼現經修訂租賃付款按經修訂租賃之租期重新計量租賃負債。

本集團通過對相關使用權資產進行相應調整，將出租人的租賃負債及租賃優惠的重新計量予以入賬。倘經修訂合約包含一項租賃組成部分及一項或多項額外的租賃或非租賃組成部分，本集團根據租賃組成部分的相對單獨價格及非租賃組成部分的單獨價格總和將經修訂合約代價分配至各個租賃組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (prior to 1 January 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as expenses on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

3. 主要會計政策 (續)

租賃 (續)

本集團作為承租人 (於2019年1月1日前)

當租賃條款轉移擁有權的絕大部分風險及回報予承租人時，租賃被分類為融資租賃。所有其他租賃被分類為經營租賃。

經營租賃款項 (包括收購以經營租賃持有之土地的成本) 於租期內按直線法確認為開支。經營租賃下產生的或然租金在產生當期作為開支確認。

有關經營租賃的租金優惠確認為租賃付款不可或缺的一部分，而優惠之總利益乃按直線法確認為租金開支之減少。

本集團作為出租人

租賃的分類及計量

本集團為出租人的租賃分類為融資租賃或經營租賃。當租賃條款將相關資產擁有權附帶之絕大部份風險及回報轉移至承租人時，合約被分類為融資租賃。所有其他租賃均被分類為經營租賃。

經營租賃的租金收入於有關租賃期間按直線法於損益確認。於協商及安排經營租賃過程中產生的初步直接成本計入租賃資產的賬面值，該等成本於租期內按直線法確認為開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as lessor (continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Sale and leaseback transactions (upon application of HKFRS 16 since 1 January 2019)

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognises any gain or loss that relates to the rights transferred to the buyer-lessor only.

3. 主要會計政策 (續)

租賃 (續)

本集團作為出租人 (續)

可退還租賃按金

已收取之可退還租賃按金根據香港財務報告準則第9號入賬，並初步按公平值計量。於初步確認時對公平值作出調整被視為承租人之額外租賃付款。

租賃修訂

本集團自修訂生效日期起將經營租賃修訂入賬為新租賃，將任何與原有租賃有關之預付或應計租賃付款視作新租賃之租賃付款之一部分。

銷售及租回交易 (自2019年1月1日起應用香港財務報告準則第16號後)

本集團應用香港財務報告準則第15號的規定，以評估銷售及租回交易是否構成本集團的銷售。

本集團作為賣方-承租人

對於滿足出售要求的轉讓，本集團（作為賣方-承租人）按照資產先前賬面值的比例計量租回產生的使用權資產，並確認與僅轉讓予買方-出租人的權利相關的任何收益或虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. 主要會計政策 (續)

存貨

存貨按成本及可變現淨值兩者較低者列賬。存貨成本以加權平均法釐定。可變現淨值指存貨估計售價減所有估計完工成本及銷售所需成本。

撥備

倘本集團因過往事項致使現時負有責任（法律或推定性責任），且本集團很可能須解除該責任，且能就該責任數額作出可靠估計時，則確認撥備。

經計及該責任的相關風險及不確定因素，確認為撥備的金額乃於報告期末解除現時責任所需代價的最佳估計。倘使用估計用來解除當前責任的現金流量來計量撥備，其賬面值乃該等現金流量的現值（倘貨幣之時間價值的影響重大）。

虧損合約

虧損合約產生之現時責任乃確認及計量為撥備。倘本集團擁有履行合約責任的不可避免成本超出預期將自合約收取的經濟利益之合約，則被視為存在虧損合約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Onerous contracts (continued)

For onerous contracts relating to leases in which the Group opts to apply HKFRS 16.C10(b) practical expedient at date of initial application of HKFRS 16, the Group adjusted the amount of provision for onerous leases recognised in the consolidated statement of financial position immediately before the date of initial application to the relevant right-of-use assets.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. 主要會計政策 (續)

虧損合約 (續)

對於本集團選擇在首次應用香港財務報告準則第16號之日應用香港財務報告準則第16.C10(b)號可行權宜方法的租賃有關的虧損合約而言，本集團已於緊接首次應用至相關使用權資產日期前調整綜合財務狀況表中確認的虧損合約的撥備金額。

金融工具

金融資產及金融負債於集團實體成為工具合約條文的訂約方時確認。

金融資產及金融負債（客戶合約產生之貿易應收款項除外，其初步根據香港財務報告準則第15號計量）初步按公平值計量。收購或發行金融資產及金融負債直接應佔的交易成本於初步確認時計入或扣除自金融資產或金融負債的公平值（如適用）。

實際利率法指一種在有關期間內用於計算金融資產或金融負債的攤銷成本以及分配利息收入及利息開支的方法。實際利率指一種於初步確認時可將金融資產或金融負債的預期年期或（如適用）較短期間內的預計未來現金收入及付款額（包括構成實際利率部份的已付或已收取的全部費用、交易成本及其他溢價或折讓）準確折現至賬面淨值的利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at financial assets at fair value through profit or loss, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

3. 主要會計政策 (續)

金融工具 (續)

金融資產

金融資產分類及其後計量

符合下列條件之金融資產其後按攤銷成本計量：

- 金融資產於目的為收取合約現金流量的業務模式內持有；及
- 合約條款於特定日期產生純粹為支付尚未償還本金的本金及利息的現金流量。

符合以下條件的金融資產其後透過其他全面收益按公平值列賬計量：

- 金融資產於目的以銷售及收取合約現金流量達成的業務模式內持有；及
- 合約條款於特定日期產生純粹為支付尚未償還本金的本金及利息的現金流量。

所有其他金融資產為其後透過損益按公平值列賬計量之金融資產，惟倘若股權投資既非為交易而持有亦非收購方在香港財務報告準則第3號業務合併適用的業務合併中確認的或然代價，本集團在初步確認金融資產之日期或會作出不可撤銷的選擇，將該股權投資公平值的後續變動在其他全面收益中列報。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Trade receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for trade receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these trade receivables are recognised in other comprehensive income ("OCI") and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these trade receivables. When these trade receivables are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產分類及其後計量 (續)

(i) 攤銷成本及利息收入

其後按攤銷成本計量的金融資產及其後透過其他全面收益按公平值列賬計量的應收款項的利息收入乃使用實際利率法確認。利息收入透過對金融資產賬面總值應用實際利率計算得出，惟其後出現信貸減值的金融資產（見下文）則除外。就其後出現信貸減值的金融資產而言，利息收入自下一個報告期起透過對金融資產的攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險有所改善，使金融資產不再為信貸減值，則利息收入自釐定該資產不再為信貸減值後的報告期初起對金融資產賬面總值應用實際利率予以確認。

(ii) 分類為透過其他全面收益按公平值列賬之貿易應收款項

由於使用實際利率法計算的利息收入以及外匯收益及虧損產生的分類為透過其他全面收益按公平值列賬的貿易應收款項賬面值的其後變動於損益中確認。該等貿易應收款項賬面值的任何其他變動於其他全面收益（「其他全面收益」）中確認，並於透過其他全面收益按公平值列賬儲備項下累計。減值撥備於損益中確認，並在不減少該等貿易應收款項賬面值的狀況下對其他全面收益作出相應調整。當該等貿易應收款項終止確認時，先前於其他全面收益中確認的累計收益或虧損將重新分類至損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, bills receivables, pledged bank deposits, fixed bank deposits and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值

本集團就須根據香港財務報告準則第9號進行減值的金融資產(包括貿易及其他應收款項、應收票據、已抵押銀行存款、定期銀行存款及銀行結餘)進行預期信貸虧損(「預期信貸虧損」)模式項下之減值評估。預期信貸虧損金額於各報告日期更新,以反映信貸風險自初步確認以來的變動。

全期預期信貸虧損指在有關工具預計年內發生之所有可能違約事件而導致的預期信貸虧損。相反,12個月預期信貸虧損(「12個月預期信貸虧損」)則指預期可能於報告日期後12個月內發生違約事件而導致的全期預期信貸虧損部分。評估乃根據本集團的歷史信貸虧損經驗進行,並根據債務人特定因素、整體經濟狀況以及對報告日期的當前狀況以及對未來狀況預測的評估進行調整。

本集團一直就貿易應收款項確認全期預期信貸虧損。該等資產的預期信貸虧損使用具有適當分組的撥備矩陣進行集體評估。

就所有其他工具而言,本集團按相等於12個月預期信貸虧損的金額計量虧損撥備,除非自初步確認以來信貸風險大幅增加,則本集團確認全期預期信貸虧損。評估是否應確認全期預期信貸虧損乃根據自初步確認以來發生違約事件的可能性或風險大幅增加而定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(i) 信貸風險大幅增加

於評估信貸風險自初步確認以來是否已大幅增加時，本集團比較金融工具於報告日期出現違約的風險與該金融工具於初步確認日期出現違約的風險。於進行該評估時，本集團考慮合理及有理據的定量及定性資料，包括過往經驗及毋須投入過多成本或努力即可獲得的前瞻性資料。

具體而言，評估信貸風險是否大幅增加時已考慮下列資料：

- 金融工具的外部（倘可獲得）或內部信貸評級之實際或預期嚴重轉差；
- 信貸風險的外部市場指標嚴重轉差（如債務人的信貸息差及信貸違約掉期價格大幅增加）；
- 預期導致債務人履行其債務責任的能力大幅減少的業務、財務或經濟狀況的現有或預測不利變動；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history), ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(i) 信貸風險大幅增加 (續)

- 債務人的經營業績實際或預期嚴重轉差；
- 債務人所在的監管、經濟或科技環境的實際或預期重大不利變動，導致債務人履行其債務責任的能力大幅減少。

不論上述評估的結果，當合約付款已逾期超過30日，本集團假定信貸風險已自初步確認以來大幅增加，除非本集團具有合理及有理據的資料展示相反情況，則另作別論。

儘管如上文所述，倘一項金融工具於報告日期被釐定為具有低信貸風險，則本集團假定該金融工具的信貸風險自初步確認以來並無大幅增加。在下列情況下，一項金融工具被釐定為具有低信貸風險：i) 金融工具之違約風險低（並無違約歷史）；ii) 對手方擁有於近期履行其合約現金流量責任的強大能力；及iii) 長遠經濟及營商環境的不利變動可能但未必會降低借款人履行其合約現金流量責任的能力。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(i) 信貸風險大幅增加 (續)

本集團定期監控識別信貸風險是大幅增加所用標準的有效性，並對其作出適當修訂，確保有關標準能於款項逾期前識別信貸風險大幅增加。

(ii) 違約的定義

就內部信貸管理而言，本集團認為，當內部產生之資料顯示債務人不太可能向其債權人（包括本集團）悉數付款（不考慮本集團持有之任何抵押品），則發生違約事件。

無論上述情形如何，本集團認為，當金融資產逾期超過90日，則發生違約事件，除非本集團有能說明更滯後的違約標準更為合適的有合理及有理據資料，則另作別論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(iii) 信貸減值金融資產

當發生對金融資產的估計未來現金流量有不利影響的一項或多項事件，則該金融資產出現信貸減值。金融資產出現信貸減值的證據包括有關下列事件的可觀察數據：

- (a) 發行人或借款人陷入嚴重財務困難；
- (b) 違反合約，如出現違約或逾期還款事件；
- (c) 借款人的貸款人因有關借款人陷入財務困難的經濟或合約原因向借款人授出貸款人不會另作考慮的優惠；或
- (d) 借款人很可能將破產或進行其他財務重組。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(iv) 撇銷政策

本集團於有資料顯示交易對手陷入嚴重財務困難，且並無實際收回可能時（例如當交易對手遭受清盤或已進入破產程序），或就貿易應收款項而言，當款項逾期超過三年時（以較早發生者為準）撇銷金融資產。於考慮法律意見（如適用）後，已撇銷金融資產仍可根據本集團的收款程序實施強制執行。撇銷構成終止確認事件。其後收回的任何款項於損益中確認。

(v) 預期信貸虧損的計量及確認

預期信貸虧損的計量乃違約概率、違約時虧損（即出現違約時的虧損程度）及違約風險的函數。違約概率及違約時虧損的評估乃基於經前瞻性資料調整的過往數據。預期信貸虧損的估計反映無偏頗及概率加權金額，該金額乃以發生有關違約風險作為權重而釐定。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流量與本集團預期收取的現金流量的差額，並按初步確認時釐定的實際利率貼現。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for trade receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For trade receivables that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in FVTOCI reserve without reducing the carrying amount of the receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(v) 預期信貸虧損的計量及確認 (續)

倘預期信貸虧損按集體基準計量或為應對尚未獲得個別工具層面證據的情況，金融工具乃按以下基準分類：

- 逾期狀況；及
- 債務人的性質、規模及行業。

管理層定期檢討分類方法，以確保各組別的組成項目維持類似的信貸風險特徵。

利息收入乃按金融資產之賬面總值計算，除非金融資產出現信貸減值，於該情況下，利息收入按金融資產之攤銷成本計算。

除透過其他全面收益按公平值列賬計量之貿易應收款項外，本集團透過調整賬面值就所有金融工具於損益確認減值收益或虧損，惟貿易應收款項除外，其相應調整乃透過虧損撥備賬確認。就透過其他全面收益按公平值列賬計量之貿易應收款項而言，虧損撥備於其他全面收益確認及於透過其他全面收益按公平值列賬儲備累計，而並無扣減該等應收款項之賬面值。該金額指有關累計虧損撥備之透過其他全面收益按公平值列賬儲備之變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of trade receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is classified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

終止確認金融資產

本集團僅於收取資產現金流量的合約權利屆滿或於其向另一實體轉讓金融資產及該資產擁有權的絕大部分風險及回報時終止確認金融資產。

於終止確認按攤銷成本計量的金融資產時，資產賬面值與已收及應收代價總和的差額於損益中確認。

於終止確認透過其他全面收益按公平值列賬之貿易應收款項時，先前於透過其他全面收益按公平值列賬儲備累積之累計損益分類至損益。

金融負債及股本

分類為債務或股本

債務及股本工具按所訂立的合約安排性質，以及金融負債及股本工具的定义而分類為金融負債或股本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, bills payables and unsecured bank borrowings, are subsequently measured at amortised cost using effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本 (續)

股本工具

股本工具乃任何證明實體經扣減所有負債後之資產剩餘權益的合同。本公司所發行股本工具按已收所得款項減直接發行成本確認。

按攤銷成本計量之金融負債

金融負債 (包括貿易及其他應付款項、應付票據及無抵押銀行借款) 其後以實際利率法按攤銷成本計量。

終止確認金融負債

本集團在及只有在本集團的責任獲免除、取消或終止時，方會終止確認金融負債。獲終止確認的金融負債的賬面值與已付及應付代價之間的差額會於損益確認。

抵銷金融資產及金融負債

當且僅當本集團目前有合法可強制執行的權利抵銷已確認金額，且擬按淨額結算或同時變現資產及清償負債時，金融資產與金融負債相互抵銷，有關淨額於綜合財務狀況表呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives 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 relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, corporate assets are allocated to individual cash generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 or (a CGU) for which the estimates of future cash flows have not been adjusted.

3. 主要會計政策 (續)

物業、廠房及設備、使用權資產及無形資產 (除商譽外)減值

於各報告期末，本集團會檢討其具備有限可使用年期物業、廠房及設備、使用權資產及無形資產的賬面值，以確定是否有任何跡象顯示該等資產已出現減值虧損。倘有任何該等跡象，則估計有關資產的可收回金額，以確定減值虧損（如有）的程度。具備無限可使用年期之無形資產須每年最少進行一次減值測試，及凡有跡象顯示可能出現減值時進行減值測試。

物業、廠房及設備、使用權資產及無形資產的可收回金額乃個別估計，當不可能個別估計可收回金額時，則本集團估計資產所屬的現金產生單位的可收回金額。

此外，倘分配的合理及一致基準可予確立，或於其他情況下合理及一致分配基準可予確立時將其分配至現金產生單位的最小組別，則公司資產被分配至個別現金產生單位。本集團評估是否存在公司資產減值的跡象。倘存在此類跡象，可收回金額按公司資產所屬的現金產生單位或現金產生單位組別釐定，且與相關現金產生單位或現金產生單位組別之賬面值比較。

可收回金額為公平值減去出售成本及使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量乃以稅前貼現率貼現至現值，該貼現率能反映貨幣時間值的當前市場評估及資產（或現金產生單位）特定風險（針對該等未經調整的未來現金流量的估計）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGU. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

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

3. 主要會計政策 (續)

物業、廠房及設備、使用權資產及無形資產 (除商譽外)減值 (續)

倘資產 (或現金產生單位) 的可收回金額估計將少於其賬面值, 則資產 (或現金產生單位) 的賬面值會減少至其可收回金額。對於無法按合理及一致基準分配至現金產生單位的公司資產或公司資產的一部分而言, 本集團會比較一組現金產生單位的賬面值 (包括分配至該組現金產生單位的公司資產或公司資產的一部分之賬面值) 與該組現金產生單位的可收回金額。於分配減值虧損時, 首先分配減值虧損以減少任何商譽的賬面值 (如適用), 然後按比例根據該單位或現金產生單位組別資產的賬面值分配至其他資產。資產賬面值不得減少至低於其公平值減出售成本 (如可計量)、其使用價值 (如可釐定) 及零之中的最高者。已另行分配至資產之減值虧損金額按比例分配至該單位或現金產生單位組別其他資產。減值虧損會即時於損益確認。

倘減值虧損於其後撥回, 則增加資產 (或現金產生單位或現金產生單位組別) 的賬面值至其可收回金額經修訂估計金額, 惟增加後的賬面值不得超過倘於過往年度並無確認該資產 (或現金產生單位或現金產生單位組別) 的減值虧損而應釐定的賬面值。減值虧損的撥回會即時於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. 主要會計政策 (續)

借貸成本

直接因收購、建設或生產合資格資產（需要一段長時間方能達致其擬定用途或出售者）而產生之借貸成本，乃加入資產的成本，直至該等資產實際達到預定用途或可供出售。

所有其他借貸成本乃於產生期間於損益確認。

政府補助

政府補助可於合理確定本集團將符合政府補助附帶的條件及將會收取補助時方予確認。

作為已產生開支或虧損的補償或向本集團提供即時財務資助（並無日後相關成本）而收取的政府補助金，乃於應收政府補助之期間內於損益中確認。

外幣

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣（外幣）進行的交易，乃按交易日期的現行匯率確認。於報告期末，以外幣計值的貨幣項目，採用當日的現行匯率重新換算。以外幣計值之按公平值列賬之非貨幣項目按釐定公平值當日之現行匯率重新換算。以外幣按歷史成本計值的非貨幣項目不予重新換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, government-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. 主要會計政策 (續)

外幣 (續)

結算貨幣項目及重新換算貨幣項目所產生的匯兌差額，於產生期間在損益內確認。

為呈列綜合財務報表，本集團業務的資產及負債均以報告期末的現行匯率換算為本集團的呈列貨幣（即港元）。收入及開支會按年內平均匯率進行換算。所產生的匯兌差額（如有）會於其他全面收益內確認，並會於權益下的匯兌儲備內累計（在適當情況下撥歸非控股權益）。

於出售海外業務（即出售本集團於海外業務之全部權益或出售涉及喪失包括海外業務之附屬公司之控制權）時，於權益累計之本公司擁有人就該業務應佔之所有匯兌差額乃重新分類至損益。

於收購海外業務時產生之有關所收購可識別資產之商譽及公平值調整乃視作該海外業務之資產及負債處理，並按於各報告期末之現行匯率進行換算。所產生的匯兌差額會於其他全面收益內確認。

退休福利成本

定額退休福利計劃、政府管理退休福利計劃及強制性公積金計劃的供款於僱員提供服務使彼等可享有供款時作為開支確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained profits.

3. 主要會計政策 (續)

短期僱員福利

短期僱員福利乃按僱員提供服務時預期向其支付之福利未折現金額確認。除非另一項香港財務報告準則規定或准許將福利計入資產成本，否則所有短期僱員福利均確認為開支。

負債乃於扣除任何已付金額後就僱員應計福利(如工資及薪金、年假及病假)確認。

以股份支付

股權結算以股份支付之交易

向僱員授出的購股權

向僱員作出的股權結算以股份支付乃以股本工具於授出日期的公平值計量。

不考慮所有非市場歸屬條件，於授出當日釐定的股權結算以股份支付之公平值乃基於本集團對將會最終歸屬的權益工具的估計，按直線法於歸屬期支銷，權益(購股權儲備)則相應增加。於各報告期末，本集團根據對所有非市場歸屬條件的評估，對估計預期將歸屬的權益工具數目作出修訂。修訂原有估計的影響(如有)於損益內確認，令累計開支反映經修訂估計，並對購股權儲備作出相應調整。就於授出日期即時歸屬的購股權而言，所授出購股權之公平值即時於損益內支銷。

當購股權獲行使時，過往於購股權儲備確認之金額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於屆滿日期仍未獲行使，則過往於購股權儲備確認之金額將轉撥至保留溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss/profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. 主要會計政策 (續)

稅項

所得稅開支指即期應付稅項與遞延稅項的總和。

即期應付稅項乃根據年內應課稅虧損／溢利計算。應課稅溢利與「除稅前溢利」不同，乃由於其他年度的應課稅收入或可扣稅開支，及毋須課稅或不得扣稅的項目。本集團的即期稅項以於報告期末已實施或實際已實施的稅率計算。

遞延稅項按綜合財務報表內資產及負債的賬面值與計算應課稅溢利時使用的相應稅基之間的臨時性差額確認。遞延稅項負債通常會就所有應課稅臨時性差額確認，而遞延稅項資產一般會在可能出現可利用臨時性差額扣稅的應課稅溢利時就所有可扣減臨時性差額確認。若於一項交易中，因初始確認（業務合併除外）資產與負債而引致的臨時性差額既不影響應課稅溢利亦不影響會計溢利，則有關遞延稅項資產與負債不會予以確認。此外，若臨時性差額是源自商譽之初始確認，則不確認遞延稅項負債。

遞延稅項負債會就與投資於附屬公司有關的應課稅臨時性差額確認，惟倘本集團有能力控制臨時性差額的撥回且臨時性差額可能不會於可見將來撥回，則另作別論。因與該等投資有關的可扣減臨時性差額而引致的遞延稅項資產，僅會於可能有足夠應課稅溢利可以使用臨時性差額的利益，且預期於可預見未來撥回時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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 their assets and liabilities.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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 to same taxation entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項資產的賬面值會於報告期末作檢討，並在不再可能會有足夠的應課稅溢利供收回全部或部份資產時作調減。

遞延稅項資產及負債乃按償還負債或變現資產所在期間預期將會適用的稅率，根據於報告期末已實施或實際已實施的稅率（及稅法）計算。

遞延稅項負債及資產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。

為就本集團確認使用權資產及相關租賃負債之租賃交易計量遞延稅項，本集團首先釐定稅項扣減是否歸屬於使用權資產或租賃負債。

就稅項扣減歸屬於租賃負債之租賃交易而言，本集團對使用權資產及租賃負債分開應用香港會計準則第12號所得稅之規定。初步確認相關使用權資產及租賃負債時之臨時性差額，因應用初步確認豁免而不予確認。因重新計量租賃負債及租賃修訂而對使用權資產及租賃負債之賬面值進行後續修訂而產生的臨時性差額，在不受初步確認豁免規限的情況下，於重新計量或修訂之日予以確認。

當有合法強制執行權利將即期稅項資產與即期稅項負債抵銷，且其與同一稅務機關向同一納稅實體徵收之所得稅有關時，則遞延稅項資產及負債乃互相抵銷。

即期及遞延稅項於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year:

Estimated impairment of intangible assets (2018: goodwill and intangible assets)

Determining whether the intangible assets (2018: goodwill and intangible assets) are impaired requires the management judgments and estimations to estimate the value in use of the CGUs related to business of which the intangible assets (2018: goodwill and intangible assets) have been allocated using discounted cash flow model. In estimating the value in use of the CGUs, key assumptions used by the management include growth rates, gross margin, discount rate, expected sales from customers and management's expectation for future market development. When the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss may arise.

4. 估計不明朗因素的主要來源

於應用本集團之會計政策（其於附註3內闡述）時，本公司董事須作出有關未能從其他來源輕易獲得之資產及負債賬面值之判斷、估計及假設。估計及相關假設乃基於過往經驗及被認為有關之其他因素。實際結果可能不同於該等估計。

估計及相關假設乃持續檢討。倘會計估計之修訂僅影響估計獲修訂之期間，則會計估計之修訂於該期間予以確認，倘若修訂影響現時及未來期間，則會計估計之修訂於修訂期間及未來期間（倘適用）內予以確認。

於報告期末有重大可能致使下一個財政年度的資產賬面值須作重大調整而與未來有關的主要假設及估計不明朗因素的其他主要來源如下。

無形資產(2018年：商譽及無形資產)估計減值

釐定無形資產(2018年：商譽及無形資產)是否減值需要管理層作出判斷及估計，以使用貼現現金流量模型估計已分配無形資產(2018年：商譽及無形資產)之業務相關之現金產生單位的使用價值。於估計現金產生單位之使用價值時，管理層所用之主要假設包括增長率、毛利率、折讓率、預期來自客戶之銷售額及管理層對未來市場發展的預計。倘實際未來現金流量少於預期，或事實及情況發生變化導致未來現金流量下調，則可能產生重大減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of intangible assets (2018: goodwill and intangible assets) (continued)

As at 31 December 2019, the carrying amounts of intangible assets are HK\$15,374,000 (2018: goodwill and intangible assets were HK\$183,808,000 in aggregate), after taking into account the impairment losses of HK\$108,350,000 (2018: HK\$8,097,000) that have been recognised. Details of the Group's goodwill and intangible assets are set out in notes 20 and 21, respectively.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including fair value of an individual asset, cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including fair value of an individual asset, cost of disposal, growth rates, gross margin, discount rate, expected sales from customers and management's expectation for future market development, could materially affect the net present value used in the impairment test.

4. 估計不明朗因素的主要來源 (續)

無形資產 (2018年：商譽及無形資產) 估計減值 (續)

於2019年12月31日，無形資產賬面值為15,374,000港元（2018年：商譽及無形資產合共為183,808,000港元），此乃計及已確認之減值虧損108,350,000港元（2018年：8,097,000港元）。有關本集團商譽及無形資產之詳情分別載於附註20及21。

物業、廠房及設備以及使用權資產之估計減值

物業、廠房及設備以及使用權資產按成本減累計折舊及減值（如有）列賬。於釐定資產是否出現減值時，本集團必須作出判斷及估計，特別是評估：(1) 是否出現可能影響資產價值的事件或任何跡象；(2) 資產賬面值能否獲得可收回金額（如屬使用價值，即因繼續使用該資產而估計的未來現金流量現值淨額）支持；及(3) 估計可收回金額時所採用的適當關鍵假設（包括個別資產的公平值、現金流量預測及適當的貼現率）。當不可能估計個別資產（包括使用權資產）可收回金額時，則本集團估計資產所屬的現金產生單位的可收回金額。變更假設及估計（包括個別資產的公平值、出售成本、增長率、毛利率、貼現率、來自客戶的預期銷售及管理層對未來市場發展的預期）可能會對減值測試所使用的現值淨額造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of property, plant and equipment and right-of-use assets (continued)

As at 31 December 2019, the carrying amounts of property, plant and equipment and right-of-use asset held by certain subsidiaries incorporated/established in the US, the PRC and Hong Kong are HK\$311,460,000 and HK\$153,113,000, respectively, after taking into account the impairment losses of HK\$17,274,000 and HK\$10,481,000 in respect of property, plant and equipment and right-of-use assets that have been recognised respectively. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in notes 16 and 17, respectively.

Provision of ECL for trade receivables

Credit-impaired trade receivables are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the non credit-impaired trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 38 and 25, respectively.

4. 估計不明朗因素的主要來源 (續)

物業、廠房及設備以及使用權資產之估計減值 (續)

於2019年12月31日，在美國、中國及香港註冊成立／成立的若干附屬公司持有的物業、廠房及設備以及使用權資產的賬面值分別為311,460,000港元及153,113,000港元，當中已計及已就物業、廠房及設備以及使用權資產分別確認的減值虧損17,274,000港元及10,481,000港元。有關物業、廠房及設備以及使用權資產減值之詳情分別於附註16及17內披露。

貿易應收款項之預期信貸虧損撥備

信貸減值貿易應收款項乃個別評估預期信貸虧損。此外，本集團使用撥備矩陣計算非信貸減值貿易應收款項的預期信貸虧損。撥備率乃基於將具有類似虧損模式之各債務人分類而作出的內部信貸評級。撥備矩陣乃基於本集團的歷史違約率，並考慮了毋須投入過多成本或努力即可獲得的合理且可支持的前瞻性資料。於各個報告日期，可觀察過往違約率將重新評估並會考慮前瞻性資料的變化。

預期信貸虧損撥備對估計的變動極為敏感。有關預期信貸虧損及本集團貿易應收款項的資料分別披露於附註38及25。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated allowance for inventories

Inventories are valued at the lower of cost and net realisable value. The Group regularly reviews its inventory levels in order to identify slow-moving and obsolete inventories. When the Group identifies items of inventories which have a net realisable value that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories. If the net realisable value of inventories of the Group becomes lower than its carrying amount subsequently, additional allowance may be required.

As at 31 December 2019, the carrying amount of inventories is HK\$491,845,000 (2018: HK\$531,071,000), net of provision for inventories of HK\$10,327,000 (2018: reversal of provision for inventories of HK\$5,670,000). Details of the Group's inventories are set out in note 24.

5. REVENUE AND SEGMENT INFORMATION

The Group sells health and household products, including quality visco-elastic pillows, mattress toppers and mattresses, to wholesalers and retailers and also directly to customers both through its retail network comprising self-operated stand-alone retail shops and concession counters in department stores and through internet sales. The Group also sells polyurethane foam to furniture manufacturers. The Group recognised product sales at the sales value of goods less estimated discounts, rebates and sales related taxes.

4. 估計不明朗因素的主要來源 (續)

估計存貨撥備

存貨乃按成本及可變現淨值之較低者估價。本集團定期審查其存貨水平，以識別滯銷及陳舊存貨。當本集團發現任何存貨項目之可變現淨值低於其賬面值時，本集團將估計撇減存貨金額以作存貨撥備。倘其後本集團存貨可變現價值變得低於其賬面值，則需作出額外撥備。

於2019年12月31日，存貨的賬面值為491,845,000港元（2018年：531,071,000港元），此乃扣除存貨撥備10,327,000港元（2018年：存貨撥備撥回5,670,000港元）。本集團存貨之詳情載於附註24。

5. 收入及分類資料

本集團向批發商及零售商銷售健康及家居產品（包括優質慢回彈枕頭、床墊及床褥），亦透過其零售網絡（包括自營獨立零售店及位於百貨公司的寄售專櫃）及透過互聯網銷售直接向客戶銷售健康及家居產品。本集團亦向家具生產商銷售聚氨酯泡沫。本集團按貨品銷售價值減估計折扣、回扣及銷售相關稅項確認產品銷售。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

5. REVENUE AND SEGMENT INFORMATION (continued)

The Group is currently organised into the following three geographical markets as follows:

- | | |
|-----------------------------------|--|
| China market | – manufacture and sale of health and household products and polyurethane foam for customers located in the PRC, Hong Kong and Macau |
| North American market | – manufacture and sale of health and household products for customers located in the US, Canada and other North American countries |
| Europe and other overseas markets | – manufacture and sale of health and household products for customers located in overseas except for those customers located in the China market and North American market |

The executive directors of the Company, being the chief operating decision maker ("CODM"), make decisions about resource allocation based on the revenue from different geographical markets and reviews reports on the financial performance of the Group as a whole. No other discrete financial information is reviewed by the CODM for the assessment of performance of the Group. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

5. 收入及分類資料(續)

目前本集團分為以下三個地域市場：

- | | |
|-----------|------------------------------------|
| 中國市場 | – 為中國、香港及澳門客戶製造及銷售健康及家居產品及聚氨酯泡沫 |
| 北美市場 | – 為美國、加拿大及其他北美國家客戶製造及銷售健康及家居產品 |
| 歐洲及其他海外市場 | – 為海外客戶(中國市場及北美市場客戶除外)製造及銷售健康及家居產品 |

本公司執行董事(即首席營運決策者(「**首席營運決策者**」))根據來自不同地區市場的收益就資源分配作出決策及審閱本集團整體財務表現的報告。首席營運決策者並無就評估本集團表現審閱其他獨立財務資料。因此，僅呈列實體披露、主要客戶及地域資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

5. REVENUE AND SEGMENT INFORMATION (continued)

(i) Disaggregation of revenue from contracts with customers

Type of major products

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Sales of health and household products	銷售健康及家居產品	1,775,802	2,509,206
Sales of polyurethane foam	銷售聚氨酯泡沫	1,221,519	1,754,116
Total	總計	2,997,321	4,263,322

Geographical markets

Information about the Group's revenue from external customers is presented based on the location of the retail shops and concession counters for retail sales and location of customers for wholesales and internet sales.

5. 收入及分類資料(續)

(i) 客戶合約收益細分

主要產品類型

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Sales of health and household products	銷售健康及家居產品	1,775,802	2,509,206
Sales of polyurethane foam	銷售聚氨酯泡沫	1,221,519	1,754,116
Total	總計	2,997,321	4,263,322

地域市場

本集團來自外部客戶收入的資料乃按進行零售銷售的零售店及寄售專櫃所在地及進行批發及互聯網銷售的客戶所在地予以呈列。

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
China market	中國市場		
– The PRC	– 中國	1,459,149	2,077,427
– Hong Kong, Macau and others	– 香港、澳門及其他	389,979	476,857
North American market	北美市場		
– The US	– 美國	941,840	1,533,580
– Others	– 其他	122,680	124,553
Europe and other overseas markets	歐洲及其他海外市場	83,673	50,905
Total	總計	2,997,321	4,263,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

5. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Other segment information

Geographical information

Information about the Group's non-current assets (excluding other receivables and deferred tax assets) is presented based on the geographic location of the assets:

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
The US	美國	446,127	491,232
The PRC	中國	328,954	531,176
Hong Kong	香港	22,034	9,354
Vietnam	越南	74,493	–
Macau	澳門	621	15
		872,229	1,031,777

Information about major customers

Revenue from a customer in the North American market contributing over 10% of the total revenue to the Group during the years are as follows:

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Customer A	客戶A	361,790	589,939

5. 收入及分類資料(續)

(ii) 其他分類資料

地域資料

本集團非流動資產(不包括其他應收款項及遞延稅項資產)的資料乃按資產的地理位置予以呈列:

主要客戶的資料

於年內來自北美市場的一位客戶的收入(貢獻本集團總收入的10%以上)如下:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

5. REVENUE AND SEGMENT INFORMATION (continued)

(iii) Performance obligations for contracts with customers

For sales of health and household products to the wholesalers and retailers (including department stores) and sales of polyurethane foam to furniture manufacturers, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to and received by the wholesaler's, retailers' and furniture manufacturers' specific location. Following delivery, the wholesalers, retailers and furniture manufacturers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods and bear the risks of obsolescence and loss in relation to the goods. These customers have neither rights of return nor rights to defer or avoid payment for the goods once the goods are accepted by the customers. The Group generally allows a credit period ranging from 7 days to 120 days upon delivery.

For sales of health and household products to end customers through its retail network comprising self-operated stand-alone retail shops and concession counters in department stores, revenue is recognised when control of the goods has transferred, being at the point the customer purchases and receives the goods at the retail shops and concession counters in department stores. Payment of the transaction price is due immediately at the point when the customer purchases the goods.

For internet sales of health and household products, revenue is recognised when control of the goods has transferred to the customers, being at the point the goods are delivered to and received by the customers. Delivery occurs when the goods have been delivered to the customer's specific location. When the customers initially purchase the goods online, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customers.

5. 收入及分類資料(續)

(iii) 客戶合約之履約責任

就向批發商及零售商(包括百貨公司)銷售健康及家居產品及向家具生產商銷售聚氨酯泡沫而言,收益於貨品控制權轉移時(即當貨品交付予批發商、零售商及家具生產商指定之地點及由彼等收取時)確認。於交付後,批發商、零售商及家具生產商可全權酌情釐定貨品之分銷方式及銷售價格,並主要負責貨品之銷售,並須承擔有關貨品過期及損失之風險。當客戶接收貨品後,該等客戶並無退貨權或遞延或規避就貨品付款之權利。本集團一般允許介乎交付後7日至120日之信貸期。

就透過其零售網絡(包括自營獨立零售店及位於百貨公司的寄售專櫃)向最終客戶銷售健康及家居產品而言,收益於貨品控制權轉移時(即於客戶於零售店及位於百貨公司的寄售專櫃購買及收取貨品之時間點)確認。交易價須於客戶購買貨品之時間點即時支付。

就互聯網銷售健康及家居產品而言,收益於貨品控制權轉移至客戶時(即當貨品交付予客戶及由客戶收取之時間點)確認。當貨品已運送至客戶指定之地點即已交付。當客戶最初於網上購買貨品時,本集團已收取之交易價確認為合約負債,直至貨品交付予客戶為止。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

5. REVENUE AND SEGMENT INFORMATION (continued)

(iii) Performance obligations for contracts with customers (continued)

Under the Group's standard contract terms of sales of health and household products to the end customers, they have no rights for refund but have a right to exchange for dissimilar products ranging from 7 days to 60 days. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A contract liability is recognised for sales in which revenue has yet been recognised. The Group's right to recover the product when customers exercise their right is recognised as a right to returned goods asset and a corresponding adjustment to cost of sales.

Sales-related warranties associated with sales of health and household products and polyurethane foam cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

(iv) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction prices allocated to the remaining unsatisfied performance obligations as at 31 December 2019 are HK\$466,000 (2018: HK\$893,000) and the expected timing of recognising revenue is within one year.

5. 收入及分類資料(續)

(iii) 客戶合約之履約責任(續)

根據本集團向最終客戶銷售健康及家居產品之標準合約條款，最終客戶無權要求退款，惟有權於介乎7日至60日內更換為不同產品。本集團根據其累積之過往經驗，使用預期價值法於組合層面估計更換數目。本集團就被視為將極可能不會發生重大撥回累計已確認收益之銷售乃確認收益。本集團就尚未確認收益之銷售確認合約負債。本集團於客戶行使其權利時收回產品之權利確認為退貨權資產，並相應調整銷售成本。

與銷售健康及家居產品及聚氨酯泡沫有關之銷售相關保養不可獨立購買，且其乃作為所出售產品符合協定規格之保證。因此，本集團根據香港會計準則第37號撥備、或然負債及或然資產以與其先前會計處理方法一致之方式入賬保養。

(iv) 分配予客戶合約之餘下履約責任之交易價格

於2019年12月31日，分配餘下未達成履約責任之交易價格為466,000港元(2018年：893,000港元)，而預期確認收益時間為一年內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

6. OTHER INCOME

6. 其他收入

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Interest income from bank deposits	銀行存款利息收入	1,754	487
Imputed interest income from rental deposits	租賃按金之估計利息收入	1,404	–
Rental income arising from operating leases of investment properties in which the lease payments are fixed	具有固定租金之投資物業之經營租賃產生之租金收入	14,145	14,833
Scrap sales (Note a)	零碎物料銷售(附註a)	33,458	44,326
Government subsidy (Note b)	政府補助(附註b)	3,219	3,597
Interest income on trade receivables at FVTOCI	透過其他全面收益按公平值列賬之貿易應收款項之利息收入	3,213	2,263
Others	其他	1,286	1,425
		58,479	66,931

Notes:

- (a) The corresponding cost of scrap inventories is inseparable from cost of sales.
- (b) The amount represented subsidies for development on export sales and advanced technology. Full amounts are recognised as income in profit or loss as there were no unfulfilled conditions or contingencies attached to the grants and, therefore, the Group recognised the grants to profit or loss upon receipt. The subsidies were granted on a discretionary basis to the Group during the reporting periods.

附註：

- (a) 相關零碎物料存貨的成本計入銷售成本。
- (b) 有關款項指對提升出口銷售及開發先進技術的補助。該款項已在損益賬中全額確認為收入，原因為該等補助未附帶任何未達成條件或或然事項，因此本集團於收到時即在損益賬中確認該等補助。於報告期內，該等補助酌情授予本集團。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

7. 預期信貸虧損模式項下之減值虧損，扣除撥回

	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Impairment losses recognised on trade receivables 就貿易應收款項確認之減值虧損	6,107	5,923

Details of impairment assessment are set out in note 38(b).

減值評估之詳情載於附註38(b)。

8. OTHER GAINS AND LOSSES

8. 其他收益及虧損

	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Loss on disposal of property, plant and equipment 出售物業、廠房及設備的虧損	(1,759)	(1,894)
Gain on disposal of subsidiaries (Note 42) 出售附屬公司的收益(附註42)	44,058	5,285
Gain from sale and leaseback transaction (Note 16) 銷售及租回交易所得收益(附註16)	49,698	-
Net exchange gains 匯兌收益淨額	5,334	5,062
Impairment losses on property, plant and equipment 物業、廠房及設備減值虧損	(17,274)	-
Impairment losses on right-of-use assets 使用權資產減值虧損	(10,481)	-
Impairment loss on goodwill 商譽減值虧損	(36,463)	-
Impairment losses on intangible assets 無形資產減值虧損	(100,253)	(8,097)
	(67,140)	356

9. FINANCE COSTS

9. 財務成本

	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Interests on bank borrowings 銀行借款利息	36,072	40,096
Interests on lease liabilities 租賃負債利息	12,450	-
	48,522	40,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

10. (LOSS) PROFIT BEFORE TAXATION

10. 除稅前(虧損)溢利

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
(Loss) profit before taxation has been arrived at after charging:	扣除以下各項後所得的 除稅前(虧損)溢利:		
Directors' remuneration (note 11)	董事薪酬(附註11)	10,279	11,710
Other staff costs	其他員工成本	388,591	419,785
Retirement benefit scheme contributions for other staff	其他員工的退休福利計劃供款	30,887	38,220
Share based payment expenses, excluding those of directors	股份支付開支(不包括董事)	84	480
Total staff costs	員工成本總額	429,841	470,195
Amortisation of intangible assets	無形資產攤銷	6,772	6,772
Depreciation of investment properties	投資物業折舊	5,031	4,002
Depreciation of property, plant and equipment	物業、廠房及設備折舊	71,848	73,572
Depreciation of right-of-use assets	使用權資產折舊	73,934	-
Total depreciation and amortisation	折舊及攤銷總額	157,585	84,346
Auditor's remuneration	核數師酬金	5,038	4,569
Cost of inventories recognised as expenses including provision for inventories of HK\$10,327,000 (2018: reversal of provision for inventories of HK\$5,670,000)	確認為開支的存貨成本(包括存貨撥備10,327,000港元(2018年:存貨撥備撥回5,670,000港元))	2,392,045	3,491,279
Release of prepaid lease payments	解除預付租賃款項	-	1,647
Concessionaire commission for department store counters (Note a)	百貨公司專櫃特許經營佣金(附註a)	50,281	56,328
Research and development expenses (included in other expenses) (Note b)	研發開支(計入其他開支)(附註b)	58,237	70,410
Provision for onerous leases	虧損租賃撥備	-	2,935

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

10. (LOSS) PROFIT BEFORE TAXATION (continued)

- (a) Concessionaire commission for department store counters is generally calculated by applying pre-determined percentages to actual sales made through respective counters.
- (b) Research and development expenses mainly comprise staff salaries and raw materials costs of HK\$18,465,000 (2018: HK\$16,338,000) and HK\$31,554,000 (2018: HK\$45,896,000), respectively. The staff salaries related to research and development are also included in the staff costs disclosed above.

10. 除稅前(虧損)溢利(續)

- (a) 百貨公司專櫃特許經營佣金一般以各專櫃的實際銷售額按預先釐定百分比計算。
- (b) 研發開支主要包括員工薪金及原材料成本分別為18,465,000港元(2018年: 16,338,000港元)及31,554,000港元(2018年: 45,896,000港元)。與研發有關之員工成本亦計入上文所披露的員工成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

II. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

II. 董事及最高行政人員酬金

董事及最高行政人員於年內的酬金，根據適用的上市規則及香港公司條例披露如下：

		Fees	Salaries and allowances	Performance related incentive payments	Share based payment expenses	Retirement benefit contributions	Total
		袍金	薪金及津貼	有關表現的獎金	股份支付開支	退休福利計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
				(Note (i))			
				(附註(i))			
For the year ended	截至2019年						
31 December 2019	12月31日止年度						
Executive directors	執行董事						
Mr. Lam Chi Fan (<i>Chairman</i>)	林志凡先生 (<i>董事長</i>)	–	2,006	–	5	18	2,029
Mr. Cheung Tung (<i>President and the chief executive</i>)	張棟先生 (<i>總裁及最高行政人員</i>)	–	2,078	–	5	18	2,101
Mr. Chen Feng	陳楓先生	–	2,224	–	4	–	2,228
Mr. Lam Kam Cheung	林錦祥先生	–	1,576	–	4	18	1,598
Ms. Lam Fei Man	林斐雯小姐	–	1,096	–	4	18	1,118
Independent non-executive directors	非執行董事						
Mr. Wong Chi Keung	王志強先生	240	–	–	1	–	241
Professor Lam Sing Kwong Simon	林誠光教授	240	–	–	1	–	241
Mr. Fan Chun Wah Andrew	范駿華先生	240	–	–	1	–	241
Mr. Zhang Hwo Jie	張傑先生	240	–	–	1	–	241
Mr. Wu Tak Lung	吳德龍先生	240	–	–	1	–	241
		1,200	8,980	–	27	72	10,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

II. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

II. 董事及最高行政人員酬金(續)

		Fees	Salaries and allowances	Performance related incentive payments	Share based payment expenses	Retirement benefit scheme contributions	Total
		袍金	薪金及津貼	有關表現的獎金	股份支付開支	退休福利計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
				(Note (i))			
				(附註(i))			
For the year ended	截至2018年						
31 December 2018	12月31日止年度						
Executive directors	執行董事						
Mr. Lam Chi Fan (<i>Chairman</i>)	林志凡先生(董事長)	–	2,020	80	162	18	2,280
Mr. Cheung Tung (<i>President and the chief executive</i>)	張棟先生(總裁及最高行政人員)	–	2,091	130	159	18	2,398
Mr. Chen Feng	陳楓先生	–	2,247	150	92	–	2,489
Mr. Lam Kam Cheung	林錦祥先生	–	1,576	250	80	18	1,924
Ms. Lam Fei Man	林斐雯小姐	–	1,106	128	82	18	1,334
Independent non-executive directors	非執行董事						
Mr. Wong Chi Keung	王志強先生	240	–	–	17	–	257
Professor Lam Sing Kwong Simon	林誠光教授	240	–	–	17	–	257
Mr. Fan Chun Wah Andrew	范駿華先生	240	–	–	17	–	257
Mr. Zhang Hwo Jie	張傑先生	240	–	–	17	–	257
Mr. Wu Tak Lung	吳德龍先生	240	–	–	17	–	257
		1,200	9,040	738	660	72	11,710

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

II. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Notes:

- (i) Performance related incentive payments is recommended by the remuneration committee of the Company and is approved by the board of directors, with reference to the Group's operating results, individual performance and comparable market statistics.
- (ii) No directors nor the chief executive waived any emoluments during the years ended 31 December 2019 and 2018.
- (iii) There are no loans, quasi-loans and other dealings arrangement in favour of the directors of the Company, controlled bodies corporate of the directors of the Company and connected entities with such directors of the Company in respect of the years ended 31 December 2019 and 2018.
- (iv) The executive directors shown above were for their service in connection with the management of the affairs of the Company and the Group.
- (v) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

II. 董事及最高行政人員酬金(續)

附註:

- (i) 有關表現的獎金乃參考本集團經營業績、個別人士表現及可資比較市場統計資料後由本公司薪酬委員會建議及董事會批准。
- (ii) 概無董事或最高行政人員就截至2019年及2018年12月31日止年度放棄任何酬金。
- (iii) 截至2019年及2018年12月31日止年度，概無以本公司董事、本公司董事之受控制法團及本公司該等董事關連實體為受益人之貸款、準貸款及其他交易安排。
- (iv) 上文所示執行董事之酬金乃為支付彼等就管理本公司及本集團事務所提供之服務。
- (v) 上文所示獨立非執行董事之酬金乃為支付彼等擔任本公司董事所提供之服務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2018: three directors), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining three (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Salaries and allowances	薪金及津貼	7,016	4,625
Retirement benefit scheme contributions	退休福利計劃供款	165	84
		7,181	4,709

The number of the highest paid employee who are not the directors of the Company whose remuneration falls within the following band is as follows:

		2019 2019年 No. of employees 僱員人數	2018 2018年 No. of employees 僱員人數
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	2	2
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	1	–

12. 五位最高薪酬僱員

年內本集團五位最高薪酬僱員包括兩名董事（2018年：三名董事），彼等之薪酬詳情載於上文附註11。餘下三名（2018年：兩名）並非本公司董事或最高行政人員的最高薪酬僱員年內薪酬之詳情如下：

薪金屬下列等級的非本公司董事最高薪酬僱員數目如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

13. INCOME TAX EXPENSE

13. 所得稅開支

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Current tax:	即期稅項：		
Hong Kong Profits Tax (Note i)	香港利得稅 (附註i)	1,950	2,613
PRC EIT (Note ii)	中國企業所得稅 (附註ii)	37,819	30,568
PRC withholding tax on distributed profits from PRC subsidiaries	來自中國附屬公司可分派溢利之中國預扣稅	24,102	1,418
US income tax (Note iii)	美國所得稅 (附註iii)	385	419
		64,256	35,018
Overprovision in prior years:	過往年度超額撥備：		
Hong Kong Profits Tax	香港利得稅	(215)	(184)
PRC EIT	中國企業所得稅	(2,738)	(2,500)
		(2,953)	(2,684)
Deferred taxation (note 23)	遞延稅項 (附註23)	4,697	(9,590)
		66,000	22,744

Notes:

- (i) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%, while only one entity nominated by a group of "connected entities" will be entitled to select the lower tax rate. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

附註：

- (i) 於2018年3月21日，香港立法會通過2017年稅務(修訂)(第7號)條例草案(「草案」)，其引入利得稅兩級制。草案於2018年3月28日獲簽署成為法律且於翌日刊登憲報。根據利得稅兩級制，合資格集團實體首2百萬港元溢利的稅率為8.25%，而超過2百萬港元的溢利將按16.5%計稅，而僅「關連實體」組別指定的一個實體將有權選擇較低稅率。不符合利得稅兩級制資格的集團實體溢利將繼續按16.5%的劃一稅率計稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

13. INCOME TAX EXPENSE (continued)

Notes: (continued)

(i) (continued)

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

(ii) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC EIT is calculated based on the statutory rate of 25% of the assessable profit of those subsidiaries established in the PRC for both years, except for certain PRC subsidiaries being approved as High and New Technology Enterprise by the relevant government authorities which are subject to a preferential tax rate of 15%.

(iii) The US corporate tax rate is 21% for the year ended 31 December 2019 in accordance to the Tax Cuts and Jobs Act of 2017. The US income tax includes (a) federal income tax calculated at a fixed rate of 21% for the year ended 31 December 2019 (2018: a fixed rate of 21%) on the estimated US federal taxable income and (b) state income tax calculated at various state income tax rates for both periods on the estimated state taxable income for the respective states. The income subject to tax in a specific state (i.e. state taxable income) is calculated based on the federal taxable income with state tax adjustments, which is then allocated or apportioned to the respective states (i.e. percentage of taxable income that should be apportioned or specially allocated to the respective states in which the Group operates) based on the apportionment factors provided from the state tax returns in previous year.

13. 所得稅開支(續)

附註：(續)

(i) (續)

因此，香港利得稅乃按首2百萬港元之估計應課稅溢利之8.25%計算，而超過2百萬港元之部分則按估計應課稅溢利之16.5%計算。

(ii) 根據中華人民共和國企業所得稅法（「企業所得稅法」）及企業所得稅法實施條例，兩個年度的中國企業所得稅乃按於中國成立之該等附屬公司之應課稅溢利之25%之法定稅率計算，惟由相關政府機關批准為高新技術企業之若干中國附屬公司可享受15%的優惠稅率。

(iii) 根據2017年減稅及就業法案，截至2019年12月31日止年度之美國企業稅率為21%。美國所得稅包括(a)就估計美國聯邦所得稅收入按截至2019年12月31日止年度之固定稅率21%（2018年：21%之固定稅率）計算之聯邦所得稅及(b)兩個期間內就各州的估計州應課稅收入，按不同州所得稅率計算的州所得稅。特定州份的應課稅收入（即州應課稅收入）按經作出州份稅項調整（其後分配或按比例分派至各州份）的聯邦應課稅收入（即按比例分派或特別分配至本集團經營所在相關州份的應課稅收入百分比），根據先前年度的州報稅表提供的分配因素而計算得出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

13. INCOME TAX EXPENSE (continued)

Notes: (continued)

- (iv) Under the law of Vietnam on Corporate Income Tax (the "Vietnam CIT"), Vietnam CIT is calculated based on the statutory rate of 20% of the assessable profit of those subsidiaries established in Vietnam and these companies had no assessable profit during the year ended 31 December 2019.

The income tax expense for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

13. 所得稅開支(續)

附註：(續)

- (iv) 根據越南企業所得稅(「越南企業所得稅」)法，越南企業所得稅乃按於越南成立之該等附屬公司之應課稅溢利之20%之法定稅率計算，而該等公司於截至2019年12月31日止年度並無應課稅溢利。

綜合損益及其他全面收益表的除稅前(虧損)溢利與年內的所得稅開支對照如下：

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
(Loss) profit before taxation	除稅前(虧損)溢利	(146,002)	27,586
Tax at the domestic income tax rate of 16.5% (2018: 16.5%)	按國內所得稅稅率16.5% (2018年：16.5%)計算的稅項	(24,090)	4,552
Tax effect of expenses not deductible for tax purposes	不可扣稅的開支對稅務的影響	27,210	11,664
Tax effect of income not taxable for tax purposes	毋須繳稅的收入對稅務的影響	(2,822)	(1,321)
Overprovision in prior years	過往年度超額撥備	(2,953)	(2,684)
Tax effect of tax loss not recognised	未予確認的稅項虧損的稅務影響	19,086	8,811
Tax effect of deductible temporary differences not recognised	未確認可扣減臨時性差額對稅務的影響	5,334	-
Utilisation of tax loss previously not recognised	動用過往未確認稅務虧損	-	(1,076)
Utilisation of deductible temporary difference previously not recognised	動用於過往未予確認的可扣減臨時性差額	-	(646)
Withholding tax on undistributed earnings of PRC subsidiaries	中國附屬公司未分派盈利的預扣稅	41,363	1,081
Income tax on concessionary rate	按優惠稅率計算的所得稅	(165)	(165)
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營的附屬公司的不同稅率影響	3,037	2,528
Income tax expense	所得稅開支	66,000	22,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

14. DIVIDENDS

14. 股息

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Dividends for ordinary shareholders of the Company recognised as distribution during the year:	年內確認為分派之本公司普通股股東之股息：		
2018 Final – no dividend declared (2018: 2017 Final – HK1.0 cent per share)	2018年末期股息—並無宣派股息 (2018年：2017年末期股息為每股股份1.0港仙)	—	17,500

No dividend has been proposed for ordinary shareholders of the Company subsequent to the year ended 31 December 2019.

於截至2019年12月31日止年度後，並無建議向本公司普通股股東派發股息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
<i>Loss for the purpose of basic and diluted loss per share:</i>	計算每股基本及攤薄虧損之虧損：		
Loss for the year attributable to owners of the Company	本公司擁有人應佔年內虧損	(216,509)	(5,801)

		2019 2019年 '000 千股	2018 2018年 '000 千股
<i>Number of shares for the purpose of basic and diluted loss per share:</i>	計算每股基本及攤薄虧損之股份數目：		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	計算每股基本及攤薄虧損的普通股數目加權平均數	1,750,002	1,750,002

The computation of diluted loss per share for the years ended 31 December 2019 and 2018 does not assume the exercise of the share options as the exercise prices of those share options are higher than the average market price of shares during the years ended 31 December 2019 and 2018.

15. 每股虧損

本公司擁有人應佔每股基本及攤薄虧損乃根據以下數據計算：

	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
<i>Loss for the purpose of basic and diluted loss per share:</i>		
Loss for the year attributable to owners of the Company	(216,509)	(5,801)

	2019 2019年 '000 千股	2018 2018年 '000 千股
<i>Number of shares for the purpose of basic and diluted loss per share:</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,750,002	1,750,002

計算截至2019年及2018年12月31日止年度的每股攤薄虧損並無假設行使購股權，原因是該等購股權的行使價高於股份於截至2019年及2018年12月31日止年度的平均市價。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Freehold land and buildings	Plant and machinery	Leasehold improvements, furniture and fixtures 租賃 裝修·家具 及裝置	Motor vehicles	Construction in progress	Total
		永久業權 土地及樓宇	廠房及機器	租賃 裝修·家具 及裝置	汽車	在建工程	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
COST	成本						
At 1 January 2018	於2018年1月1日	233,011	429,390	230,560	16,029	28,404	937,394
Exchange adjustments	匯兌調整	(5,260)	(14,305)	(5,707)	(1,205)	(133)	(26,610)
Additions	添置	–	4,807	8,443	2,273	49,142	64,665
Disposals	出售	(4,867)	(8,357)	(3,869)	(1,529)	–	(18,622)
Disposals through disposal of a subsidiary (note 42)	透過出售一間附屬公司出售(附註42)	–	–	(24)	–	–	(24)
Transfer from construction in progress	轉撥自在建工程	–	24,473	2,458	–	(26,931)	–
At 31 December 2018	於2018年12月31日	222,884	436,008	231,861	15,568	50,482	956,803
Exchange adjustments	匯兌調整	(3,513)	(10,482)	(2,885)	(510)	(1,374)	(18,764)
Additions	添置	809	40,262	16,640	3,070	17,845	78,626
Transfer from right-of-use assets	轉撥自使用權資產	162,965	–	–	–	–	162,965
Disposals	出售	(162,965)	(5,882)	(6,505)	(1,966)	–	(177,318)
Disposal of a subsidiary (note 42)	出售一間附屬公司(附註42)	(83,902)	(28,603)	(1,987)	(2,981)	–	(117,473)
Transfer from construction in progress	轉撥自在建工程	–	49,122	1,388	–	(50,510)	–
At 31 December 2019	於2019年12月31日	136,278	480,425	238,512	13,181	16,443	884,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

16. PROPERTY, PLANT AND EQUIPMENT (continued)

16. 物業、廠房及設備(續)

		Freehold land and buildings	Plant and machinery	Leasehold improvements, furniture and fixtures 租賃 裝修、家具 及裝置	Motor vehicles	Construction in progress	Total
		永久業權 土地及樓宇	廠房及機器		汽車	在建工程	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
DEPRECIATION AND IMPAIRMENT	折舊及減值						
At 1 January 2018	於2018年1月1日	57,042	91,086	66,543	9,692	–	224,363
Exchange adjustments	匯兌調整	(1,987)	(3,664)	(2,852)	(344)	–	(8,847)
Provided for the year	年度撥備	8,883	42,730	19,481	2,478	–	73,572
Eliminated on disposals	出售時抵銷	(4,867)	(4,324)	(3,833)	(1,344)	–	(14,368)
Eliminated on disposal of a subsidiary (note 42)	出售一間附屬公司時 抵銷(附註42)	–	–	(1)	–	–	(1)
At 31 December 2018	於2018年12月31日	59,071	125,828	79,338	10,482	–	274,719
Exchange adjustments	匯兌調整	(1,915)	(3,469)	(2,623)	(101)	–	(8,108)
Provided for the year	年度撥備	6,866	44,104	18,599	2,279	–	71,848
Impairment losses recognised in profit or loss	於損益內確認之 減值虧損	–	13,151	4,123	–	–	17,274
Eliminated on disposals	出售時抵銷	–	(3,373)	(6,135)	(1,462)	–	(10,970)
Eliminated on disposal of a subsidiary (note 42)	出售一間附屬公司時 抵銷(附註42)	(12,547)	(13,212)	(1,561)	(2,440)	–	(29,760)
At 31 December 2019	於2019年12月31日	51,475	163,029	91,741	8,758	–	315,003
CARRYING VALUES	賬面值						
At 31 December 2019	於2019年12月31日	84,803	317,396	146,771	4,423	16,443	569,836
At 31 December 2018	於2018年12月31日	163,813	310,180	152,523	5,086	50,482	682,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's buildings are erected on land in the PRC and the US. The above items of property, plant and equipment, except for freehold land and construction in progress, are depreciated, net of residual values, on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of the lease or 35 years
Plant and machinery	10% – 20%
Leasehold improvements, furniture and fixtures	10% – 33 $\frac{1}{3}$ % or over the term of the lease, whichever is shorter
Motor vehicles	20%

Acquisition of a property and sale and leaseback of the property

On 30 August 2019, the Group entered into an agreement with the lessor, an independent third party, for exercising the purchase option as disclosed in note 2.1 to acquire the leased property from the lessor at a consideration of approximately US\$20,804,000 (equivalent to approximately HK\$162,275,000). The acquisition was completed on 30 September 2019 and the carrying amount of right-of-use assets at that date together with direct attributable costs, totally amounting to approximately HK\$162,965,000, were transferred to property, plant and equipment from right-of-use assets.

16. 物業、廠房及設備(續)

本集團的樓宇乃建設於中國及美國土地上。上述物業、廠房及設備項目(永久業權土地及在建工程除外)乃按下列年利率以直線基準折舊(扣除餘值)：

樓宇	按租約年期或35年 (以兩者中的較短者為準)
廠房及機器	10% – 20%
租賃裝修、家具及裝置	10% – 33 $\frac{1}{3}$ %或 按租約年期 (以兩者中的較短者為準)
汽車	20%

收購物業以及銷售及租回物業

於2019年8月30日，本集團與出租人(獨立第三方)訂立協議，透過行使附註2.1所披露的購買選擇權，以約20,804,000美元(相當於約162,275,000港元)之代價向出租人收購租賃物業。該項收購已於2019年9月30日完成，該日期的使用權資產賬面值連同直接應佔成本總計約162,965,000港元已從使用權資產轉撥至物業、廠房及設備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Acquisition of a property and sale and leaseback of the property (continued)

After completion of the above acquisition, the Group and a purchaser (the "Purchaser"), an independent third party, entered into a purchase and sale agreement pursuant to which (i) the Group agreed to sell and the Purchaser agreed to acquire the property at a consideration of US\$33,000,000 (equivalent to approximately HK\$257,400,000); and (ii) after completion of the disposal of the property, the Group and the Purchaser have executed a new lease agreement to lease the property for a term of ten years starting from 1 October 2019. The sale and leaseback transaction has been completed on 30 September 2019 and the property with a carrying amount of HK\$162,965,000 has been derecognised from the property, plant and equipment. The lease liabilities arising from the new lease agreement of approximately HK\$129,217,000 are recognised with related right-of-use assets of approximately HK\$84,480,000 at 30 September 2019.

As a result, the Group has recognised a gain on sale and leaseback transaction of approximately HK\$49,698,000 included in other gains and losses. Details are set out in the Company's circular dated 25 September 2019.

16. 物業、廠房及設備(續)

收購物業以及銷售及租回物業(續)

完成上述收購事項後，本集團與買方（「買方」）（獨立第三方）訂立了買賣協議，據此，(i)本集團同意出售而買方同意收購該物業，代價為33,000,000美元（相當於約257,400,000港元）；及(ii)完成出售該物業後，本集團已與買方簽定新的租賃協議，以租賃該物業，自2019年10月1日起為期十年。銷售及租回交易已於2019年9月30日完成，賬面值為162,965,000港元的物業已終止在物業、廠房及設備內確認。於2019年9月30日，新的租賃協議產生的租賃負債約129,217,000港元與相關使用權資產約84,480,000港元均已確認。

因此，本集團已確認銷售及租回交易之收益約49,698,000港元，計入其他收益及虧損。詳情載於本公司日期為2019年9月25日的通函中。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment assessment of the property, plant and equipment and right-of-use assets

As a result of the unfavourable performance of certain subsidiaries incorporated/ established in the US, Hong Kong and the PRC (the "Under-Performing Subsidiaries") during the year ended 31 December 2019, the management conducted impairment assessments of the property, plant and equipment and right-of-use assets of the Under-Performing Subsidiaries. The management considers that the recoverable amount of the individual property, plant and equipment and right-of-use assets cannot be determined if (i) the value in use of the asset cannot be estimated to be closed to its fair value less costs of disposal, and (ii) the asset does not generate cash inflows that are largely independent of those from other assets. The Under-Performing Subsidiaries are separated into three CGUs for the purpose of the impairment assessment which are US CGU, HK CGU and PRC CGU. A CGU is considered to be impaired when its recoverable amount declines below its carrying amount. The recoverable amount is the higher of value in use and fair value less costs of disposal.

The recoverable amounts of these CGUs as at 31 December 2019 were determined based on value in use calculations and certain key assumptions. Value in use calculations used cash flow projections based on financial budgets approved by the management covering a five-year period. Pre-tax discount rates used for the value in use calculations for US CGU, HK CGU and PRC CGU are 14.5%, 10% and 10.67%, respectively while cash flows beyond the five-year period were extrapolated using growth rate of 2.5% for the applicable CGUs. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include growth rates, gross margin and expected sales from customers. Such estimations were based on the management's expectations for the market development.

16. 物業、廠房及設備(續)

物業、廠房及設備以及使用權資產之減值評估

由於截至2019年12月31日止年度在美國、香港及中國註冊成立／成立的若干附屬公司(「表現欠佳附屬公司」)表現欠佳，管理層對表現欠佳附屬公司的物業、廠房及設備以及使用權資產進行了減值評估。管理層認為，倘(i)無法估計資產的使用價值接近其公平值減出售成本，及(ii)該資產不會產生很大程度上獨立於其他資產的現金流入，則無法釐定單個物業、廠房及設備以及使用權資產的可收回金額。就減值評估而言，表現欠佳附屬公司被分為三個現金產生單位，即美國現金產生單位、香港現金產生單位及中國現金產生單位。當現金產生單位的可收回金額低於其賬面值時，則視為已減值。可收回金額為使用價值與公平值減出售成本兩者中的較高者。

2019年12月31日該等現金產生單位的可收回金額乃根據使用價值計算及若干主要假設釐定。使用價值計算乃根據管理層所批准的五年財務預算使用現金流量預測計算。用於美國現金產生單位、香港現金產生單位及中國現金產生單位的使用價值計算的稅前貼現率分別為14.5%、10%及10.67%，而適用現金產生單位五年後的現金流量則採用2.5%的增長率推算。使用價值計算的其他主要假設與現金流入／流出的估計有關，其包括增長率、毛利率及來自客戶的預期銷售。有關估計乃根據管理層對市場發展的預期而作出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment assessment of the property, plant and equipment and right-of-use assets (continued)

Based on the results of the assessment, the management of the Group determined that the recoverable amounts of these three CGUs are lower than their carrying amounts. The impairment amounts have been allocated to each category of property, plant and equipment and right-of-use assets of these CGUs such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculations and the allocations, an impairment has been recognised against the carrying amount of property, plant and equipment and right-of-use assets of the respective CGUs for the year ended 31 December 2019 (2018: Nil) as below:—

16. 物業、廠房及設備(續)

物業、廠房及設備以及使用權資產之減值評估(續)

根據評估結果，本集團管理層釐定該三個現金產生單位的可收回金額低於賬面值。減值金額已分配至該等現金產生單位的各類物業、廠房及設備以及使用權資產，以使各類資產的賬面值不會減少至低於其公平值減出售成本、其使用價值與零三者之最高值。根據使用價值的計算及分配，截至2019年12月31日止年度已就各現金產生單位之物業、廠房及設備以及使用權資產分別確認之減值如下：—

		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	
US CGU	美國現金產生單位	14,944
HK CGU	香港現金產生單位	387
PRC CGU	中國現金產生單位	1,943
		17,274
Right-of-use assets	使用權資產	
US CGU	美國現金產生單位	8,313
HK CGU	香港現金產生單位	2,168
		10,481
		27,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

17. RIGHT-OF-USE ASSETS

17. 使用權資產

		Leased land land	Leasehold land and properties 租賃土地 及物業	Machinery 機器	Total 總計
		租賃土地 HK\$'000 千港元	及物業 HK\$'000 千港元	機器 HK\$'000 千港元	總計 HK\$'000 千港元
At at 1 January 2019	於2019年1月1日				
Carrying amount	賬面值	64,117	309,652	–	373,769
At at 31 December 2019	於2019年12月31日				
Carrying amount	賬面值	18,932	225,422	4,756	249,110
For the year ended 31 December 2019	截至2019年12月31日止年度				
Depreciation charge	折舊開支	1,549	70,528	1,857	73,934
Expense relating to short-term leases	與短期租賃有關的開支				15,096
Expense relating to other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	與租期於首次 應用香港財務報告準則 第16號日期起12個月內 到期的其他租賃有關的開支				1,746
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	與低價值資產的租賃 (不包括低價值資產的 短期租賃)有關的開支				167
Total cash outflow for leases	租賃的現金流出總額				283,207
Additions to right-of-use assets	使用權資產之添置				170,097

For both years, the Group leases land, properties and machinery for its operations. Lease contracts are entered into for fixed terms of 6 months to 15 years. The Group's obligations are secured by the rental deposits for such leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group determines the lease period to be the non-cancellable period based on the contractual terms of the contract.

本集團於兩個年度內均租賃土地、物業及機器來開展營運。租約的固定期限為6個月至15年不等。本集團之責任以該等租賃之租金按金作抵押。租賃條款乃根據個別情況協商確定，當中包含各種不同的條款及條件。本集團根據合約條款將租期釐定為不可撤銷期限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

17. RIGHT-OF-USE ASSETS (continued)

The Group regularly enters into short-term leases for office premises, warehouses and motor vehicles. As at 31 December 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Leases of retail stores are either with only fixed lease payments or contain variable lease payment that are based on sales and minimum annual lease payment that are fixed over the lease term. Some variable payment terms include cap clauses. The payment terms are common in retail stores in Hong Kong and the PRC where the Group operates. The amounts of fixed and variable lease payments paid/payable to relevant lessors in Hong Kong and the PRC for the year ended 31 December 2019 are as follows:

17. 使用權資產(續)

本集團定期就辦公室物業、倉庫及汽車訂立短期租賃。於2019年12月31日，短期租賃組合與上文披露的短期租賃開支所對應的短期租賃組合類似。

零售店的租賃僅具有固定租賃付款，或包含基於在租期內固定的銷售額及最低年度租賃付款的可變租賃付款。部分可變付款條款包含上限條款。付款條款在本集團經營所在的香港及中國的零售店中很常見。截至2019年12月31日止年度已付／應付予香港及中國有關出租人的固定及可變租賃付款額如下：

		Number of stores 店舖數目 HK\$'000 千港元	Fixed payments 固定付款 HK\$'000 千港元	Variable payments 可變付款 HK\$'000 千港元	Total payments 付款總額 HK\$'000 千港元
In Hong Kong	於香港				
Retail stores without variable lease payments	並無可變租賃付款的 零售店	16	14,497	–	14,497
Retail stores with variable lease payments	具有可變租賃付款的 零售店	4	2,878	400	3,278
		20	17,375	400	17,775
In the PRC	於中國				
Retail stores without variable lease payments	並無可變租賃付款的 零售店	17	3,136	–	3,136
Retail stores with variable lease payments	具有可變租賃付款的 零售店	10	1,721	282	2,003
		27	4,857	282	5,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

17. RIGHT-OF-USE ASSETS (continued)

The retail stores with variable lease payments include minimum annual lease payment that are fixed over the lease term. The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. Variable rent expenses for the retail stores in the PRC are expected to continue to represent a similar proportion of store sales in future years. For the retail stores in Hong Kong, fixed minimum annual lease payments are expected in future years.

Particulars regarding impairment assessment on right-of-use assets are disclosed in note 16.

Restrictions or covenants on leases

In addition, lease liabilities of HK\$285,583,000 are recognised with related right-of-use assets of HK\$249,110,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in notes 33 and 38(b).

18. INVESTMENT PROPERTIES

The Group leases out various factories under operating leases with rentals payable monthly. The leases typically run for an initial period of few months to eighteen years, with no extension options beyond initial period.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

17. 使用權資產(續)

具有可變租賃付款的零售店包括在租期內固定的最低年度租賃付款。使用可變付款條款的總體財務影響是，銷售額較高的店舖將產生更高的租金成本。未來幾年，中國零售店的可變租金開支預計將繼續佔店舖銷售額的類似比例。就香港的零售店舖而言，未來年度預期會產生固定的最低年度租賃付款。

有關使用權資產減值評估的詳情於附註16內披露。

租賃限制或契約

此外，於2019年12月31日，已確認租賃負債285,583,000港元及相關使用權資產249,110,000港元。租賃協議並不施加除出租人持有的租賃資產中的擔保權益以外的任何契約。租賃資產不得用作借款擔保。

租賃負債的租賃年期分析之詳情載於附註33及38(b)。

18. 投資物業

本集團以經營租賃方式出租多處工廠，租金按月支付。租賃的初步年期通常為數月至十八年，並無超出初步年期之租賃延期。

由於所有租賃均以集團實體各自的機能貨幣計值，故本集團不會因租賃安排而承受外幣風險。租約不包含剩餘價值擔保及／或承租人在租期結束時購買該物業的選擇權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

18. INVESTMENT PROPERTIES (continued)

18. 投資物業(續)

		HK\$'000 千港元
COST	成本	
At 1 January 2018	於2018年1月1日	106,256
Exchange adjustments	匯兌調整	(5,715)
At 31 December 2018	於2018年12月31日	100,541
Exchange adjustments	匯兌調整	(1,248)
Disposal of a subsidiary (Note 42)	出售一間附屬公司(附註42)	(61,280)
At 31 December 2019	於2019年12月31日	38,013
DEPRECIATION	折舊	
At 1 January 2018	於2018年1月1日	6,867
Exchange adjustments	匯兌調整	(552)
Provided for the year	年度撥備	4,002
At 31 December 2018	於2018年12月31日	10,317
Exchange adjustments	匯兌調整	(291)
Provided for the year	年內撥備	5,031
Eliminated on disposal of a subsidiary (Note 42)	出售一間附屬公司時抵銷(附註42)	(10,420)
At 31 December 2019	於2019年12月31日	4,637
CARRYING VALUES	賬面值	
At 31 December 2019	於2019年12月31日	33,376
At 31 December 2018	於2018年12月31日	90,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

18. INVESTMENT PROPERTIES (continued)

As at 31 December 2019, the fair values of the Group's investment properties were HK\$121,345,000 (2018: HK\$205,032,000). The fair values have been arrived at based on a valuation carried out by Asset Appraisal Limited, an independent valuer not connected with the Group.

The fair values of the investment properties was determined based on the market comparable approach which is categorised within Level 3 of the fair value hierarchy. The inputs used in the fair value measurements mainly include the market unit sale rate of comparable properties of similar size, nature and location. There has been no change from the valuation technique used in the prior year and there were no transfers into or out of Level 3 during the year.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. The above investment properties are depreciated on a straight-line basis over the term of the lease.

18. 投資物業 (續)

於2019年12月31日，本集團的投資物業公平值為121,345,000港元（2018年：205,032,000港元）。公平值乃根據由與本集團概無關連的獨立估值師中誠達資產評估顧問有限公司進行的估值釐定。

投資物業的公平值乃根據市場比較法（分類為公平值層級之第3級）釐定。於計算公平值時，輸入值主要包括面積、性質及位置相若的可比較物業之市場單位銷售價格。估值技術與過往年度所用者並無變動，且年內概無轉入第三級或自當中轉出。

於估計投資物業之公平值時，物業之最高及最佳用途為其現時用途。上述投資物業於租期內按直線基準折舊。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

19. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold land interests in the PRC.

19. 預付租賃款項

本集團的預付租賃款項包括在中國的租賃土地權益。

		2018 2018年 HK\$'000 千港元
Analysed for reporting purposes as:	就報告目的而分析為：	
Non-current asset	非流動資產	62,479
Current asset	流動資產	1,638
		64,117

20. GOODWILL

20. 商譽

		HK\$'000 千港元
COST	成本	
At 1 January 2018	於2018年1月1日	62,764
Exchange adjustments	匯兌調整	(1,355)
At 31 December 2018	於2018年12月31日	61,409
Exchange adjustments	匯兌調整	(643)
Disposals through disposal of a subsidiary (Note 42)	透過出售一間附屬公司出售(附註42)	(24,303)
At 31 December 2019	於2019年12月31日	36,463
IMPAIRMENT	減值	
At 1 January 2018 and 31 December 2018	於2018年1月1日及2018年12月31日	-
Impairment loss recognised	已確認減值虧損	36,463
At 31 December 2019	於2019年12月31日	36,463
CARRYING VALUES	賬面值	
At 31 December 2019	於2019年12月31日	-
At 31 December 2018	於2018年12月31日	61,409

Particulars regarding impairment assessment on goodwill are disclosed in note 22.

商譽之減值評估詳情於附註22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2019年12月31日止年度

21. INTANGIBLE ASSETS

21. 無形資產

		Brand name 品牌 名稱 HK\$'000 千港元	Customer relationship 客戶 關係 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本			
At 1 January 2018, 31 December 2018 and 31 December 2019	於2018年1月1日、 2018年12月31日及 2019年12月31日	85,483	62,769	148,252
AMORTISATION AND IMPAIRMENT	攤銷及減值			
At 1 January 2018	於2018年1月1日	–	10,984	10,984
Charge for the year	年內支出	–	6,772	6,772
Impairment losses recognised	已確認減之值虧損	–	8,097	8,097
At 31 December 2018	於2018年12月31日	–	25,853	25,853
Charge for the year	年內支出	–	6,772	6,772
Impairment losses recognised	已確認之減值虧損	74,117	26,136	100,253
At 31 December 2019	於2019年12月31日	74,117	58,761	132,878
CARRYING VALUES	賬面值			
At 31 December 2019	於2019年12月31日	11,366	4,008	15,374
At 31 December 2018	於2018年12月31日	85,483	36,916	122,399

The brand name and customer relationship was acquired upon acquisition of Dormeo North America, LLC ("Dormeo") in 2016.

品牌名稱及客戶關係乃於2016年收購Dormeo North America, LLC (「Dormeo」)時收購。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

21. INTANGIBLE ASSETS (continued)

The customer relationship has finite useful lives ranging from 7 years to 10 years (2018: 7 years to 10 years) and is amortised on a straight-line basis. Its useful life was determined with reference to a number of factors, including historical customer data and management's experience and industry knowledge. Useful lives of customer relationship are reviewed at the end of each reporting period by considering the changes in above factors.

Based on the assessment made by the directors of the Company during the year ended 31 December 2018, the directors determined that the useful lives of certain customer relationship was reduced from 10 years to 7 years and their amortisation was accelerated and an additional amortisation amounting to HK\$495,000 was recognised.

During the years ended 31 December 2019 and 2018, the directors of the Company considered that there is an impairment indicator of the Group's customer relationship due to the loss of customers and the carrying amount of customer relationship has been written down and then allocated to Dormeo US CGU and Dormeo Canada CGU (2018: Dormeo CGU) included in the North American market segment for impairment assessment. Particulars of the impairment assessment on customer relationship are disclosed in note 22.

The brand name has indefinite useful life. The directors of the Company are of the opinion that the brand name is developed through years of advertising, promotional campaigns and customer satisfaction.

As a result, the brand name is considered by the directors of the Company as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. The brand name has been written down to HK\$74,117,000 during the year ended 31 December 2019. Particulars of the impairment assessment on intangible assets are disclosed in note 22.

21. 無形資產(續)

客戶關係的有限可使用年期介乎7年至10年(2018年:7年至10年),並按直線基準攤銷。其可使用年期乃參考多項因素(包括歷史客戶數據以及管理層的經驗及業界知識)釐定。客戶關係的可使用年期於各報告期末透過考慮上述因素之變動而予以檢討。

截至2018年12月31日止年度,根據本公司董事作出之評估,董事釐定若干客戶關係之可使用年期由10年減少至7年,且其攤銷已加速及已確認額外攤銷495,000港元。

截至2019年及2018年12月31日止年度,本公司董事認為本集團客戶關係存在減值跡象,此乃由於客戶流失及出於減值評估,客戶關係賬面值已撇減及其後分配至計入北美市場分部之Dormeo美國現金產生單位及Dormeo加拿大現金產生單位(2018年:Dormeo現金產生單位)。有關客戶關係減值評估之詳情披露於附註22。

品牌名稱的可使用年期為無限。本公司董事認為品牌名稱乃由多年來的廣告、推廣活動及客戶滿意度所建立。

因此,由於品牌名稱預期將無限地貢獻現金流量淨額,故其被本公司董事視為擁有無限可使用年期。品牌名稱並不會被攤銷,直至其可使用年期被釐定為有限。相反,每年以及倘有跡象顯示其可能出現減值時,其將須進行減值測試。品牌名稱已於截至2019年12月31日止年度撇減至74,117,000港元。無形資產之減值評估詳情披露於附註22。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

22. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS

For the purposes of impairment testing, goodwill and intangible assets set out in notes 20 and 21, respectively, have been allocated to three (2018: two) individual CGUs, comprising Chengdu Xingang Sponge Co., Ltd. ("Chengdu Xingang") which engaged in manufacturing and sales of polyurethane foam in the PRC and Dormeo which engaged in wholesales of health and household products in US and Canada. During the year ended 31 December 2019, the directors of the Company have determined that the CGU of Dormeo has changed from a single CGU ("Dormeo CGU") to two separate CGUs, namely Dormeo US CGU and Dormeo Canada CGU, when Dormeo has shifted part of its production from the US to the PRC in current year which considered the change in aggregation of assets that generates cash inflows to Dormeo CGU. The carrying amounts of goodwill and intangible assets net of accumulated impairment losses, allocated to these units are as follows:

22. 商譽及無形資產之減值評估

就減值測試而言，分別載於附註20及21的商譽及無形資產已分配至三個（2018年：兩個）個別現金產生單位，其包括成都新港海綿有限公司（「成都新港」，其於中國從事聚氨酯泡沫生產及銷售）及Dormeo（其於美國及加拿大從事健康及家居產品批發）。截至2019年12月31日止年度，本公司董事確定，於Dormeo在本年度將部分生產由美國轉移至中國時，Dormeo的現金產生單位由一個現金產生單位（「Dormeo現金產生單位」）分為兩個單獨的現金產生單位（即Dormeo美國現金產生單位及Dormeo加拿大現金產生單位），其被視作為Dormeo現金產生單位帶來現金流入之資產合併變動。分配至該等單位的商譽及無形資產的賬面值（扣除累計減值虧損）如下：

		Customer relationship 客戶關係	Goodwill 商譽	Brand name 品牌名稱
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 31 December 2019	於2019年12月31日			
Dormeo US CGU	Dormeo美國現金產生單位	–	N/A 不適用	N/A 不適用
Dormeo Canada CGU	Dormeo加拿大現金產生單位	4,008	N/A 不適用	N/A 不適用
Group of CGUs combining Dormeo US CGU and Dormeo Canada CGU	由Dormeo美國現金產生單位及Dormeo加拿大現金產生單位組成之現金產生單位組別	N/A 不適用	–	11,366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

22. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS (continued)

22. 商譽及無形資產之減值評估 (續)

		Customer relationship 客戶關係 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元	Brand name 品牌名稱 HK\$'000 千港元
At 31 December 2018	於2018年12月31日			
Dormeo CGU	Dormeo現金產生單位	36,916	36,463	85,483
Chengdu Xingang	成都新港	–	24,946	–

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

上述現金產生單位的可收回金額的基準及其主要相關假設概述如下：

Dormeo

As 31 December 2019, the recoverable amounts of these units have been determined based on value in use calculations. The calculations use cash flows projections based on financial budgets approved by management covering a 5-year period and a pre-tax discount rate of 17.2%. Dormeo US CGU's and Dormeo Canada CGU's cash flows beyond the 5-year period are extrapolated using a steady 2% growth rate. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows, including budgeted sales and gross margin, are estimated based on the Dormeo US CGU's and Dormeo Canada CGU's past performance and management's expectations for future market development.

Dormeo

於2019年12月31日，該等單位的可收回金額乃根據使用價值計算釐定。該等計算乃根據管理層所批准的五年期財務預算使用現金流量預測按稅前貼現率17.2%計算。Dormeo美國現金產生單位及Dormeo加拿大現金產生單位五年後的現金流量採用2%的穩定增長率推算。使用價值計算的其他主要假設與現金流入／流出（包括預算銷售及毛利率）的估計有關，其乃根據Dormeo美國現金產生單位及Dormeo加拿大現金產生單位的過往表現以及管理層對未來市場發展的預期而估計。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

22. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS (continued)

Dormeo (continued)

As a result of the unfavourable performance of Dormeo US CGU and Dormeo Canada CGU during the year ended 31 December 2019, the directors of the Company have considered the financial performance of Dormeo US CGU and Dormeo Canada CGU would not be turnaround in coming few years and consequently determined impairment of customer relationship directly related to Dormeo US CGU and Dormeo Canada CGU amounting to HK\$12,057,000 and HK\$2,713,000, respectively and the carrying amounts of customer relationship of Dormeo US CGU and Dormeo Canada CGU after impairment are Nil and HK\$14,079,000, respectively.

For the impairment testing of goodwill and brand name, the directors of the Company determined that goodwill and brand name cannot be allocated on a reasonable basis to Dormeo US CGU and Dormeo Canada CGU and therefore, the carrying amounts of goodwill and brand name have allocated to a group of CGUs that combining Dormeo US CGU and Dormeo Canada CGU and consequently determined impairment of goodwill and brand name to this group of CGUs amounting to HK\$36,463,000 and HK\$74,117,000, respectively while the customer relationship of Dormeo Canada CGU have been further impaired amounting to HK\$11,366,000. The impairment losses of goodwill, brand name and customer relationship have been included in profit or loss in the "other gains and losses" line item. Except for the goodwill which have been fully written off, the brand name and customer relationship have been written down to HK\$11,366,000 and HK\$4,008,000 as at 31 December 2019, respectively.

22. 商譽及無形資產之減值評估 (續)

Dormeo (續)

由於截至2019年12月31日止年度 Dormeo美國現金產生單位及Dormeo加拿大現金產生單位表現欠佳，本公司董事認為Dormeo美國現金產生單位及Dormeo加拿大現金產生單位在未來幾年內的財務表現不會好轉，因此釐定與Dormeo美國現金產生單位及Dormeo加拿大現金產生單位直接相關的客戶關係之減值分別為12,057,000港元及2,713,000港元，而於減值後的Dormeo美國現金產生單位及Dormeo加拿大現金產生單位的客戶關係賬面值分別為零港元及14,079,000港元。

就商譽及品牌名稱減值測試而言，本公司董事確定商譽及品牌名稱無法按合理基準分配至Dormeo美國現金產生單位及Dormeo加拿大現金產生單位，因此，商譽及品牌名稱之賬面值已分配至由Dormeo美國現金產生單位及Dormeo加拿大現金產生單位組成之現金產生單位組別，因此該組別之現金產生單位之商譽及品牌名稱之減值分別為36,463,000港元及74,117,000港元，而Dormeo加拿大現金產生單位的客戶關係進一步減值至11,366,000港元。商譽、品牌名稱及客戶關係之減值虧損已計入損益內的「其他收益及虧損」一項。除已悉數撇減之商譽外，品牌名稱及客戶關係已於2019年12月31日分別撇減至11,366,000港元及4,008,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

22. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS (continued)

Dormeo (continued)

For the year ended 31 December 2018, the recoverable amount of Dormeo CGU has been determined based on value in use calculation. The calculation uses cash flows projection based on financial budgets approved by management covering a 5-year period and a pre-tax discount rate of 18.88%. Dormeo CGU's cash flows beyond the 5-year period are extrapolated using a steady 2% growth rate. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows, including budgeted sales and gross margin, are estimated based on the Dormeo CGU's past performance and management's expectations for future market development. Except for the impairment losses of customers relationship have been recognised amounted to HK\$8,097,000 due to the loss of customers, the management of the Group determines that there was no further impairment of Dormeo CGU containing goodwill, brand name and customer relationship during the year ended 31 December 2018. Management believed that any reasonably possible change in any of these assumptions would not cause the carrying amount of Dormeo CGU to exceed the recoverable amount of Dormeo CGU for the year ended 31 December 2018.

Chengdu Xingang

The recoverable amount of this unit had been determined based on a value in use calculation. The calculation used cash flows projections based on financial budgets approved by management covering a 5-year period, and a pre-tax discount rate of 10.67% in 2018. Chengdu Xingang's cash flows beyond the 5-year period were extrapolated using a steady 4% growth rate in 2018. The management of the Group believed that a 4% growth rate was reasonable after considering the recent inflation rate in Chengdu and the management expectation on future market development.

22. 商譽及無形資產之減值評估 (續)

Dormeo (續)

截至2018年12月31日止年度，Dormeo現金產生單位的可收回金額已按使用價值計算釐定。該等計算乃根據管理層所批准的五年期財務預算使用現金流量預測按稅前貼現率18.88%計算。Dormeo現金產生單位超過五年期的現金流量採用2%的穩定增長率推算。使用價值計算的其他主要假設與現金流入／流出（包括預算銷售及毛利率）的估計有關，其乃根據Dormeo現金產生單位的過往表現以及管理層對未來市場發展的預期而估計。除因客戶流失確認之客戶關係減值虧損8,097,000港元外，本集團管理層確定，截至2018年12月31日止年度，Dormeo現金產生單位（包括商譽、品牌名稱及客戶關係）並無進一步減值。管理層認為截至2018年12月31日止年度，任何該等假設的合理可能變動均不會導致Dormeo現金產生單位的賬面值超出Dormeo現金產生單位的可收回金額。

成都新港

此單位的可收回金額乃根據使用價值計算釐定。該項計算乃根據管理層所批准的五年財務預算使用現金流量預測按2018年的稅前貼現率10.67%計算。成都新港五年後的現金流量採用2018年的4%穩定增長率推算。本集團管理層相信，經考慮成都之近期通脹率及管理層對未來市場發展的期望後，4%之增長率乃屬合理。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

22. IMPAIRMENT ASSESSMENT ON GOODWILL AND INTANGIBLE ASSETS (continued)

Chengdu Xingang (continued)

Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows, including budgeted sales and gross margin, were estimated based on the Chengdu Xingang's past performance and management's expectations for the future market development. During the year ended 31 December 2018, the management of the Group determines that there was no impairment of Chengdu Xingang containing goodwill for 2018. Management believed that any reasonably possible change in any of these assumptions would not cause the carrying amount of Chengdu Xingang to exceed the recoverable amount of Chengdu Xingang for the year ended 31 December 2018. During the year ended 31 December 2019, the Group has disposed of Chengdu Xingang with a gain of HK\$44,058,000 as set out in note 8. The carrying value of goodwill of HK\$24,303,000 has been disposed of through the disposal of the subsidiary (Note 42).

22. 商譽及無形資產之減值評估(續)

成都新港(續)

使用價值計算的其他主要假設與現金流入／流出的估計有關，其包括預算銷售及毛利率乃根據成都新港的過往表現以及管理層對未來市場發展的預期而估計。截至2018年12月31日止年度，本集團管理層釐定成都新港（包括商譽）於2018年並無減值。管理層相信於截至2018年12月31日止年度，任何該等假設的合理可能變動將不會導致成都新港的賬面值高於成都新港的可收回金額。截至2019年12月31日止年度，本集團出售成都新港，獲得收益為44,058,000港元（載於附註8）。商譽的賬面值24,303,000港元已透過出售該附屬公司而被出售（附註42）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

23. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Deferred tax assets	遞延稅項資產	8,409	25,451
Deferred tax liabilities	遞延稅項負債	(29,874)	(96,462)
		(21,465)	(71,011)

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

23. 遞延稅項

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已予以抵銷。以下為就財務報告作出的遞延稅項結餘分析：

以下為於本年度及過往年度獲確認的主要遞延稅項（負債）資產及其變動：

		Right-of-use assets	Undistributed profits of PRC subsidiaries	Unrealised profit in inventories	Tax losses	Allowance for inventories and credit losses	Fair value adjustment on investment properties	Fair value adjustment on intangible assets	Others	Total
		使用權資產	附屬公司的未分配溢利	存貨未變現溢利	稅項虧損	存貨及信貸虧損撥備	投資物業之公平值調整	無形資產之公平值調整	其他	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2018	於2018年1月1日	-	(14,007)	147	6,666	10,914	(59,624)	(28,926)	1,576	(83,254)
Exchange adjustments	匯兌調整	-	494	-	(217)	(472)	3,050	(187)	(15)	2,653
(Charged) credited to profit or loss	於損益（扣除）計入	-	(2,499)	(35)	7,984	(2,007)	820	3,409	500	8,172
Release to profit or loss upon payment of dividends	支付股息後撥至損益	-	1,418	-	-	-	-	-	-	1,418
At 31 December 2018	於2018年12月31日	-	(14,594)	112	14,433	8,435	(55,754)	(25,704)	2,061	(71,011)
Exchange adjustments	匯兌調整	4	268	-	(83)	(326)	1,171	-	(276)	758
(Charged) credited to profit or loss	於損益（扣除）計入	(1,274)	(17,261)	(42)	(10,438)	(3,735)	880	22,475	(1,124)	(10,519)
Release to profit or loss upon payment of dividends	支付股息後撥至損益	-	5,822	-	-	-	-	-	-	5,822
Release upon disposal of a subsidiary (Note 42)	於出售一間附屬公司時解除（附註42）	-	390	-	-	(608)	53,703	-	-	53,485
At 31 December 2019	於2019年12月31日	(1,270)	(25,375)	70	3,912	3,766	-	(3,229)	661	(21,465)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

23. DEFERRED TAXATION (continued)

At the end of the reporting period, the Group had unused tax losses of HK\$281,565,000 (2018: HK\$219,195,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$15,648,000 (2018: HK\$68,948,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$265,917,000 (2018: HK\$150,247,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$35,871,000 (2018: HK\$28,555,000) and HK\$56,039,000 (2018: HK\$56,039,000) that will be expired from 2020 to 2024 and from 2037 to 2038, respectively. Other losses may be carried forward indefinitely.

As at 31 December 2019, the Group had deductible temporary differences mainly arising from allowance for inventories and credit losses and unrealised profits on inventories of HK\$50,900,000 (2018: HK\$44,370,000). Deferred tax assets have been recognised in respect of such deductible temporary differences of HK\$17,540,000 (2018: HK\$43,340,000). No deferred tax asset has been recognised in relation to the remaining deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

23. 遞延稅項 (續)

於報告期末，本集團有未動用稅項虧損281,565,000港元（2018年：219,195,000港元）可供抵銷未來溢利。已就有關虧損15,648,000港元（2018年：68,948,000港元）確認遞延稅項資產。由於未來溢利難以預測，故並無就餘下265,917,000港元（2018年：150,247,000港元）確認遞延稅項資產。其中包括分別自2020年至2024年及自2037年至2038年屆滿之虧損35,871,000港元（2018年：28,555,000港元）及56,039,000港元（2018年：56,039,000港元）計入未確認稅項虧損。其他虧損可無限期結轉。

於2019年12月31日，本集團主要因存貨及信貸虧損撥備及存貨未變現溢利而產生可扣減臨時性差額50,900,000港元（2018年：44,370,000港元）。已就有關可扣減臨時性差額17,540,000港元（2018年：43,340,000港元）確認遞延稅項資產。由於不大可能有應課稅溢利可用作扣減臨時性差額，故並無就剩餘可扣減臨時性差額確認遞延稅項資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

23. DEFERRED TAXATION (continued)

Under the PRC EIT Law, withholding tax is imposed on dividends declared at 10% in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the undistributed profit of certain PRC subsidiaries as at 31 December 2019 amounting to HK\$348,601,000 (2018: HK\$589,380,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. As at 31 December 2019, deferred tax liabilities of HK\$25,375,000 (2018: HK\$14,594,000) has been provided for in respect of the temporary difference arising from the undistributed profits of the remaining PRC subsidiaries.

The Group is liable to withholding tax on dividends distributed from Sinomax USA, Inc.. As at 31 December 2019, the Group had temporary differences relating to the undistributed profits of Sinomax USA, Inc of HK\$16,538,000 (2018: HK\$83,654,000). Deferred taxation has not been provided for such temporary differences as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

24. INVENTORIES

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials	原材料	198,130	198,908
Work in progress	在建工程	107,813	111,730
Finished goods	製成品	185,902	220,433
		491,845	531,071

23. 遞延稅項 (續)

根據中國企業所得稅法，由2008年1月1日起，中國附屬公司須就其所賺溢利所宣派的股息按10%的稅率繳納預扣稅。由於本集團能控制撥回臨時性差額的時間，以及於可見未來不大可能撥回臨時性差額，因此並無就若干中國附屬公司於2019年12月31日的未分派溢利348,601,000港元（2018年：589,380,000港元）應佔的臨時性差額於綜合財務報表作出遞延稅項撥備。於2019年12月31日，遞延稅項負債25,375,000港元（2018年：14,594,000港元）已就餘下中國附屬公司的未分派溢利產生的臨時性差額作出撥備。

本集團須就Sinomax USA, Inc.分派的股息繳付預扣稅。於2019年12月31日，本集團就Sinomax USA, Inc.未分派溢利的臨時性差額為16,538,000港元（2018年：83,654,000港元）。由於本集團能控制撥回臨時性差額的時間，已及於可見未來不大可能撥回臨時性差額，故並無就該等臨時性差額作出遞延稅項撥備。

24. 存貨

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

25. TRADE AND OTHER RECEIVABLES

25. 貿易及其他應收款項

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Trade receivables	貿易應收款項	437,611	717,660
Less: allowance for credit losses	減：信貸虧損撥備	(30,751)	(24,913)
		406,860	692,747
Other receivables	其他應收款項		
Prepayments for purchasing of raw materials and operating expenses	購買原材料的預付款項及經營開支	64,652	84,513
Other taxes recoverable	其他可收回稅項	18,110	37,149
Rental and other deposits	租金及其他按金	36,893	28,158
Advance to staff	預付員工款項	1,744	2,467
Consideration receivable from disposal of a subsidiary (Note 42)	出售一間附屬公司之應收代價（附註42）	148,603	8,601
Others	其他	15,058	13,089
		285,060	173,977
Total trade and other receivables	貿易及其他應收款項總額	691,920	866,724
<i>Analysed of reporting purposes as:</i>	<i>就呈報目的作出之分析：</i>		
Non-current assets	非流動資產	132,444	23,365
Current assets	流動資產	559,476	843,359
		691,920	866,724

Rental deposits were adjusted upon the initial application of HKFRS 16. Details of the adjustments are set out in note 2.

租賃按金於首次應用香港財務報告準則第16號後作出調整。有關調整之詳情載於附註2。

As at 1 January 2018, trade receivables from contracts with customers amounted to HK\$621,367,000. The credit period granted to department stores ranges from 30 days to 120 days. For sales to wholesalers, retailers and furniture manufacturers, the Group generally allows a credit period ranging from 7 days to 90 days.

就2018年1月1日，應收合約客戶貿易款項為621,367,000 港元。授予百貨公司的信貸期介乎30日至120日。就向批發商、零售商及家具生產商的銷售而言，本集團一般授予的信貸期介乎7日至90日。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

25. TRADE AND OTHER RECEIVABLES (continued)

The following is the aged analysis of trade receivables, net of allowance for credit losses, presented based on the dates of delivery of goods.

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Within 30 days	30日以內	217,711	448,714
31 to 60 days	31至60日	124,367	149,877
61 to 90 days	61至90日	38,876	56,832
91 to 180 days	91至180日	23,394	34,030
181 to 365 days	181至365日	2,512	3,294
		406,860	692,747

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate net carrying amount of HK\$126,779,000 (2018: HK\$269,620,000) which are past due as at the reporting date. Out of the past due balances, HK\$20,849,000 (2018: HK\$19,705,000) has been past due 90 days or more and is not considered as in default by considering the background of the trade receivables and historical payment arrangement of these trade receivables. The Group does not hold any collateral over the balances.

Details of impairment assessment of trade receivables for the years ended 31 December 2019 and 2018 are set out in note 38.

25. 貿易及其他應收款項(續)

以下為經扣除信貸虧損撥備的貿易應收款項的賬齡分析(根據貨品交付日期呈列)。

於2019年12月31日，本集團之貿易應收款項結餘包括賬面淨值合共為126,779,000港元(2018年：269,620,000港元)之應收款項，其於報告日期已逾期。於逾期結餘當中，20,849,000港元(2018年：19,705,000港元)已逾期90日或以上，惟經考慮貿易應收款項之背景及該等貿易應收款項之歷史付款安排，其並不被視為違約。本集團並未就該等結餘持有任何抵押品。

截至2019年及2018年12月31日止年度之貿易應收款項減值評估之詳情載於附註38。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

26. BILLS RECEIVABLES

The amount represents bills receivables which are not yet due at the end of the reporting period. The following is the aging analysis of bills receivables based on their time to maturities as at the end of reporting periods:

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Within 30 days	30日以內	8,832	13,166
31 to 60 days	31至60日	7,996	18,877
61 to 90 days	61至90日	9,840	17,878
91 to 180 days	91至180日	28,208	41,578
181 to 365 days	181至365日	677	461
		55,553	91,960

As at 31 December 2019, bills receivables amounting to HK\$9,365,000 (2018: HK\$24,220,000) are held by the Group for future settlement of trade payables by endorsement of bills or held to maturities for collecting cash. All bills receivables of the Group are with a maturity period of less than one year.

For the years ended 31 December 2019 and 2018, the Group performed impairment assessment on bill receivables and concluded that the probability of defaults of the counterparties is insignificant and accordingly, no allowance for credit losses is provided.

26. 應收票據

該等金額為於報告期末尚未逾期的應收票據。以下為於報告期末按其到期時間呈列的應收票據賬齡分析。

於2019年12月31日，本集團持有應收票據9,365,000港元（2018年：24,220,000港元）以透過票據背書於日後結付貿易應付款項或持有直至到期以收取現金。本集團之所有應收票據之到期期限均少於一年。

截至2019年及2018年12月31日止年度，本集團對應收票據進行減值評估且結論為對手方違約之可能性並不重大，因此並無作出信貸虧損撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

27. TRANSFERS OF FINANCIAL ASSETS

The bills receivables amounting to HK\$6,639,000 and HK\$39,549,000 (2018: Nil and HK\$67,740,000) as at 31 December 2019 were transferred to banks or suppliers by discounting or endorsing these bills receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and has recognised as the cash received on the transfer as bank borrowings (see note 34) or trade payables (see note 30). The bills receivables are carried at amortised cost in the Group's consolidated statement of financial position.

28. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As part of the Group's cash flow management, the Group has the practice of factoring some of the trade receivables to financial institutions before the trade receivables are due for repayment and derecognises factored trade receivables on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties.

As at 31 December 2019, the effective interest rates of the factored trade receivables at FVTOCI ranged from 3.13% to 4.35% per annum (2018: 3.38% to 4.38% per annum). Details of the valuation techniques and key inputs adopted for their fair value measurements are disclosed in note 38. As at 31 December 2019 and 2018, the fair value changes on trade receivables at FVTOCI are insignificant and accordingly, no fair value changes are recognised in equity as FVTOCI reserve.

27. 轉讓金融資產

於2019年12月31日之6,639,000港元及39,549,000港元(2018年:零及67,740,000港元)之應收票據已透過貼現或按全面追索基準背書該等應收票據轉讓予銀行或供應商。由於本集團並無轉讓與該等應收票據有關之重大風險及回報,其繼續確認應收票據之全數賬面值,並已確認為轉撥作銀行借款之已收現金(見附註34)或貿易應付款項(見附註30)。應收票據按攤銷成本於本集團之綜合財務狀況表內列賬。

28. 透過其他全面收益按公平值列賬之貿易應收款項

作為本集團現金流量管理的一部分,本集團的慣例為於貿易應收款項到期償還之前向金融機構保理部分貿易應收款項及終止確認已保理之貿易應收款項,此乃基於本集團已將絕大部分風險及回報轉移至有關交易對手。

於2019年12月31日,透過其他全面收益按公平值列賬之已保理貿易應收款項的實際利率介乎每年3.13%至4.35%(2018年:每年3.38%至4.38%)。其公平值計量所採納之估值方法及主要輸入數據於附註38內披露。於2019年及2018年12月31日,透過其他全面收益按公平值列賬之貿易應收款項之公平值變動並不重大,因此,概無於權益確認公平值變動為透過其他全面收益按公平值列賬儲備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

29. PLEDGED BANK DEPOSITS/FIXED BANK DEPOSITS/BANK BALANCES AND CASH

(a) Pledged bank deposits

Pledged bank deposits with original maturities more than three months carried fixed interest rates of 1.55% per annum as at 31 December 2019. Such bank deposits had been pledged to secure the Group's general banking facilities and were classified as current assets. The pledged bank deposits has been released upon the settlement of relevant bills payables.

(b) Fixed bank deposits

Fixed bank deposits with original maturities more than three months carried interest at fixed rates at 1.40% to 2.10% per annum as at 31 December 2018.

(c) Bank balances

Bank balances carried interest at prevailing market rates ranging from 0.01% to 0.35% (2018: 0.01% to 0.35%) per annum.

For the years ended 31 December 2019 and 2018, the Group performed impairment assessment on pledged bank deposits, fixed bank deposits and bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

29. 已抵押銀行存款／定期銀行存款／銀行結餘及現金

(a) 已抵押銀行存款

於2019年12月31日，原到期日為三個月以上的已抵押銀行存款按固定利率計息，每年為1.55%。有關銀行存款已作抵押以取得本集團的一般銀行融資，分類為流動資產。已抵押銀行存款已於相關應付票據結價後解除。

(b) 定期銀行存款

於2018年12月31日，原到期日為三個月以上的定期銀行存款按固定利率計息，介乎每年1.40%至2.10%。

(c) 銀行結餘

銀行結餘以現行市場利率計息，介乎每年0.01%至0.35%（2018年：0.01%至0.35%）。

截至2019年及2018年12月31日止年度，本集團對已抵押銀行存款、定期銀行存款及銀行結餘進行減值評估，且結論為對手方銀行違約之可能性並不重大，因此並無作出信貸虧損撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

30. TRADE AND OTHER PAYABLES

30. 貿易及其他應付款項

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Trade payables	貿易應付款項	342,597	363,303
Refundable securities deposits	可退回證券的按金	11,672	10,218
Refundable deposits received	已收可退回按金	1,183	988
Accrued salaries	應計薪資	44,025	45,884
Accrued operating expenses	應計經營開支	29,135	52,010
Accrued lease liabilities	應計租賃負債	–	17,359
Provision for onerous leases	虧損租賃撥備	–	2,935
Other taxes payable	其他應付稅項	20,901	29,534
Amount due to a non-controlling shareholder (Note)	應付非控股股東的款項(附註)	6,543	6,543
Payable for acquisition of property, plant and equipment	就收購物業、廠房及設備應付的款項	–	11,881
Payable for freight charges	應付運費	29,617	32,119
Interest payable	應付利息	124	500
Dividend payable to a non-controlling shareholder	應付非控股股東的股息	26,849	–
Others	其他	19,407	26,984
		189,456	236,955
Total trade and other payables	貿易及其他應付款項總額	532,053	600,258

Note: The amount was unsecured, non-trade nature, interest-free and repayable on demand.

附註：該款項為無抵押、非貿易性質、免息及須按要求償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

30. TRADE AND OTHER PAYABLES (continued)

Included in the trade and other payables above amounting to HK\$39,549,000 (2018: HK\$67,740,000) had been settled by endorsed bills for which the maturity dates of the bills receivables are not yet fallen due as at the end of the reporting period (note 27). The credit period of trade payables is ranging from 30 to 60 days. The following is the aging analysis of trade payables based on the invoice date at the end of each reporting period.

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Within 30 days	30日內	204,285	227,429
31 to 60 days	31至60日	94,940	62,015
61 to 90 days	61至90日	19,081	19,766
91 to 180 days	91至180日	17,746	45,399
Over 180 days	超過180日	6,545	8,694
		342,597	363,303

31. BILLS PAYABLES

Bills payables were secured by pledged bank deposits of HK\$1,791,000 (2018: Nil) as at 31 December 2019 and guaranteed by the Company and certain of its subsidiaries. The following is the aging analysis of bills payables at the end of the reporting period presented based on bills issue date:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Within 30 days	30日以內	6,107	15,319
31 to 60 days	31至60日	11,639	1,333
61 to 90 days	61至90日	6,481	15,735
91 to 180 days	91至180日	15,712	53,794
181 to 365 days	181至365日	7,710	–
		47,649	86,181

30. 貿易及其他應付款項(續)

計入上述貿易及其他應付款項39,549,000港元(2018年:67,740,000港元)乃以已背書票據償付,其應收票據之到期日於報告期末尚未到期(附註27)。貿易應付款項的信貸期介乎30至60日。以下為各報告期末按發票日期呈列的貿易應付款項賬齡分析。

31. 應付票據

於2019年12月31日之應付票據以有抵押銀行存款1,791,000港元(2018年:無)作抵押,並由本公司及其若干附屬公司擔保。以下為報告期末按票據發行日期呈列的應付票據賬齡分析:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

32. CONTRACT LIABILITIES

The following is an analysis of the Group's contract liabilities:

	2019	2018
	2019年	2018年
	HK\$'000	HK\$'000
	千港元	千港元
Deposits received from customers for the sales of health and household products	466	893
就銷售健康及家居產品自客戶收取之按金		

As at 1 January 2018, contract liabilities amounted to HK\$1,255,000.

For the contract liabilities as at 1 January 2018 and 31 December 2018, the entire balances are recognised as revenue in profit or loss during the years ended 31 December 2018 and 31 December 2019, respectively. The directors of the Company considered that the entire balance of contract liabilities as at 31 December 2019 will be recognised as revenue in profit or loss within twelve months subsequent to 31 December 2019. Typical payment terms which impact on the amount of contract liabilities recognised are set out in Note 5(iii).

32. 合約負債

本集團之合約負債分析如下：

	2019	2018
	2019年	2018年
	HK\$'000	HK\$'000
	千港元	千港元
Deposits received from customers for the sales of health and household products	466	893
就銷售健康及家居產品自客戶收取之按金		

於2018年1月1日，合約負債為1,255,000港元。

就於2018年1月1日及2018年12月31日之合約負債而言，全部結餘均於截至2018年12月31日及2019年12月31日止年度於損益確認為收益。本公司董事認為，於2019年12月31日之合約負債之全部結餘將於2019年12月31日後十二個月內於損益確認為收益。影響已確認合約負債金額之典型付款條款載於附註5(iii)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

33. LEASE LIABILITIES

33. 租賃負債

		2019 2019年 HK\$'000 千港元
Lease liabilities payable:	應付租賃負債：	
Within one year	一年內	59,429
Within a period of more than one year but not more than two years	期限超過一年，但不超過兩年	53,355
Within a period of more than two years but not more than five years	期限超過兩年，但不超過五年	76,920
Within a period of more than five years	期限超過五年	95,879
		285,583
Less: Amount due for settlement with 12 months shown under current liabilities	減：流動負債項下呈列12個月內 到期償還的款項	(59,429)
Amount due for settlement after 12 months shown under non-current liabilities	非流動負債項下呈列12個月後 到期償還的款項	226,154

34. UNSECURED BANK BORROWINGS

34. 無抵押銀行借款

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Trade borrowings	貿易借款	119,332	193,582
Term borrowings	定期借款	496,892	680,175
Other borrowings (Note 27)	其他借款(附註27)	6,639	-
		622,863	873,757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

34. UNSECURED BANK BORROWINGS (continued)

34. 無抵押銀行借款(續)

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
The carrying amounts of the above unsecured bank borrowings that are repayable*:	上述無抵押銀行借款之賬面值須於以下期限償還*:		
Within one year	一年內	83,707	318,398
Within a period of more than one year but not exceeding two years	期限超過一年，但不超過兩年	–	208,591
Within a period of more than two years but not exceeding five years	期限超過兩年，但不超過五年	–	80,797
		83,707	607,786
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:	包含須按要求償還條款之銀行借款(列作流動負債)之賬面值須於以下期限償還:		
Within one year	一年內	142,137	256,471
Within a period of more than one year but not exceeding two years	期限超過一年，但不超過兩年	–	9,500
		142,137	265,971
The carrying amount of bank borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	因違反貸款契諾須按要求償還之銀行借款(列作流動負債)之賬面值	397,019	–
		622,863	873,757
Less: Amounts due within one year shown under current liabilities	減: 流動負債項下呈列一年內到期的款項	(622,863)	(584,369)
Amounts shown under non-current liabilities	非流動負債項下呈列金額	–	289,388

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

* 到期款項以貸款協議載列的預定還款日期為基準。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

34. UNSECURED BANK BORROWINGS (continued)

34. 無抵押銀行借款(續)

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Variable-rate borrowings	浮動利率借款	616,224	857,139
Fixed-rate borrowings	固定利率借款	6,639	16,618
		622,863	873,757

Variable-rate bank borrowings carry interest with reference to Hong Kong Interbank Offered Rate, London Interbank Offered Rates and Hong Kong Prime Rate plus a specific margin of the relevant banks.

浮動利率銀行借款按香港銀行同業拆息、倫敦銀行同業拆息及香港最優惠利率加相關銀行的特定利潤率計息。

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings, are as follows:

本集團的借款實際利率(其亦相等於訂約利率)範圍如下:

		2019 2019年	2018 2018年
Effective interest rates (per annum):	實際利率(每年):		
Variable-rate borrowings	浮動利率借款	2.48% – 5.57%	2.46% – 6.85%
Fixed-rate borrowings	固定利率借款	3.00%	5.75% – 6.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

34. UNSECURED BANK BORROWINGS (continued)

The Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
US\$	美元	164,762	130,979

As at 31 December 2019, a non-controlling shareholder had provided a guarantee to a bank to secure the bank facilities granted to a subsidiary of the Group to the extent of Renminbi ("RMB") 19,800,000, out of which RMB5,000,000, equivalent to approximately HK\$5,633,000 (2018: HK\$12,661,000), were utilised.

Loan covenants breached

During the year ended 31 December 2019, in respect of bank borrowings with carrying amount of HK\$397,019,000 as at 31 December 2019, the Group breached certain financial related loan covenants of these bank borrowings. The board of directors have made an announcement to the Stock Exchange on discovery of the breach. The Group has also commenced renegotiations of the financial related loan covenants of these borrowings with the relevant bankers and as at 31 December 2019, those negotiations had not been concluded. Since the relevant bankers have not agreed to waive their right to demand immediate payment as at the end of the reporting period, these balances have been classified as current liabilities as at 31 December 2019. Subsequent to the reporting period, the banks have granted waivers for immediate payment of certain bank borrowings and also approved amendments on certain financial related loan covenants for the borrowings and the details are disclosed in note 47.

34. 無抵押銀行借款(續)

本集團以相關集團實體功能貨幣以外的貨幣列值的借款載列如下：

於2019年12月31日，一名非控股股東向銀行提供擔保，以取得銀行向本集團一間附屬公司授予之上限為人民幣（「人民幣」）19,800,000元的銀行融資，當中已動用人民幣5,000,000元（相當於約5,633,000港元（2018年：12,661,000港元））。

違反貸款契約

截至2019年12月31日止年度，就2019年12月31日賬面值為397,019,000港元的銀行借款，本集團違反了該等銀行借款的若干財務相關貸款契約。董事會已就發現的違反事項向聯交所發佈公佈。本集團亦已開始就該等借款的財務相關貸款契約與有關銀行重新進行磋商，2019年12月31日尚未結束該等磋商。由於截至報告期末有關銀行並未同意放棄要求即時付款的權利，因此截至2019年12月31日，該等結餘已分類為流動負債。於報告期後，銀行就若干銀行借款的即期還款授出豁免，亦批准對借款的若干財務相關貸款契約作出修改，有關詳情披露於附註47。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

35. SHARE CAPITAL OF THE COMPANY

		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股0.1港元的普通股		
Authorised:	法定：		
At 1 January 2018, 31 December 2018 and 31 December 2019	於2018年1月1日、2018年12月31日及 2019年12月31日	10,000,000	1,000,000
		Number of shares 股份數目 '000 千股	HK\$'000 千港元
Issued and fully paid:	已發行及繳足：		
At 1 January 2018, 31 December 2018 and 31 December 2019	於2018年1月1日、2018年12月31日 及2019年12月31日	1,750,002	175,000

36. SHARE OPTION SCHEMES

(i) The Pre-IPO Share Option Scheme

On 13 December 2013, a share option scheme was adopted by the shareholders of the Company (the "Pre-IPO Share Option Scheme"). The Pre-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that the eligible participants under the scheme have or may have made to the Company.

The eligible participants include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the opinion of the directors of the Company, will contribute or have contributed to the Company and/or any of its subsidiaries.

35. 本公司股本

36. 購股權計劃

(i) 首次公開發售前購股權計劃

於2013年12月13日，本公司股東採納購股權計劃（「首次公開發售前購股權計劃」）。首次公開發售前購股權計劃為一項股份獎勵計劃，旨在肯定及認可該計劃項下的合資格參與者對本公司已作出或可能已作出的貢獻。

合資格參與者包括本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員（包括執行、非執行及獨立非執行董事），以及本公司董事認為將會或已對本公司及／或其任何附屬公司作出貢獻的任何供應商、客戶、諮詢顧問、代理及顧問。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

Upon acceptance of the share option, the grantee shall pay HK\$1 to the Company by way of consideration for the grant.

On 13 December 2013, the Company had authorised to grant to 140 eligible participants to subscribe for an aggregate of 34,918,000 shares under the Pre-IPO Share Option Scheme. In February 2014, the Company granted share options to 137 eligible participants to subscribe for an aggregate of 34,903,000 shares.

The subscription price of a share in respect of any particular share option offered under the Pre-IPO Share Option Scheme shall be a price representing a 30% discount to the Offer Price.

The share options granted to each grantee under the Pre-IPO Share Option Scheme shall be vested equally in five tranches commencing on 10 July 2014, the first date on which dealings in the shares of the Company commenced on the Stock Exchange (the "Listing Date") and on each of the first, second, third and fourth anniversary of the Listing Date. The grantees to whom a share option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise the share option any time after the share option has been vested but in any event on or before the date falling on the fifth anniversary of the Listing Date. The share options granted under the Pre-IPO Share Option Scheme are not transferable and share options not exercised within the exercise period will lapse and cease to be of further effect.

36. 購股權計劃(續)

(i) 首次公開發售前購股權計劃(續)

於接納購股權後，承授人將向本公司支付1港元作為獲授購股權的代價。

於2013年12月13日，本公司獲授權向首次公開發售前購股權計劃項下140名合資格參與者授出合共可認購34,918,000股股份的購股權。於2014年2月，本公司向137名合資格參與者授出合共可認購34,903,000股股份的購股權。

根據首次公開發售前購股權計劃發售之任何特定購股權涉及之股份之認購價將相當於發售價折讓30%之價格。

根據首次公開發售前購股權計劃授予每名承授人的購股權將自2014年7月10日(本公司股份開始於聯交所買賣的首日)(「上市日期」)開始，於上市日期首個週年日、第二個週年日、第三個週年日及第四個週年日平均分五批歸屬。根據首次公開發售前購股權計劃獲授購股權的承授人將有權於購股權獲歸屬後(惟在任何情況下須於上市日期第五個週年日當日或之前)隨時行使購股權。根據首次公開發售前購股權計劃授出的購股權不可轉讓，及於行使期間尚未行使的購股權將失效及不再具有其他效力。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

The Pre-IPO Share Option Scheme expired on 10 July 2014 and ceased to have effect after 10 July 2014. Share options granted prior to the expiration of the Pre-IPO Share Option Scheme but not yet exercised at that time shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme. The following tables disclose details of movements of share options granted under the Pre-IPO Share Option Scheme:

Options	Vesting period	Outstanding at 1.1.2018 於2018年1月1日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年12月31日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2019 於2019年12月31日 尚未行使
購股權	歸屬期					
<i>Directors</i>						
<i>董事</i>						
Tranche 1 第一批	10.02.2014 – 10.07.2014 2014年2月10日至 2014年7月10日	4,045,240	–	4,045,240	(4,045,240)	–
Tranche 2 第二批	10.02.2014 – 10.07.2015 2014年2月10日至 2015年7月10日	4,045,240	–	4,045,240	(4,045,240)	–
Tranche 3 第三批	10.02.2014 – 10.07.2016 2014年2月10日至 2016年7月10日	4,045,240	–	4,045,240	(4,045,240)	–
Tranche 4 第四批	10.02.2014 – 10.07.2017 2014年2月10日至 2017年7月10日	4,045,240	–	4,045,240	(4,045,240)	–
Tranche 5 第五批	10.02.2014 – 10.07.2018 2014年2月10日至 2018年7月10日	4,045,240	–	4,045,240	(4,045,240)	–
		20,226,200	–	20,226,200	(20,226,200)	–

36. 購股權計劃 (續)

(i) 首次公開發售前購股權計劃 (續)

首次公開發售前購股權計劃已於2014年7月10日屆滿，及於2014年7月10日後不再具有效力。於首次公開發售前購股權計劃屆滿前授出但當時尚未行使的購股權將繼續有效及根據首次公開發售前購股權計劃可予行使。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

Options	Vesting period	Outstanding at 1.1.2018 於2018年 1月1日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年 12月31日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2019 於2019年 12月31日 尚未行使
購股權	歸屬期					
<i>Senior management</i>						
<i>高級管理層</i>						
Tranche 1 第一批	10.02.2014 – 10.07.2014 2014年2月10日至 2014年7月10日	1,007,560	–	1,007,560	(1,007,560)	–
Tranche 2 第二批	10.02.2014 – 10.07.2015 2014年2月10日至 2015年7月10日	1,007,560	–	1,007,560	(1,007,560)	–
Tranche 3 第三批	10.02.2014 – 10.07.2016 2014年2月10日至 2016年7月10日	1,007,560	–	1,007,560	(1,007,560)	–
Tranche 4 第四批	10.02.2014 – 10.07.2017 2014年2月10日至 2017年7月10日	1,007,560	–	1,007,560	(1,007,560)	–
Tranche 5 第五批	10.02.2014 – 10.07.2018 2014年2月10日至 2018年7月10日	1,007,560	–	1,007,560	(1,007,560)	–
		5,037,800	–	5,037,800	(5,037,800)	–

36. 購股權計劃 (續)

(i) 首次公開發售前購股權計劃 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

36. 購股權計劃 (續)

(i) The Pre-IPO Share Option Scheme (continued)

(ii) 首次公開發售前購股權計劃 (續)

Options	Vesting period	Outstanding at 1.1.2018 於2018年1月1日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年12月31日 尚未行使	Lapsed during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2019 於2019年12月31日 尚未行使
購股權	歸屬期					
<i>Employees</i> 僱員						
Tranche 1 第一批	10.02.2014 – 10.07.2014 2014年2月10日至 2014年7月10日	1,638,300	(206,000)	1,432,300	(1,432,300)	–
Tranche 2 第二批	10.02.2014 – 10.07.2015 2014年2月10日至 2015年7月10日	1,640,300	(206,000)	1,434,300	(1,434,300)	–
Tranche 3 第三批	10.02.2014 – 10.07.2016 2014年2月10日至 2016年7月10日	1,640,300	(206,000)	1,434,300	(1,434,300)	–
Tranche 4 第四批	10.02.2014 – 10.07.2017 2014年2月10日至 2017年7月10日	1,640,300	(206,000)	1,434,300	(1,434,300)	–
Tranche 5 第五批	10.02.2014 – 10.07.2018 2014年2月10日至 2018年7月10日	1,640,300	(206,000)	1,434,300	(1,434,300)	–
		8,199,500	(1,030,000)	7,169,500	(7,169,500)	–
		33,463,500	(1,030,000)	32,433,500	(32,433,500)	–
Exercisable at the end of the reporting period 於報告期末可予行使				32,433,500		–

Note: During the year ended 31 December 2018, 17 eligible participants, who have been granted share options have ceased to become eligible participants upon termination of employment and the said share options which have automatically lapsed. During the year ended 31 December 2019, the remaining share options which have not been exercised during the exercise period have been expired and the said share options have also automatically lapsed. The lapsed/expired share options amounting to HK\$14,554,000 are transferred from share options reserve to retained profits.

附註：截至2018年12月31日止年度，17名獲授購股權的合資格參與者於終止僱傭關係後不再為合資格參與者，而上述購股權已自動失效。截至2019年12月31日止年度，剩餘的購股權於行使期內並未行使且已到期，而上述購股權亦已自動失效。該等已失效／到期之購股權達14,554,000港元，由購股權儲備轉移至保留溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(i) The Pre-IPO Share Option Scheme (continued)

Details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Date of grant	Number of share options granted	Exercise period	Exercise price	Fair value per share option
	授出日期	授出購股權數目	行使期	行使價	每份購股權之公平值
				HK\$ 港元	HK\$ 港元
Tranche 1 第一批	10.02.2014 2014年2月10日	6,980,600	10.07.2014 – 10.07.2019 2014年7月10日至 2019年7月10日	0.74	0.41
Tranche 2 第二批	10.02.2014 2014年2月10日	6,980,600	10.07.2015 – 10.07.2019 2015年7月10日至 2019年7月10日	0.74	0.43
Tranche 3 第三批	10.02.2014 2014年2月10日	6,980,600	10.07.2016 – 10.07.2019 2016年7月10日至 2019年7月10日	0.74	0.45
Tranche 4 第四批	10.02.2014 2014年2月10日	6,980,600	10.07.2017 – 10.07.2019 2017年7月10日至 2019年7月10日	0.74	0.47
Tranche 5 第五批	10.02.2014 2014年2月10日	6,980,600	10.07.2018 – 10.07.2019 2018年7月10日至 2019年7月10日	0.74	0.48

The fair value of the share options at the grant date, calculated using the Binomial Model was approximately HK\$15,662,000. The Group recognised a total expense of HK\$195,000 for the year ended 31 December 2018 (2019: Nil) in relation to the Pre-IPO Share Options granted by the Company.

For share options outstanding at 31 December 2018, the weighted average remaining contractual lives are 0.52 years.

36. 購股權計劃(續)

(i) 首次公開發售前購股權計劃(續)

根據首次公開發售前購股權計劃授出的購股權詳情如下：

購股權於授出日期使用二項式模型計算之公平值為約15,662,000港元。截至2018年12月31日止年度，本集團就本公司授出的首次公開發售前購股權確認總開支195,000港元(2019年：零)。

對於2018年12月31日尚未行使的購股權而言，加權平均剩餘合約年期為0.52年。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme

On 4 March 2014, a share option scheme was adopted by the shareholders of the Company (the "Post-IPO Share Option Scheme").

The purpose of the Post-IPO Share Option Scheme is to provide incentive or reward to the eligible participants with an opportunity to acquire the equity interests in the Company, for their contributions to, and continuing efforts to promote the interest of the Group or for such other purposes as the board of directors of the Company may approve from time to time, linking their interests with the interests of the Group and thereby attracting and encouraging those parties to work better for the interests of the Group.

The eligible participants include any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the opinion of the directors of the Company, will contribute or have contributed to the Company and/or any of its subsidiaries.

The subscription price of a share of the Company in respect of any particular share option granted under the Post-IPO Share Option Scheme shall be such price as the directors of the Company in its absolute discretion shall determine, save that such price shall at least be the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

36. 購股權計劃(續)

(ii) 首次公開發售後購股權計劃

於2014年3月4日，本公司股東採納購股權計劃（「首次公開發售後購股權計劃」）。

首次公開發售後購股權計劃旨在向為增加本集團利益或本公司董事會不時批准的其他目的而作出貢獻或持續努力的合資格參與者提供一個獲取本公司股權的機會，作為對彼等的激勵或獎勵，以將彼等的利益與本集團的利益聯繫在一起，從而吸引及鼓勵有關各方為本集團的利益更加努力工作。

合資格參與者包括本公司或其任何附屬公司的任何全職或兼職僱員、行政人員或高級職員（包括執行、非執行及獨立非執行董事），以及本公司董事認為將會或已對本公司及／或其附屬公司作出貢獻的任何供應商、客戶、諮詢顧問、代理及顧問。

根據首次公開發售後購股權計劃授出的任何特定購股權所涉及的本公司股份認購價將由本公司董事全權酌情釐定，惟不得低於下列較高者：(i) 授出當日聯交所每日報價表所示本公司股份的收市價，而授出日期必須為聯交所開放進行買賣證券業務的營業日；(ii) 緊接授出當日前五個營業日聯交所每日報價表所示本公司股份收市價的平均值；及(iii) 本公司股份面值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The maximum number of shares in respect of which share options may be granted under the Post-IPO Share Option Scheme and under any other share option schemes of the Group must not in aggregate exceed 10% of the total number of shares of the Company in issue at the Listing Date (without taking into account any shares that may be issued upon the full exercise of the options granted pursuant to the Pre-IPO Share Option Scheme), being 165,000,000 Shares ("Option Limit"). Options which have lapsed in accordance with the terms of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) will not be counted for the purpose of calculating the Option Limit. Subject to the approval of the shareholders of the Company, the Company may refresh the Option Limit at any time provided that (i) the Option Limit as refreshed does not exceed 10% of the shares of the Company in issue as at the date of the approval by the shareholders of the Company; and (ii) the options previously granted (including those outstanding, cancelled, lapsed in accordance with the provisions of the Post-IPO Share Option Scheme or exercised options) will not be counted for the purpose of calculating the Option Limit as refreshed. The Company may also, with the approval of the shareholders of the Company, grant share options in respect of shares of the Company in excess of the Option Limit (as refreshed from time to time) to eligible participants specifically identified by the Company before such approval is sought.

Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Group at any time shall not exceed 30% of the issued shares of the Company from time to time. No share options shall be granted under any schemes of the Company (including the Post-IPO Share Option Scheme) if this will result in the 30% limit being exceeded.

36. 購股權計劃(續)

(ii) 首次公開發售後購股權計劃(續)

根據首次公開發售後購股權計劃及本集團任何其他購股權計劃可能授出的購股權所涉及的股份數目上限，合共不得超過上市日期本公司已發行股份總數的10%（即165,000,000股股份，惟不計及因根據首次公開發售前購股權計劃授出的購股權獲悉數行使而可能發行的任何股份）（「購股權上限」）。計算購股權上限時，根據首次公開發售後購股權計劃（或本公司任何其他購股權計劃）的條款已失效的購股權將不予計算在內。在獲得本公司股東批准的情況下，本公司可隨時重新釐定購股權上限，惟：(i)更新購股權上限不得超過本公司股東授出有關批准當日本公司已發行股份的10%；及(ii)計算更新購股權上限時，先前已授出的購股權（包括根據首次公開發售後購股權計劃的條款尚未行使、已註銷、失效或已行使的購股權）將不予計算。本公司亦可在本公司股東批准後，向本公司於尋求有關批准前特別指定的合資格參與者授出所涉本公司股份數目超過購股權上限（以不時更新者為準）的購股權。

儘管上述規定，在任何時間因行使根據首次公開發售後購股權計劃或本集團任何其他購股權計劃授出但尚未行使的全部購股權而可能發行的股份總數，不得超過本公司不時已發行股份的30%。倘授出購股權將導致超過上述30%的上限，則不得根據本公司任何計劃（包括首次公開發售後購股權計劃）授出任何購股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The total number of shares issued and which fall to be issued upon exercise of the share options granted under the Post-IPO Share Option Scheme and any other share option schemes of the Group (including both exercised and outstanding options) to each grantee in any 12-month period up to the date of offer to grant shall not exceed 1% of the shares of the Company in issue as at the date of offer to grant. Any further grant of share options in excess of this 1% limit shall be subject to shareholders' approval in a general meeting.

In addition, any grant of share options to a director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive directors (excluding any independent non-executive director who is proposed to be an option holder). If the Company proposes to grant share options to a substantial shareholder or any independent non-executive director of the Company or their respective associates which will result in the number of shares of the Company issued and to be issued upon exercise of share options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of offer of such grant representing in aggregate over 0.1% of the shares of the Company in issue; and having an aggregate value in excess of HK\$5 million, based on the closing price of the Company's shares at the date of offer of each grant, such further grant of share options will be subject to, in addition to the approval of the independent non-executive directors, the approval of shareholders of the Company in general meeting.

36. 購股權計劃 (續)

(ii) 首次公開發售後購股權計劃 (續)

每名承授人在截至提出授出當日的任何12個月期間因行使根據首次公開發售後購股權計劃及本集團任何其他購股權計劃所獲授購股權 (包括已行使及尚未行使者) 而獲發行及將獲發行的股份總數, 不得超過截至提出授出當日本公司已發行股份的1%。另行授出超逾上述1%上限的購股權須在股東大會上獲股東批准。

此外, 本公司董事、最高行政人員或主要股東或彼等各自的聯繫人士被授予任何購股權, 須獲得獨立非執行董事 (不包括獲建議持有購股權的任何獨立非執行董事) 的批准。倘本公司建議向本公司主要股東或任何獨立非執行董事或彼等各自的聯繫人士授出購股權, 而在行使已獲授及將獲授購股權 (包括已行使、已註銷及尚未行使的購股權) 後將導致於截至提出授出日期 (包括該日) 止12個月期間已發行及將發行的本公司股份數目合計超過本公司已發行股份的0.1%; 及根據各提出授出日期本公司股份的收市價計算, 總值超過5百萬港元, 則除須待獨立非執行董事批准外, 亦須經本公司股東在股東大會上批准, 始可進一步授出購股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The below table discloses movement of the Company's share options held by the Group's directors, senior management and employees:

Options	Vesting period	Granted at 26.1.2017 and outstanding at 1.1.2018 於2017年 1月26日 授出及 於2018年 1月1日 尚未行使	Lapse during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年 12月31日 尚未行使	Lapse during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2019 於2019年 12月31日 尚未行使
購股權	歸屬期					
<i>Directors</i>						
<i>董事</i>						
Tranche 1 第一批	26.01.2017 – 26.01.2018 2017年1月26日 – 2018年1月26日	3,750,000	–	3,750,000	–	3,750,000
Tranche 2 第二批	26.01.2017 – 26.01.2019 2017年1月26日 – 2019年1月26日	3,750,000	–	3,750,000	–	3,750,000
		7,500,000	–	7,500,000	–	7,500,000
<i>Senior management</i>						
<i>高級管理層</i>						
Tranche 1 第一批	26.01.2017 – 26.01.2018 2017年1月26日 – 2018年1月26日	950,000	–	950,000	–	950,000
Tranche 2 第二批	26.01.2017 – 26.01.2019 2017年1月26日 – 2019年1月26日	950,000	–	950,000	–	950,000
		1,900,000	–	1,900,000	–	1,900,000

36. 購股權計劃 (續)

(ii) 首次公開發售後購股權計劃 (續)

下表由披露本集團董事、高級管理層及僱員持有的本公司購股權變動：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

Options	Vesting period	Granted at 26.1.2017 and outstanding at 1.1.2018 於2017年 1月26日 授出及 於2018年 1月1日 尚未行使	Lapse during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2018 於2018年 12月31日 尚未行使	Lapse during the year 於年內失效 (Note) (附註)	Outstanding at 31.12.2019 於2019年 12月31日 尚未行使
購股權	歸屬期					
<i>Employee</i> 僱員						
Tranche 1 第一批	26.01.2017 – 26.01.2018 2017年1月26日 – 2018年1月26日	10,700,000	(2,050,000)	8,650,000	(800,000)	7,850,000
Tranche 2 第二批	26.01.2017 – 26.01.2019 2017年1月26日 – 2019年1月26日	10,700,000	(2,050,000)	8,650,000	(800,000)	7,850,000
		21,400,000	(4,100,000)	17,300,000	(1,600,000)	15,700,000
		30,800,000	(4,100,000)	26,700,000	(1,600,000)	25,100,000
Exercisable at the end of the reporting period 於報告期末可予行使				13,350,000		25,100,000

Note: 3 (2018: 7) eligible participants, who have been granted share options have ceased to become eligible participants upon termination of employment and the said share options have automatically lapsed. The lapsed share options amounting to HK\$325,000 are transferred from share options reserve to retained profits.

附註：3名（2018年：7名）獲授購股權的合資格參與者於終止僱傭關係後不再為合資格參與者，而上述購股權已自動失效。該等已失效購股權為325,000港元，由購股權儲備轉移至保留溢利。

36. 購股權計劃（續）

(ii) 首次公開發售後購股權計劃（續）

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

Details of the share options granted under the Post-IPO Share Option Scheme are as follows:

	Date of grant	Number of share options granted	Exercise period	Exercise price	Fair value per share option
	授出日期	授出購股權數目	行使期	行使價	之公平值
				HK\$	HK\$
				港元	港元
Tranche 1 – Directors 第一批 – 董事	26.01.2017 2017年1月26日	3,750,000	27.01.2018 – 26.01.2022 2018年1月27日 – 2022年1月26日	0.69	0.2022
Tranche 1 – Senior management 第一批 – 高級管理層	26.01.2017 2017年1月26日	950,000	27.01.2018 – 26.01.2022 2018年1月27日 – 2022年1月26日	0.69	0.2041
Tranche 1 – Employee 第一批 – 僱員	26.01.2017 2017年1月26日	10,700,000	27.01.2018 – 26.01.2022 2018年1月27日 – 2022年1月26日	0.69	0.2041
Tranche 2 – Directors 第二批 – 董事	26.01.2017 2017年1月26日	3,750,000	27.01.2019 – 26.01.2022 2019年1月27日 – 2022年1月26日	0.69	0.2002
Tranche 2 – Senior management 第二批 – 高級管理層	26.01.2017 2017年1月26日	950,000	27.01.2019 – 26.01.2022 2019年1月27日 – 2022年1月26日	0.69	0.2027
Tranche 2 – Employee 第二批 – 僱員	26.01.2017 2017年1月26日	10,700,000	27.01.2019 – 26.01.2022 2019年1月27日 – 2022年1月26日	0.69	0.2027

For share options outstanding at the end of the reporting period, the weighted average remaining contractual lives is 2.07 years (2018: 3.07 years).

36. 購股權計劃 (續)

(ii) 首次公開發售後購股權計劃 (續)

根據首次公開發售後購股權計劃授出的購股權詳情如下：

對於報告期末尚未行使的購股權而言，加權平均剩餘合約年期為2.07年（2018年：3.07年）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

36. SHARE OPTION SCHEMES (continued)

(ii) The Post-IPO Share Option Scheme (continued)

The fair value of the share options at the grant date, calculated using the Binomial Model was approximately HK\$6,249,000. The Group recognised a total expense of HK\$111,000 (2018: HK\$945,000) for the year ended 31 December 2019 in relation to the Post-IPO Share Options granted by the Company.

37. CAPITAL RISK MANAGEMENT

The management of the Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of unsecured bank borrowings disclosed in note 34, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

36. 購股權計劃(續)

(ii) 首次公開發售後購股權計劃(續)

購股權於授出日期使用二項式模型計算之公平值為約6,249,000港元。截至2019年12月31日止年度，本集團就本公司授出的首次公開發售後購股權確認總開支111,000港元(2018年：945,000港元)。

37. 資本風險管理

本集團管理層為確保本集團旗下實體能夠繼續持續經營而管理其資本，並透過在債務與權益之間取得最佳平衡，為股東爭取最大回報。本集團之整體策略與去年相同。

本集團資本結構包括附註34所披露的無抵押銀行借款，扣除現金及現金等價物及本公司擁有人應佔權益(包括已發行股本、儲備及保留溢利)。

本公司董事定期審閱資本結構。作為審閱之一部份，本公司董事考慮資金成本及與各類資金相關的風險。根據董事之建議，本集團將透過派付股息及發行新股份以及發行新債務或贖回現有債務而平衡其整體資本架構。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Financial assets	金融資產		
Amortised cost	攤銷成本	906,822	1,075,693
Trade receivables at FVTOCI	透過其他全面收益按公平值 列賬之貿易應收款項	44,696	87,769
Financial liabilities	金融負債		
Amortised cost	攤銷成本	1,108,504	1,412,474

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bills receivables, trade receivables at FVTOCI, pledged bank deposits, fixed bank deposits, bank balances and cash, trade and other payables, bills payables and unsecured bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

38. 金融工具

(a) 金融工具的分類

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Financial assets	金融資產		
Amortised cost	攤銷成本	906,822	1,075,693
Trade receivables at FVTOCI	透過其他全面收益按公平值 列賬之貿易應收款項	44,696	87,769
Financial liabilities	金融負債		
Amortised cost	攤銷成本	1,108,504	1,412,474

(b) 財務風險管理的目標及政策

本集團的主要金融工具包括貿易及其他應收款項、應收票據、透過其他全面收益按公平值列賬之貿易應收款項、已抵押銀行存款、定期銀行存款、銀行結餘及現金、貿易及其他應付款項、應付票據及無抵押銀行借款。該等金融工具的詳情於相關附註披露。下文載列有關該等若干金融工具的風險及如何減低此等風險的政策。管理層會管理及監控該等風險，以確保及時有效地採取適當措施。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate unsecured bank borrowings (see notes 29 and 34 for details of these balances) due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to the consideration receivable from disposal of a subsidiary, trade receivables at FVTOCI, fixed-rate pledged bank deposits and fixed bank deposits, lease liabilities and fixed-rate unsecured bank borrowings (see notes 25, 28, 29, 33 and 34 for details of these balances).

Total interest income from financial assets that are measured at amortised cost or at FVTOCI is as follows:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Other income	其他收入		
Financial assets at amortised cost	按攤銷成本計量之金融資產	3,158	487
Trade receivables at FVTOCI	透過其他全面收益按公平值 列賬之貿易應收款項	3,213	2,263
Total interest income	利息收入總額	6,371	2,750

38. 金融工具(續)

(b) 財務風險管理的目標及政策(續)

市場風險

利率風險

本集團因現行市場利率波動而就浮動利率銀行結餘及浮動利率無抵押銀行借款(該等結餘的詳情見附註29及34)面臨現金流量利率風險。本集團目前並無制定對沖利率風險的政策。然而,管理層會留意利率風險,在有需要時,將考慮對沖重大利率風險。

本集團亦就出售一間附屬公司之應收代價、透過其他全面收益按公平值列賬之貿易應收款項、固定利率已抵押銀行存款、定期銀行存款、租賃負債及固定利率無抵押銀行借款(該等結餘的詳情見附註25、28、29、33及34)面臨公平值利率風險。

按攤銷成本計量或透過其他全面收益按公平值列賬之金融資產利息收入總額如下:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Interest expense on financial liabilities not measured at fair value through profit or loss:

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Financial liabilities at amortised cost	按攤銷成本計量之金融負債	36,072	40,096
Lease liabilities	租賃負債	12,450	-
		48,522	40,096

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate unsecured bank borrowings at the end of the reporting period. The analysis is prepared assuming that the amount of liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis point increase or decrease represent the management's assessment of the reasonable possible change in interest rates of unsecured bank borrowings.

The Group's exposure to variable bank balances was not included in the below analysis as the management considers that the exposure to these risks for bank balances is insignificant.

If interest rates of unsecured bank borrowings had been increased/decreased by 50 basis points (2018: 50 basis points), respectively and all other variables were held constant, the Group's post-tax loss/profit would be increased/decreased by HK\$2,574,000 (2018: HK\$3,597,000).

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

市場風險 (續)

利率風險 (續)

並非透過損益按公平值列賬計量之金融負債之利息開支：

	2019	2018
	2019年	2018年
	HK\$'000	HK\$'000
	千港元	千港元
Financial liabilities at amortised cost	36,072	40,096
Lease liabilities	12,450	-
	48,522	40,096

敏感度分析

下文之敏感度分析乃基於本集團就於報告期末之浮動利率無抵押銀行借款所面臨的利率風險而作出。編製有關分析時已假設於報告期末未償還的負債金額於全年內均未償還。50個基點的增幅或降幅為管理層對無抵押銀行借款利率的合理可能變動的評估。

下述分析並未包括本集團就浮動利率銀行結餘所面臨之風險，因管理層認為銀行結餘所面臨之該等風險並不重大。

倘於無抵押銀行借款之利率分別上升／下跌50個基點（2018年：50個基點），而所有其他變量維持不變，則本集團之稅後虧損／溢利會增加／減少2,574,000港元（2018年：3,597,000港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, bank balances and unsecured bank borrowings which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy but will use foreign currency contracts to hedge against the risk when it is foreseen to be significant.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Assets		Liabilities	
		資產		負債	
		2019	2018	2019	2018
		2019年	2018年	2019年	2018年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
HK\$	港元	25	29	–	–
US\$	美元	69,881	76,878	196,462	131,197

Sensitivity analysis

Subsidiaries of the Company carry out most of the transactions denominated in HK\$ or US\$ and the Group is mainly exposed to the foreign exchange risk arising from these currencies when they are different from the functional currencies of the respective group entities. Under the pegged exchange rate system, the financial impact arising from changes in exchange rates between HK\$ and US\$ is not expected to be significant and therefore, the corresponding sensitivity analysis is not prepared.

38. 金融工具(續)

(b) 財務風險管理的目標及政策(續)

市場風險(續)

外幣風險

本公司若干附屬公司有以外幣進行銷售及採購、銀行結餘及無抵押銀行借款，令本集團面臨外幣風險。本集團現時並無制定正式外匯對沖政策，但會以外匯合約對沖可以預見之重大風險。

本集團於報告期末，以外幣計值的貨幣資產及貨幣負債的賬面值如下：

敏感度分析

本公司的附屬公司進行的絕大部分交易乃以港元或美元計值，當該等貨幣有別於各集團實體的功能貨幣時，本集團主要面對上述貨幣的外匯風險。根據聯繫匯率制度，預期來自港元與美元匯率變動產生的財務影響並不重大，因此並無編製相應的敏感度分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables (including consideration receivable from disposal of a subsidiary), bills receivables, pledged bank deposits, fixed bank deposits, bank balances and cash. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with consideration receivable from disposal of a subsidiary include in the other receivables is greatly reduced because such balance is secured by 51% equity interests of Chengdu Xingang.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables arising from contracts with customers

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of credit-impaired debt on individual basis at the end of each reporting period to ensure that adequate allowance are made for irrecoverable amounts.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估

信貸風險乃指本集團的對手方未能履行其合約責任而給本集團造成財務損失的風險。本集團面臨的信貸風險主要來自貿易及其他應收款項(包括出售一間附屬公司之應收代價)、應收票據、已抵押銀行存款、定期銀行存款、銀行結餘及現金。本集團並無持有任何抵押品或採取其他信貸加強措施以涵蓋與其金融資產相關的信貸風險，惟與出售一間附屬公司之應收代價(計入其他應收款項)有關的信貸風險大大降低，因為該項結餘乃由成都新港之51%股權作抵押。

本集團根據預期信貸虧損模型對金融資產進行減值評估。有關本集團信貸風險管理、最大信貸風險及相關減值評估(如適用)的資料摘要如下：

客戶合約產生之貿易應收款項

貿易應收款項包括各行各業及不同地區的多名客戶。為最大限度地降低信貸風險，本集團管理層已委派一組人員負責制訂客戶的信貸限額、信貸審批及其他監控程序，以確保採取跟進措施，追回逾期債務。此外，本集團審閱個別信貸減值債務於各報告期末的可收回金額，以確保就不可收回金額計提足夠的撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables arising from contracts with customers (continued)

The management of the Group considers that the Group's credit risk in relation to sales made at concession counters is limited as the Group only operates concession counters in leading and reputable department stores and for international and export sales, the customers are mainly leading retailers in the US and the credit risk is not expected to be significant. For other customers, the management closely monitors settlement status and regularly updates their credit profile to ensure that the Group's credit risk is properly managed. For customers in the PRC, the Group would accept bills as alternate settlement means to reduce the exposure of credit risk. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risks as 3.0% (2018: 4.2%) and 7.2% (2018: 20.5%) of the total trade receivables is due from the Group's largest customer and the five largest customers, respectively.

In addition, the Group performs impairment assessment under ECL model on not credit-impaired trade receivables based on provision matrix. Trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for customers. Impairment of HK\$6,107,000 (2018: HK\$5,923,000) is recognised during the year ended 31 December 2019. Details of the quantitative disclosures are set out below in this note.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

客戶合約產生之貿易應收款項 (續)

本集團管理層認為本集團與寄售專櫃銷售有關的信貸風險有限，原因是本集團只在領先及知名的百貨公司經營寄售專櫃，而至於國際及出口銷售，客戶主要為美國領先零售商，預期信貸風險並不顯著。至於其他客戶，管理層密切監察結賬情況及定期更新其信貸資料以確保妥善控制本集團的信貸風險。至於在中國的客戶，本集團接受票據作為替代支付方式，以減少信貸風險敞口。就此，本公司董事認為本集團的信貸風險已經大為降低。

本集團有信貸集中風險，原因為貿易應收款項總額之3.0% (2018年：4.2%) 及7.2% (2018年：20.5%) 乃分別應收本集團之最大及五大客戶。

此外，本集團根據預期信貸虧損模型基於撥備矩陣對並無信貸減值之貿易應收款項進行減值評估。貿易應收款項乃經參考客戶的還款歷史基於共同的信貸風險特徵根據撥備矩陣進行分類。截至2019年12月31日止年度確認減值6,107,000港元 (2018年：5,923,000港元)。有關量化披露的詳情載於本附註下文。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables and deposits (including consideration receivable from disposal of a subsidiary)

For other receivables and deposits, including consideration receivable from disposal of a subsidiary, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the consideration receivable from disposal of a subsidiary, the credit risk of the consideration receivable is further reduced because such balance is secured by the 51% equity interests of Chengdu Xingang. For the years ended 31 December 2019 and 2018, the Group assessed the ECL for other receivables and deposits were insignificant and thus no loss allowance was recognised.

Bills receivables, pledged bank deposits, fixed bank deposits and bank balances

Credit risk on bills receivables, pledged bank deposits, fixed bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bills receivables, pledged bank deposits, fixed bank deposits and bank balances by reference to information relating to probability of default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bills receivables, pledged bank deposits, fixed bank deposits and bank balances is considered to be insignificant.

38. 金融工具(續)

(b) 財務風險管理的目標及政策(續)

信貸風險及減值評估(續)

其他應收款項及按金(包括出售一間附屬公司之應收代價)

對於其他應收款項及按金(包括出售一間附屬公司之應收代價),本公司董事根據歷史償還記錄、過往經驗以及定量及定性資料(合理及有理據的前瞻性資料)定期對其他應收款項及按金的可收回程度進行單獨評估。本公司董事認為,自初步確認以來,該等款項的信貸風險並無大幅增加,並且本集團已根據12個月預期信貸虧損計提減值撥備。對於出售一間附屬公司之應收代價而言,應收代價的信貸風險進一步降低,因為該項結餘乃由成都新港之51%股權作抵押。截至2019年及2018年12月31日止年度,本集團評估其他應收款項及按金的預期信貸虧損並不重大,因此並未確認虧損撥備。

應收票據、已抵押銀行存款、定期銀行存款及銀行結餘

應收票據、已抵押銀行存款、定期銀行存款及銀行結餘之信貸風險有限,因為對手方為獲信貸機構評定為具高信貸評級之聲譽良好的銀行。本集團參照外部信貸評級機構發佈的有關相應信貸評級等級違約概率的資料,評估應收票據、已抵押銀行存款、定期銀行存款及銀行結餘之12個月預期信貸虧損。根據平均虧損率,應收票據、已抵押銀行存款、定期銀行存款及銀行結餘之12個月預期信貸虧損並不重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bills receivables, pledged bank deposits, fixed bank deposits and bank balances (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating 內部 信貸評級	Description 描述	Trade receivables 貿易應收款項	Other financial assets 其他金融資產
Low risk 低風險	The counterparty has a low risk of default and does not have any past-due amounts 對手方具低違約風險及並無任何逾期款項	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 並無信貸減值	12-month ECL 12個月預期 信貸虧損
Normal risk 正常風險	Debtor frequently repays after due dates but usually settle in full 債務人經常於到期日後還款，但慣常悉數清償	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 並無信貸減值	12-month ECL 12個月預期 信貸虧損
High risk 高風險	There have been significant increases in credit risk since initial recognition through information developed internally 透過內部產生之資料，信貸風險自初步確認以來已大幅增加	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 並無信貸減值	Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 並無信貸減值
Loss 虧損	There is evidence indicating the asset is credit-impaired 有證據顯示資產為信貸減值	Lifetime ECL – credit-impaired 全期預期信貸虧損 – 信貸減值	Lifetime ECL – credit-impaired 全期預期信貸虧損 – 信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有證據顯示債務人陷入嚴重財務困難，且本集團並無實際收回可能	Amount is written off 金額被撇銷	Amount is written off 金額被撇銷

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

應收票據、已抵押銀行存款、定期銀行存款及銀行結餘 (續)

本集團之內部信貸風險評級評估包括以下類別：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bills receivables, pledged bank deposits, fixed bank deposits and bank balances
(continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Note 附註	Internal credit rating 內部信貸評級	12-month or lifetime ECL 12個月或 全期預期信貸虧損	Gross carrying amount		Gross carrying amount	
				賬面總值 2019 2019年 HK\$'000 千港元	賬面總值 2019 2019年 HK\$'000 千港元	賬面總值 2018 2018年 HK\$'000 千港元	賬面總值 2018 2018年 HK\$'000 千港元
Financial assets at amortised cost 按攤銷成本計量之 金融資產							
Trade receivables 貿易應收款項	25	(Note) (附註)	Lifetime ECL (provision matrix) 全期預期信貸虧損 (撥備矩陣)	416,317		704,928	
		Loss 虧損	Credit-impaired 信貸減值	21,294	437,611	12,732	717,660
Other receivables and deposits (including consideration receivable from disposal of a subsidiary) 其他應收款項及按金 (包括出售一間附屬 公司之應收代價)	25	Low risk 低風險	12-month ECL 12個月預期信貸虧損		202,298		24,157
Bills receivables 應收票據	26	Low risk 低風險	12-month ECL 12個月預期信貸虧損		55,553		91,960
Pledged bank deposits, fixed bank deposits, bank balances 已抵押銀行存款、定期銀行 存款及銀行結餘	29	Low risk 低風險	12-month ECL 12個月預期信貸虧損		241,507		266,646
					936,969		1,100,423

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

應收票據、已抵押銀行存款、定期
銀行存款及銀行結餘 (續)

下表詳列本集團須進行預期信貸
虧損評估之金融資產之信貸風
險：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bills receivables, pledged bank deposits, fixed bank deposits and bank balances (continued)

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2019 within lifetime ECL (not credit-impaired). Credit-impaired debtors with gross carrying amounts of HK\$21,294,000 as at 31 December 2019 (2018: HK\$12,732,000) were assessed individually.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

應收票據、已抵押銀行存款、定期銀行存款及銀行結餘 (續)

附註：本集團已就貿易應收款項應用香港財務報告準則第9號之簡化方法，按全期預期信貸虧損計量虧損撥備。除信貸減值應收賬款外，本集團使用按內部信貸評級分類之撥備矩陣釐定該等項目之預期信貸虧損。

作為本集團信貸風險管理之一部分，本集團就其業務對客戶應用內部信貸評級。下表提供有關於2019年12月31日根據撥備矩陣評估為全期預期信貸虧損（並無信貸減值）內之貿易應收款項信貸風險之資料。於2019年12月31日個別評估信貸減值應收賬款賬面總值為21,294,000港元（2018年：12,732,000港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount

Internal credit rating	內部信貸評級	2019		2018	
		Average loss rate	Trade receivables	Average loss rate	Trade receivables
		平均虧損率	貿易應收款項	平均虧損率	貿易應收款項
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Low risk	低風險	0.01%	227,249	0.04%	240,654
Normal risk	正常風險	2.05%	117,560	1.46%	399,866
High risk	高風險	10.05%	71,508	9.67%	64,408
			416,317		704,928

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

估計虧損率乃基於債務人於預計年期的歷史觀察違約率，並根據毋須投入過多成本或努力即可獲得的前瞻性資料作出調整。管理層定期檢討分類，以確保有關特定債務人之相關資料獲更新。

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

賬面總值

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

		Lifetime ECL (not credit- impaired) 全期預期 信貸虧損 (並無信貸減值) HK\$'000 千港元	Lifetime ECL (credit- impaired) 全期預期 信貸虧損 (信貸減值) HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 1 January 2018	於2018年1月1日	–	19,209	19,209
Impairment losses recognised	確認減值虧損	12,211	9,079	21,290
Impairment losses reversed	撥回減值虧損	–	(15,367)	(15,367)
Exchange adjustments	匯兌調整	(30)	(189)	(219)
As at 31 December 2018	於2018年12月31日	12,181	12,732	24,913
Impairment losses recognised	確認減值虧損	9,456	9,655	19,111
Impairment losses reversed	撥回減值虧損	(12,006)	(998)	(13,004)
Exchange adjustments	匯兌調整	(174)	(95)	(269)
As at 31 December 2019	於2019年12月31日	9,457	21,294	30,751

Changes in the loss allowance for trade receivables of the Group are mainly due to the recognition of impairment allowance for credit-impaired trade debtors with a gross carrying amount of HK\$9,655,000 during the year ended 31 December 2019.

信貸風險及減值評估(續)

賬面總值(續)

下表顯示已根據簡化方法就貿易應收款項確認之全期預期信貸虧損之變動。

截至2019年12月31日止年度，本集團之貿易應收款項虧損撥備變動乃主要由於確認賬面總值9,655,000港元之信貸減值貿易應收款項的減值撥備所致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

Changes in the loss allowance for trade receivables of the Group are mainly due to the settlement of credit-impaired trade debtors with a gross carrying amount of HK\$15,367,000 during the year ended 31 December 2018.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over three years past due, whichever occurs earlier. The Group has taken legal action against the debtors to recover the amount due.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of unsecured bank borrowings and the Group relies on unsecured bank borrowings as a significant source of liquidity. When the management noticed that there are any beaches of loan covenants, the Group will renegotiate with the banks to obtain waiver or settle these borrowings upon the request. As at 31 December 2019, the Group has available unutilised banking facilities of approximately HK\$883,518,000 (2018: HK\$1,196,562,000).

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

信貸風險及減值評估 (續)

賬面總值 (續)

截至2018年12月31日止年度，本集團之貿易應收款項虧損撥備變動乃主要由於償還賬面總值15,367,000港元之信貸減值貿易應收款項所致。

當有資料顯示債務人陷入嚴重財務困難，且並無實際收回可能時（例如當債務人遭受清盤或已進入破產程序），或當貿易應收款項逾期超過三年時（以較早發生者為準），本集團撤銷貿易應收款項。本集團已對債務人採取法律行動以收回應收款項。

流動資金風險

於管理流動資金風險時，本集團會監察並將現金及現金等價物維持在管理層認為足以為本集團的業務營運提供資金及減輕現金流量波動影響的水平。管理層會監察無抵押銀行借款的使用情況，本集團依賴無抵押銀行借款，將其視為流動資金的重要來源。當管理層發現任何違反貸款契約的情況，本集團將與銀行重新磋商取得豁免或按要求結算該等借款。於2019年12月31日，本集團之可用未動用銀行融資約為883,518,000港元（2018年：1,196,562,000港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, unsecured bank borrowings with a repayment on demand clause or repayable on demand due to breach of loan covenants are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

流動資金風險 (續)

下表詳列本集團金融負債的餘下合約年期分析。該表按本集團可要求付款的最早日期的金融負債未貼現現金流量編製。尤其是，具有須按要求償還條款或因違反貸款契約而應按要求償還的無抵押銀行借款乃計入最早時間段，而不論銀行是否可能選擇行使彼等的權利。其他非衍生金融負債的到期日分析乃根據協定的償還日期編製。下表已載列利息及本金現金流量。倘利息為浮動利率，未貼現現金額則按報告期末的利率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables

		On demand		3 months	1 – 5	Total	Carrying		
		Weighted average interest rate	or less than 1 month					1 – 3 months	to 1 year
		加權平均利率	按要求或少於一個月	1至3個月	3個月至1年	1至5年	5年以上	未貼現現金流量總額	賬面值
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		%	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 31 December 2019	於2019年12月31日								
Trade and other payables	貿易及其他應付款項	–	332,043	105,949	–	–	–	437,992	437,992
Bills payables	應付票據	–	5,348	18,074	24,227	–	–	47,649	47,649
Lease liabilities	租賃負債	5.86	6,728	13,052	54,696	162,936	109,060	346,472	285,583
Unsecured bank borrowings	無抵押銀行借款								
– variable rate	– 浮動利率	3.87	560,583	25,329	52,490	–	–	638,402	616,224
– fixed rate	– 固定利率	3.00	17	33	6,663	–	–	6,713	6,639
			904,719	162,437	138,076	162,936	109,060	1,477,228	1,394,087
At 31 December 2018	於2018年12月31日								
Trade and other payables	貿易及其他應付款項	–	172,416	280,120	–	–	–	452,536	452,536
Bills payables	應付票據	–	15,320	17,068	53,793	–	–	86,181	86,181
Unsecured bank borrowings	無抵押銀行借款								
– variable rate	– 浮動利率	4.11	271,344	29,151	286,362	306,975	–	893,832	857,139
– fixed rate	– 固定利率	5.75	4,838	11,899	–	–	–	16,737	16,618
			463,918	338,238	340,155	306,975	–	1,449,286	1,412,474

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

流動資金風險 (續)

流動資金表

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Unsecured bank borrowings with a repayment on demand clause or repayable on demand due to breach of loan covenants are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2019, the aggregate carrying amounts of these unsecured bank borrowings amounted to HK\$519,706,000 (2018: HK\$265,971,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such unsecured bank borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below.

38. 金融工具 (續)

(b) 財務風險管理的目標及政策 (續)

流動資金風險 (續)

於上述到期日分析中，具有須按要求償還條款或因違反貸款契約而須按要求償還的無抵押銀行借款計入「按要求或少於一個月」的時間段。於2019年12月31日，該等無抵押銀行借款的賬面總值為519,706,000港元（2018年：265,971,000港元）。鑒於本集團的財務狀況，董事認為有關銀行不可能會行使其酌情權要求立即償還有關款項。董事相信，該等無抵押銀行借款將在報告期末後依照貸款協議所載預期償還日期償還，有關詳情載於下表：

		Maturity Analysis –					
		Unsecured bank borrowings with a repayment on demand clause or repayable on demand due to breach of loan covenants based on scheduled repayments					
		到期日分析 – 根據預期償還日期之具有須按要求償還條款或因違反貸款契約而須按要求償還的無抵押銀行借款					
		Total					
		Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	undiscounted cash outflows	Carrying amounts
		少於1年	1至3個月	3個月至1年	1至5年	未貼現現金流出總額	賬面值
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
31 December 2019	2019年12月31日	93,283	33,240	297,654	114,715	538,892	519,706
31 December 2018	2018年12月31日	112,051	88,272	58,682	9,851	268,856	265,971

The amounts included above for variable interest rate unsecured bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

倘可變利率變動與於報告期末釐定之無抵押銀行借款利率估計不同，則上文就無抵押銀行借款借款之可變利率工具所載之金額可予變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value measurements and valuation processes

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group would estimate the fair values based on a discounted cash flow analysis.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used).

38. 金融工具(續)

(c) 金融工具之公平值計量

本附註提供有關本集團如何釐定各項金融資產及金融負債公平值之資料。

公平值計量及估值程序

就財務報告目的而言，本集團之若干金融工具乃按公平值計量。本公司董事負責釐定公平值計量之適當估值方法及輸入數據。

於估計公平值時，本集團於可獲得之情況下使用市場可觀察數據。倘不可獲得第1級輸入數據，本集團管理層將根據貼現現金流量分析估計公平值。

經常性按公平值計量之本集團金融資產之公平值

於各報告期末，本集團之若干金融資產乃按公平值計量。下表提供有關如何釐定該等金融資產之公平值之資料(具體而言，所用之估值方法及輸入數據)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and significant inputs
金融資產	於以下年度之公平值		公平值層級	估值方法及主要輸入數據
	2019	2018		
	2019年	2018年		
	HK\$	HK\$		
	港元	港元		
Trade receivables at FVTOCI 透過其他全面收益按公平值列賬 之貿易應收款項	44,696	87,769	Level 2 第2級	Discounted cash flows. 貼現現金流量。 Risk-adjusted discount rates of ranged from 3.13% to 4.35% per annum (2018: 3.38% to 4.38% per annum) quoted by the banks 銀行所報之經風險調整 貼現率每年3.13%至4.35% (2018年：每年3.38%至4.38%)

There were no transfers in different levels of the fair value hierarchy during the years ended 31 December 2019 and 2018.

經常性按公平值計量之本集團金融資產之公平值 (續)

(c) 金融工具之公平值計量 (續)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and significant inputs
金融資產	於以下年度之公平值		公平值層級	估值方法及主要輸入數據
	2019	2018		
	2019年	2018年		
	HK\$	HK\$		
	港元	港元		
Trade receivables at FVTOCI 透過其他全面收益按公平值列賬 之貿易應收款項	44,696	87,769	Level 2 第2級	Discounted cash flows. 貼現現金流量。 Risk-adjusted discount rates of ranged from 3.13% to 4.35% per annum (2018: 3.38% to 4.38% per annum) quoted by the banks 銀行所報之經風險調整 貼現率每年3.13%至4.35% (2018年：每年3.38%至4.38%)

截至2019年及2018年12月31日止年度，公平值層級之不同層級之間並無轉撥。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

38. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values based on discounted cash flow analysis.

39. OPERATING LEASES

The Group as a lessee

Minimum lease payments paid under operating leases	根據經營租賃支付的最低租賃款項	102,188
Contingent rental payments	或然租金	238
		102,426

38. 金融工具(續)

(c) 金融工具之公平值計量(續)

並非經常性按公平值計量(惟須披露公平值)之本集團金融資產及金融負債之公平值

根據貼現現金流量分析，本公司董事認為，於綜合財務報表內按攤銷成本入賬之金融資產及金融負債之賬面值與其公平值相若。

39. 經營租賃

本集團為承租人

2018
2018年
HK\$'000
千港元

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

39. OPERATING LEASES (continued)

The Group as a lessee (continued)

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2018 2018年 HK\$'000 千港元
Within one year	一年內	80,498
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	144,764
Over five years	超過五年	70,275
		295,537

Included above are the following lease payments committed to a fellow subsidiary of the Company:

		2018 2018年 HK\$'000 千港元
Within one year	一年內	9,116
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	18,232
		27,348

39. 經營租賃(續)

本集團為承租人(續)

本集團須就不可撤銷經營租賃承擔未來最低租賃款項，該等不可撤銷經營租賃的到期情況如下：

以上所載為下列向本公司同系附屬公司承擔的租賃款項：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

39. OPERATING LEASES (continued)

The Group as lessor

Property rental income earned during the year was HK\$14,145,000 (2018: HK\$14,833,000) and all of the properties held for rental purpose have committed lessees for the next few months to twelve years (2018: few months to thirteen years).

Minimum lease payments receivable on leases are as follows:

		2019 2019年 HK\$'000 千港元
Within one year	一年內	9,373
In the second years	第二年	11,287
In the third year	第三年	4,635
In the fourth year	第四年	149
In the fifth year	第五年	286
After five years	五年以後	910
		26,640

The Group had contracted with lessees for the following future minimum lease payments:

		2018 2018年 HK\$'000 千港元
Within one year	一年內	15,941
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	32,440
Over five years	超過五年	5,040
		53,421

39. 經營租賃(續)

本集團為出租人

於年內賺取之物業租金收入為14,145,000港元(2018年:14,833,000港元)及就租賃目的所持有之所有物業於未來數月至十二年(2018年:未來數月至十三年)均有已承諾承租人。

就租賃應收的最低租賃款項如下:

本集團就下列未來最低租賃款項與承租人訂立合同:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

40. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap of HK\$1,500 per month. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed in the PRC and Vietnam are members of the state-managed retirement benefit schemes operated by the PRC and Vietnam government, respectively. The PRC and Vietnam subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

The Group maintains multiple qualified contributory saving plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering employees employed in the US and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation.

During the year ended 31 December 2019, the total contributable charged to the consolidated statement of profit or loss and other comprehensive income amount to HK\$30,959,000 (2018: HK\$38,292,000).

40. 退休福利計劃

根據強制性公積金計劃條例，本集團為所有香港合資格僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃的資產與本集團在獨立受託人控制下的基金資產分開持有。根據強積金計劃規例，僱主及其僱員須分別按規例訂明的5%為計劃供款，但設有上限每月1,500港元。本集團有關強積金計劃的唯一義務為根據計劃作出所須供款。並無被沒收供款可用以扣減未來年度應付的供款。

於中國及越南受僱的僱員為中國及越南政府分別管理的國家管理退休福利計劃的成員。中國及越南附屬公司須按其基本工資的若干百分比向退休福利計劃供款，以為福利提供資金。本集團有關退休福利計劃的唯一義務為根據計劃作出所須供款。並無被沒收供款可用以扣減未來年度應付的供款。

本集團根據美國國內稅收法第401(k)條所准許設有多個合資格供款儲蓄計劃。該等計劃為涵蓋於美國受僱之僱員之定額供款計劃，並於若干限制下可由僱員自願供款。僱員及僱主均作出供款。僱員供款主要根據僱員報酬之特定金額或百分比作出。

截至2019年12月31日止年度，計入綜合損益及其他全面收益表金額的供款總額為30,959,000港元（2018年：38,292,000港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

41. CAPITAL COMMITMENTS

41. 資本承擔

		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	就收購已訂約但未於綜合財務報表撥備的物業、廠房及設備的資本開支	6,040	11,485

42. DISPOSAL OF SUBSIDIARIES

42. 出售附屬公司

(a) Disposal of Chengdu Xingang

On 15 November 2019, the Group had entered into a sale and purchase agreement with Mr. Liu Jiaming, a director and a non-controlling shareholder of Chengdu Xingang, to dispose of its 51% equity interest of Chengdu Xingang, which engaged in manufacture and sale of polyurethane foam activities, for a cash consideration of RMB157,000,000 (equivalent to approximately HK\$176,891,000). The first and the second instalments had been received by the Group in December 2019 and March 2020. The last two instalments, which are interest-bearing at 3% per annum, would be due on 15 February 2021 and 15 February 2022, respectively. The consideration receivable is measured at amortised cost, based on the present value of the estimated future cash outflow discounted using the effective interest rate of 4.75% per annum and the adjusted consideration receivable would be HK\$171,029,000. The disposal was completed on 12 December 2019 on which the Group lost control of Chengdu Xingang. The net assets of Chengdu Xingang at the date of disposal were as follows:

(a) 出售成都新港

於2019年11月15日，本集團已與劉家明先生（成都新港之董事兼非控股股東）訂立買賣協議，以出售其於成都新港（從事聚氨酯泡沫生產及銷售業務）之51%股權，現金代價為人民幣157,000,000元（相當於約176,891,000港元）。本集團已於2019年12月及2020年3月收到第一期及第二期付款。最後兩期付款的年利率為3%，分別於2021年2月15日及2022年2月15日到期。應收代價乃基於使用4.75%的實際年利率貼現的估計未來現金流出之現值按攤銷成本計量，而經調整應收代價為171,029,000港元。該出售事項於2019年12月12日完成，本集團於該日失去成都新港之控制權。成都新港於出售日期之資產淨值如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

42. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of Chengdu Xingang (continued)

		HK\$'000 千港元
Consideration received and receivables:	已收及應收代價：	
Cash received	已收現金	22,426
Deferred cash consideration	遞延現金代價	148,603
Total consideration	總代價	171,029

		HK\$'000 千港元
Analysis of assets and liabilities over which control was lost:	失去控制權之資產及負債分析：	
Property, plant and equipment	物業、廠房及設備	87,713
Right-of-use assets	使用權資產	42,925
Goodwill	商譽	24,303
Investment properties	投資物業	50,860
Inventories	存貨	24,929
Trade and other receivables	貿易及其他應收款項	50,297
Bank balances and cash	銀行結餘及現金	7,681
Trade and other payables	貿易及其他應付款項	(30,030)
Tax payable	應付稅項	(1,091)
Deferred tax liabilities	遞延稅項負債	(53,485)
Net assets disposed of	所出售之資產淨值	204,102

42. 出售附屬公司 (續)

(a) 出售成都新港 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

42. DISPOSAL OF SUBSIDIARIES (continued)

42. 出售附屬公司(續)

(a) Disposal of Chengdu Xingang (continued)

(a) 出售成都新港(續)

		HK\$'000 千港元
Gain on disposal of Chengdu Xingang:	出售成都新港之收益：	
Consideration received and receivable	已收及應收代價	171,029
Net assets disposed of	所出售之資產淨值	(204,102)
Non-controlling interests	非控股權益	86,754
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	失去附屬公司控制權時附屬公司資產淨值之累計匯兌差額由權益重新分類至損益	(9,623)
Gain on disposal included in other gains and losses	計入其他收益及虧損之出售收益	44,058

		HK\$'000 千港元
Net cash inflow arising on disposal of Chengdu Xingang:	出售成都新港產生之現金流入淨額：	
Cash consideration	現金代價	22,426
Bank balances and cash disposed of	所出售之銀行結餘及現金	(7,681)
Net cash inflow	現金流入淨額	14,745

Further details of the transaction are set out in the Company's announcement dated 9 December 2019.

有關交易的進一步詳情載於本公司日期為2019年12月9日之公佈。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

42. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of Sinomax (Dongguan) Sleep Technology Limited (“Sleep Technology”)

On 11 December 2018, the Group had entered into a sale and purchase agreement with an independent third party to dispose of its 90% equity interest of Sleep Technology, which engaged in research, development and sale of health and household products activities, at a cash consideration of RMB7,000,000 (equivalent to approximately HK\$8,601,000). The disposal was completed on 11 December 2018 in which the Group lost control of Sleep Technology. The net assets of Sleep Technology at the date of disposal were as follows:

42. 出售附屬公司(續)

(b) 出售盛諾(東莞)睡眠科技有限公司(「睡眠科技」)

於2018年12月11日，本集團已與獨立第三方訂立買賣協議，以出售其於睡眠科技（從事研發及銷售健康家居產品業務）之90%股權，現金代價為人民幣7,000,000元（相當於約8,601,000港元）。該出售於2018年12月11日完成，本集團失去睡眠科技之控制權。睡眠科技於出售日期之資產淨值如下：

		HK\$'000 千港元
Analysis of assets and liabilities over which control was lost:	失去控制權之資產及負債分析：	
Property, plant and equipment	物業、廠房及設備	23
Inventories	存貨	1,572
Trade and other receivables	貿易及其他應收款項	880
Bank balances and cash	銀行結餘及現金	2,175
Trade and other payables	貿易及其他應付款項	(1,525)
Tax payable	應付稅項	(142)
Net assets disposed of	所出售之資產淨值	2,983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

42. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of Sinomax (Dongguan) Sleep Technology Limited (“Sleep Technology”) (continued)

		HK\$'000 千港元
Gain on disposal of Sleep Technology:	出售睡眠科技之收益：	
Consideration received	已收代價	8,601
Net assets disposed of	所出售之資產淨值	(2,983)
Non-controlling interests	非控股權益	(266)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	失去附屬公司控制權時將附屬公司資產淨值之累計匯兌差額由權益重新分類至損益	(67)
Gain on disposal included in other gains and losses	計入其他收益及虧損之出售收益	5,285

		HK\$'000 千港元
Net cash outflow arising on disposal of Sleep Technology:	出售睡眠科技產生之現金流出淨額：	
Cash consideration	現金代價	8,601
Consideration receivable	應收代價	(8,601)
Bank balances and cash disposed of	所出售之銀行結餘及現金	(2,175)
Net cash outflow	現金流出淨額	(2,175)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

43. 融資活動所產生負債之對賬

下表詳述本集團融資活動所產生負債之變動（包括現金及非現金變動）。融資活動所產生負債乃指其現金流量或未來現金流量已或將於本集團綜合現金流量表內分類為融資活動現金流量的負債。

		Unsecured bank borrowings 無抵押 銀行借款 HK\$'000 千港元	Lease liabilities 租賃負債 HK\$'000 千港元	Interest payable 應付利息 HK\$'000 千港元	Dividend payable 應付股息 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2018	於2018年1月1日	736,054	–	799	–	736,853
Financing cash flows	融資現金流	148,598	–	(40,371)	(29,403)	78,824
<i>Non-cash changes</i>	<i>非現金變動</i>					
Finance costs	財務成本	–	–	40,096	–	40,096
Dividends recognised as distribution	確認為分派之股息	–	–	–	29,403	29,403
Foreign exchange translation	外匯換算	(10,895)	–	(24)	–	(10,919)
At 31 December 2018	於2018年12月31日	873,757	–	500	–	874,257
Adjustment upon application of HKFRS16	於應用香港財務報告準則第16號後作出之調整	–	327,023	–	–	327,023
As at 1 January 2019 (restated)	於2019年1月1日（經重列）	873,757	327,023	500	–	1,201,280
Financing cash flows	融資現金流	(247,047)	(265,516)	(36,440)	(19,409)	(568,412)
<i>Non-cash changes</i>	<i>非現金變動</i>					
Finance costs	財務成本	–	12,450	36,072	–	48,522
Dividends declared to non-controlling interests	已派付非控股權益之股息	–	–	–	46,258	46,258
New leases entered/ lease modified	新訂立租約/ 經調整租約	–	212,482	–	–	212,482
Foreign exchange translation	外匯換算	(3,847)	(856)	(8)	–	(4,711)
At 31 December 2019	於2019年12月31日	622,863	285,583	124	26,849	935,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

44. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these consolidated financial statements, the Group has the following transactions and balances with related parties:

Relationship 關係	Nature of transactions/balances 交易／結餘性質	Year ended 31 December 截至12月31日止年度	
		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Fellow subsidiary 同系附屬公司	Operating lease expenses 經營租賃開支	–	13,195
	Interest expenses on lease liabilities 租賃負債之利息開支	1,466	–

		As 31 December 截至12月31日止年度	
		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Fellow subsidiary 同系附屬公司	Lease liabilities 租賃負債	15,725	–

In addition, certain trademarks owned by fellow subsidiaries of the Company were used by the Group free of charge during both years.

此外，本集團於兩個年度內免費使用若干本公司同系附屬公司擁有的商標。

Compensation of key management personnel

The remuneration of directors and other member of key management during the reporting period was as follows:

		2019 2019年 HK\$'000 千港元	
		2018 2018年 HK\$'000 千港元	
Salaries and allowances	薪金及津貼	11,618	11,711
Performance related incentive payments	有關表現的獎金	618	1,460
Retirement benefit schemes contributions	退休福利計劃供款	108	108
Share based payment expenses	股份支付開支	34	743
		12,378	14,022

主要管理人員的補償

董事及其他主要管理層成員於報告期的薪酬如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries are as follows:

45. 本公司主要附屬公司詳情

本公司主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ charter capital/ quota capital 已發行及繳足股本/ 註冊資本/特許資本/ 配額資本	Proportion of share capital/ registered capital/ charter capital/quota capital and voting power held by the Company 本公司持有股本/註冊資本/ 特許資本/配額資本 及投票權的比例		Principal activities 主要業務
			At 31 December 於12月31日		
			2019 2019年	2018 2018年	
<i>Directly owned</i> 直接擁有					
Treasure Range Holdings Limited	Hong Kong 香港	Ordinary shares HK\$27 普通股27港元	100%	100%	Investment holding 投資控股
<i>Indirectly owned</i> 間接擁有					
Ascension International Development Limited 高晉國際發展有限公司	The BVI 英屬處女群島	Ordinary shares US\$1 普通股1美元	100%	100%	Investment holding 投資控股
Fullelite Limited 傑豐有限公司	The BVI 英屬處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Year Prosper Limited 盛年有限公司	The BVI 英屬處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Wonderful Health Limited	The BVI 英屬處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding 投資控股
Trade Sincere Limited 貿誠有限公司	The BVI 英屬處女群島	Ordinary shares US\$100 普通股100美元	85%	85%	Investment holding 投資控股

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

45. 本公司主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ charter capital/ quota capital 已發行及繳足股本/ 註冊資本/特許資本/ 配額資本	Proportion of share capital/ registered capital/ charter capital/quota capital and voting power held by the Company 本公司持有股本/註冊資本/ 特許資本/配額資本 及投票權的比例 At 31 December 於12月31日		Principal activities 主要業務
			2019 2019年	2018 2018年	
Sinomax International Investment Limited 聖諾盟國際投資有限公司	The BVI 英屬處女群島	Ordinary shares US\$10 普通股10美元	100%	100%	Investment holding and provision of treasury management services 投資控股及提供財資管理 服務
Sinomax Health & Household Products Limited 聖諾盟健康家居用品有限公司	Hong Kong 香港	Ordinary shares HK\$1,000,000 普通股1,000,000港元	100%	100%	Retail and wholesale of health and household products 零售及批發健康家居產品
Sinomax International Trading Limited 聖諾盟國際貿易有限公司	Hong Kong 香港	Ordinary shares HK\$10,000 普通股10,000港元	100%	100%	Trading of health and household products 健康家居產品買賣
Chengdu Xingang (Notes 2 and 3) 成都新港海綿有限公司 成都新港(附註2及3)	The PRC 中國	Registered capital RMB120,000,000 註冊資本人民幣 120,000,000元	—	51%	Manufacture and sale of polyurethane foam 製造及銷售聚氨酯泡沫
Dongguan Sinohome Limited* (Note 1) 東莞賽諾家居用品有限公司(附註1)	The PRC 中國	Registered capital HK\$32,000,000 註冊資本 32,000,000港元	100%	100%	Manufacture and sale of health and household products 製造及銷售健康家居產品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

45. 本公司主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ charter capital/ quota capital 已發行及繳足股本/ 註冊資本/特許資本/ 配額資本	Proportion of share capital/ registered capital/ charter capital/quota capital and voting power held by the Company 本公司持有股本/註冊資本/ 特許資本/配額資本 及投票權的比例		Principal activities 主要業務
			At 31 December 於12月31日		
			2019 2019年	2018 2018年	
Shandong Sinomax Household Products and Technology Limited* (Note 1) 山東賽諾家居科技有限公司(附註1)	The PRC 中國	Registered capital RMB30,000,000 註冊資本人民幣 30,000,000元	100%	100%	Processing, manufacturing and sales of polyurethane foam 加工、製造及銷售聚氨酯 泡沫
Shanghai Luen Tai Polyurethane Co., Ltd* (Note 1) 上海聯大海綿有限公司(附註1)	The PRC 中國	Registered capital RMB35,000,000 註冊資本人民幣 35,000,000元	100%	100%	Processing, manufacturing and sales of polyurethane foam 加工、製造及銷售聚氨酯 泡沫
Sinohome Household Products (Shenzhen) Limited* (Note 1) 賽諾家居用品(深圳)有限公司 (附註1)	The PRC 中國	Registered capital HK\$1,000,000 註冊資本 1,000,000港元	100%	100%	Retail and wholesale of health and household products 零售及批發健康家居產品
Sinomax (Zhejiang) Polyurethane Technology Limited * (Note 1) 賽諾(浙江)聚氨酯新材料有限公司 (附註1)	The PRC 中國	Registered capital US\$30,000,000 註冊資本 30,000,000美元	100%	100%	Manufacture and sale of health and household products 製造及銷售健康家居產品
Sinomax Kuka (Zhejiang) Foam Co. Limited* (Note 2) ("Sinomax Kuka") 浙江聖諾盟顧家海綿有限公司 (附註2) (「聖諾盟顧家」)	The PRC 中國	Registered capital US\$2,100,000 註冊資本 2,100,000美元	51%	51%	Manufacture and sale of foam 製造及銷售泡沫

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

45. 本公司主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ charter capital/ quota capital 已發行及繳足股本/ 註冊資本/特許資本/ 配額資本	Proportion of share capital/ registered capital/ charter capital/quota capital and voting power held by the Company 本公司持有股本/註冊資本/ 特許資本/配額資本 及投票權的比例 At 31 December 於12月31日		Principal activities 主要業務
			2019 2019年	2018 2018年	
Sinomax Macao Commercial Offshore Limited 聖諾盟澳門離岸商業服務有限公司	Macau 澳門	Quota capital MOP100,000 配額資本澳門幣 100,000元	100%	100%	Wholesale of health and household products 批發健康家居產品
Sinomax USA, Inc.	The US 美國	100 shares of common stock of no par value 100股無面值普通股	100%	100%	Wholesale of health and household products 批發健康家居產品
Sinomax East, Inc.	The US 美國	1 share of common stock with no par value 1股無面值普通股	100%	100%	Manufacture of health and household products 製造健康家居產品
Dormeo North American, LLC	The US 美國	Issued and fully paid share capital US\$50,481,560 已發行及繳足股本 50,481,560美元	51.31%	51.31%	Investment holding 投資控股
Top Shop TV, LLC	The US 美國	Issued and fully paid share capital US\$42,103,890 已發行及繳足股本 42,103,890美元	51.31%	51.31%	Investment holding 投資控股
Octaspring Operations US, Inc.	The US 美國	100 shares of common stock of US\$0.0001 par value 100股每股面值 0.0001美元普通股	51.31%	51.31%	Manufacturing and sales of health and household products 製造及銷售健康家居產品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

45. 本公司主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operations/ establishment 註冊成立/ 經營/成立地點	Issued and fully paid share capital/ registered capital/ charter capital/ quota capital 已發行及繳足股本/ 註冊資本/特許資本/ 配額資本	Proportion of share capital/ registered capital/ charter capital/quota capital and voting power held by the Company 本公司持有股本/註冊資本/ 特許資本/配額資本 及投票權的比例 At 31 December 於12月31日		Principal activities 主要業務
			2019 2019年	2018 2018年	
Octaspring US, Inc.	The US 美國	100 shares of common stock of US\$0.0001 par value 100股每股面值 0.0001美元普通股	51.31%	51.31%	Retail and wholesale of health and household products 零售及批發健康家居產品
TSTV Canada Limited	Canada 加拿大	1,000 shares of common stock of no par value 1,000股無面值普通股	51.31%	51.31%	Retail and wholesale of health and household products 零售及批發健康家居產品
Sinomax (Vietnam) Polyurethane Technology Limited (Note 1)	Vietnam 越南	Charter capital US\$1,100,000 特許資本 1,100,000美元	100%		– Manufacture and sale of foam 製造及銷售泡沫
Sinomax (Vietnam) Household Products Limited (Note 1)	Vietnam 越南	Charter capital USD1,500,000 特許資本 1,500,000美元	100%		– Manufacture and sale of health and household products 製造及銷售健康 家居產品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Notes:

- (1) The companies are registered in the form of wholly foreign owned enterprise.
- (2) The companies are registered in the form of sino-foreign equity joint venture.
- (3) This subsidiary was acquired in February 2016 and disposed of on 13 December 2019 and details of the disposal are disclosed in note 42.

All the principal subsidiaries operate predominantly in their respective places of incorporation/establishment. None of the subsidiaries had issued any debt securities at the end of or any time during the reporting periods.

* English translated name is for identification purpose only.

45. 本公司主要附屬公司詳情(續)

附註:

- (1) 該等公司以外商獨資企業形式註冊。
- (2) 該等公司以中外合資企業形式註冊。
- (3) 該附屬公司於2016年2月收購，並於2019年12月13日被出售，出售詳情於附註42內披露。

所有主要附屬公司主要於其各自註冊成立／成立地區營運。概無附屬公司於報告期末或其中任何時間發行任何債務證券。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

46. NON-CONTROLLING INTERESTS

46. 重大非控股權益

Name of subsidiary 附屬公司名稱	Place of establishment and principal place of business 成立地點及 主要營運地點	Proportion of ownership interests and voting rights held by non-controlling interests 非控股權益所持擁有權 權益及投票權的比例		Profit (loss) allocated to non- controlling interests 分配至非控股權益之 溢利(虧損)		Accumulated non- controlling interests 累計非控股權益	
		2019 2019年	2018 2018年	2019 2019年	2018 2018年	2019 2019年	2018 2018年
				HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Sinomax Kuka 聖諾盟顧家	The PRC 中國	49%	49%	19,434	20,293	35,322	63,027
Dormeo	US 美國	48.69%	48.69%	(11,893)	(9,212)	(15,464)	(4,642)
Chengdu Xingang 成都新港	The PRC 中國	N/A 不適用	49%	772	(140)	–	92,446
Individually immaterial subsidiary with non-controlling interests 持有非控股權益之個別不重大附屬公司				(3,806)	(298)	(9,812)	(4,417)
				4,507	10,643	10,046	146,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

46. NON-CONTROLLING INTERESTS (continued)

Summarised financial information in respect of each of Group's subsidiaries that had material non-controlling interests is set out below. The summarised financial information below represents amounts before the elimination of intragroup transactions.

(a) Sinomax Kuka

		At 31 December	
		於12月31日	
		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Current assets	流動資產	146,667	176,362
Non-current assets	非流動資產	14,124	11,404
Current liabilities	流動負債	(88,706)	(59,139)
Net assets	資產淨額	72,085	128,627
Total equity attributable to	以下各方應佔權益總額		
– owners of the Company	– 本公司擁有人	36,763	65,600
– non-controlling interests	– 非控股權益	35,322	63,027
		72,085	128,627

46. 重大非控股權益(續)

有關本集團擁有重大非控股權益的各附屬公司的財務資料概況載列如下。以下財務資料概況指抵銷集團內交易前之金額。

(a) 聖諾盟顧家

		At 31 December	
		於12月31日	
		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Current assets	流動資產	146,667	176,362
Non-current assets	非流動資產	14,124	11,404
Current liabilities	流動負債	(88,706)	(59,139)
Net assets	資產淨額	72,085	128,627
Total equity attributable to	以下各方應佔權益總額		
– owners of the Company	– 本公司擁有人	36,763	65,600
– non-controlling interests	– 非控股權益	35,322	63,027
		72,085	128,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

46. NON-CONTROLLING INTERESTS (continued)

(a) Sinomax Kuka (continued)

		Year ended 31 December	
		截至12月31日止年度	
		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Revenue	收入	361,449	497,397
Expenses	開支	(321,787)	(455,983)
Profit for the year	年內溢利	39,662	41,414
Profit for the year attributable to	以下各方應佔年內溢利		
– owners of the Company	– 本公司擁有人	20,228	21,121
– non-controlling interests	– 非控股權益	19,434	20,293
		39,662	41,414
Other comprehensive expense for the year	以下各方應佔年內其他全面開支		
attributable to			
– owners of the Company	– 本公司擁有人	(1,748)	(5,225)
– non-controlling interests	– 非控股權益	(1,679)	(5,020)
		(3,427)	(10,245)
Total comprehensive income for the year	以下各方應佔年內全面收益總額		
attributable to			
– owners of the Company	– 本公司擁有人	18,480	15,896
– non-controlling interests	– 非控股權益	17,755	15,273
		36,235	31,169
Dividend paid to non-controlling interests	向非控股權益所支付的股息	37,110	9,899
Net cash inflow from operating activities	經營活動現金流入淨額	85,913	35,653
Net cash (outflow) inflow from	投資活動現金(流出)流入淨額		
investing activities		(2,204)	1,831
Net cash outflow from financing activities	融資活動現金流出淨額	(105,504)	(21,358)
Net cash (outflow) inflow	現金(流出)流入淨額	(21,795)	16,126

46. 重大非控股權益(續)

(a) 聖諾盟顧家(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

46. NON-CONTROLLING INTERESTS (continued)

(b) Dormeo

		At 31 December	
		於12月31日	
		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Current assets	流動資產	41,592	31,628
Non-current assets	非流動資產	121,209	131,447
Current liabilities	流動負債	(149,992)	(125,773)
Non-current liabilities	非流動負債	(44,569)	(46,835)
Net assets	資產淨值	(31,760)	(9,533)
Total equity attributable to	以下各方應佔權益總額		
– owners of the Company	– 本公司擁有人	(16,296)	(4,891)
– non-controlling interests	– 非控股權益	(15,464)	(4,642)
		(31,760)	(9,533)

46. 重大非控股權益(續)

(b) Dormeo

		At 31 December	
		於12月31日	
		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Current assets	流動資產	41,592	31,628
Non-current assets	非流動資產	121,209	131,447
Current liabilities	流動負債	(149,992)	(125,773)
Non-current liabilities	非流動負債	(44,569)	(46,835)
Net assets	資產淨值	(31,760)	(9,533)
Total equity attributable to	以下各方應佔權益總額		
– owners of the Company	– 本公司擁有人	(16,296)	(4,891)
– non-controlling interests	– 非控股權益	(15,464)	(4,642)
		(31,760)	(9,533)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

46. NON-CONTROLLING INTERESTS (continued)

(b) Dormeo (continued)

		Year ended 31 December	
		截至12月31日止年度	
		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Revenue	收入	84,340	95,538
Expenses	開支	(108,765)	(114,457)
Loss for the year	年內虧損	(24,425)	(18,919)
Loss for the year attributable to	以下各方應佔年內虧損		
– owners of the Company	– 本公司擁有人	(12,532)	(9,707)
– non-controlling interests	– 非控股權益	(11,893)	(9,212)
		(24,425)	(18,919)
Other comprehensive income (expenses)	以下各方應佔年內其他全面收益		
for the year attributable to	(開支)		
– owners of the Company	– 本公司擁有人	717	(390)
– non-controlling interests	– 非控股權益	681	(371)
		1,398	(761)
Total comprehensive expense for the year	以下各方應佔年內全面開支總額		
attributable to			
– owners of the Company	– 本公司擁有人	(11,815)	(10,097)
– non-controlling interests	– 非控股權益	(11,212)	(9,583)
		(23,027)	(19,680)

46. 重大非控股權益(續)

(b) Dormeo (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

46. NON-CONTROLLING INTERESTS (continued)

(b) Dormeo (continued)

		Year ended 31 December	
		截至12月31日止年度	
		2019	2018
		2019年	2018年
		HK\$'000	HK\$'000
		千港元	千港元
Net cash outflow from operating activities	經營活動現金流出淨額	(12,552)	(5,344)
Net cash inflow from financing activities	融資活動現金流入淨額	16,355	10,332
Net cash inflow	現金流入淨額	3,803	4,988

46. 重大非控股權益(續)

(b) Dormeo (續)

(c) Chengdu Xingang

		2018
		2018年
		HK\$'000
		千港元
Current assets	流動資產	94,983
Non-current assets	非流動資產	189,684
Current liabilities	流動負債	42,175
Non-current liabilities	非流動負債	53,827
Net assets	資產淨額	188,665
Total equity attributable to	以下各方應佔權益總額	
– owners of the Company	– 本公司擁有人	96,219
– non-controlling interests	– 非控股權益	92,446
		188,665

(c) 成都新港

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

46. NON-CONTROLLING INTERESTS (continued)

(c) Chengdu Xingang (continued)

		Period from 1.1.2019 to 12.12.2019 2019年1月1日 至2019年 12月12日期間 HK\$'000 千港元	Year ended 31.12.2018 截至2018年 12月31日 止年度 HK\$'000 千港元
Revenue	收入	132,388	197,559
Expenses	開支	(130,812)	(197,844)
Profit (loss) for the period/year	期/年內溢利(虧損)	1,576	(285)
Profit (loss) for the period/year attributable to	以下各方應佔期/年內溢利(虧損)		
– owners of the Company	– 本公司擁有人	804	(145)
– non-controlling interests	– 非控股權益	772	(140)
		1,576	(285)
Other comprehensive expense for the period/year attributable to	以下各方應佔期/年內其他全面開支		
– owners of the Company	– 本公司擁有人	(3,566)	(4,114)
– non-controlling interests	– 非控股權益	(3,426)	(3,952)
		(6,992)	(8,066)
Total comprehensive expense for the period/year attributable to	以下各方應佔期/年內全面開支總額		
– owners of the Company	– 本公司擁有人	(2,762)	(4,259)
– non-controlling interests	– 非控股權益	(2,654)	(4,092)
		(5,416)	(8,351)
Dividend paid to non-controlling interests	已付非控股權益股息	1,678	–
Net cash inflow from operating activities	經營活動現金流入淨額	37,900	13,839
Net cash outflow from investing activities	投資活動現金流出淨額	(9,791)	(2,147)
Net cash outflow from financing activities	融資活動現金流出淨額	(20,427)	(7,576)
Net cash inflow	現金流入淨額	7,682	4,116

46. 重大非控股權益(續)

(c) 成都新港(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

47. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group has the following significant events:

- i) An outbreak of respiratory illness caused by novel coronavirus (the "COVID-19") has been expanded across the PRC, the US and globally. Since then, major cities in the PRC and the US have taken emergency public health measures and draconian measures including travel restrictions in an effort to contain the coronavirus outbreak. All subsidiaries in the PRC and the US of the Company have been directed by the local government to facilitate the prevention and control measures of the novel coronavirus pneumonia epidemic (the "Epidemic"), including extending the Chinese New Year holidays, and adopted safety reparations for resuming operation under the guidance and approval of the PRC and the US government.

Further, the Group, including all subsidiaries in the PRC and the US, have implemented prevention and control measures for the Epidemic, such as keep close track of the employees' health situation and the development of the Epidemic, to ensure the Group's continued capacity to operate its business. The management of the Group will continue to assess the impacts of the COVID-19 outbreak which may include going concern of the Group, recoverability on trade and other receivables, recoverable amounts of intangible assets, property, plant and equipment and right-of-use assets and other potential financial impact after the reporting period.

- ii) Regarding those bank borrowings which the Group has breached certain financial related loan covenants as at 31 December 2019, subsequent to the reporting period, the Group has fully repaid one of the bank borrowings amounting to HK\$19,450,000 as at 31 December 2019. Up to the date of approval for issuance of the consolidated financial statements, the banks have granted waivers for the remaining bank borrowings amounting to HK\$377,569,000 as at 31 December 2019 and also approved amendments on certain financial related loan covenants for the borrowings.

47. 報告期後事項

於報告期後，本集團發生了下列重大事項：

- i) 由於新型冠狀病毒（「COVID-19」）導致的呼吸系統疾病已於中國、美國及全球蔓延。自此，中國及美國的各大城市已採取緊急公共衛生措施及出行限制等嚴厲措施以遏制冠狀病毒蔓延。本公司在中國及美國的所有附屬公司已接到當地政府指示，配合做好新型冠狀病毒性肺炎疫情（「疫情」）防控措施，包括延長中國的農曆新年假期，並在中國及美國政府的指導及同意下，作好復工前的安全準備工作。

此外，本集團（包括在中國及美國的所有附屬公司）已實施疫情防控措施，例如密切跟蹤員工的健康狀況及疫情發展，確保本集團能夠持續開展業務運作。本集團管理層將會持續評估COVID-19爆發的影響，包括本集團持續經營的能力、貿易及其他應收款項的可回收性、無形資產、物業、廠房及設備以及使用權資產的可收回金額以及報告期後的其他潛在財務影響。

- ii) 就截至2019年12月31日本集團違反若干財務相關貸款契約的銀行借款而言，於報告期後，本集團已於2019年12月31日悉數償還其中一項金額為19,450,000港元的銀行借款。截至批准刊發綜合財務報表之日，銀行已就2019年12月31日之金額為377,569,000港元的餘下銀行借款授出豁免，並批准了有關借款的若干財務相關貸款契約的修訂。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

48. STATEMENT OF FINANCIAL INFORMATION AND RESERVES OF THE COMPANY

48. 本公司之財務資料報表及儲備

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
NON-CURRENT ASSET	非流動資產		
Interests in subsidiaries	於附屬公司之權益	779,389	779,389
CURRENT ASSETS	流動資產		
Other receivables	其他應收款項	528	917
Bank balances and cash	銀行結餘及現金	1,126	279
		1,654	1,196
CURRENT LIABILITIES	流動負債		
Other payables	其他應付款項	1,555	1,030
Amounts due to subsidiaries	應付附屬公司款項	58,633	14,161
Unsecured bank borrowings	無抵押銀行借款	–	36,000
		60,188	51,191
NET CURRENT LIABILITIES	流動負債淨額	(58,534)	(49,995)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	720,855	729,394
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	175,000	175,000
Reserves	儲備	545,855	554,394
TOTAL EQUITY	權益總額	720,855	729,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至2019年12月31日止年度

48. STATEMENT OF FINANCIAL INFORMATION AND RESERVES OF THE COMPANY (continued)

48. 本公司之財務資料報表及儲備(續)

Movement in the Company's reserves

本公司儲備變動

		Share premium	Capital reserve	Share options reserve	Retained profits	Total
		股份溢價	股本儲備	購股權 儲備	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
At 1 January 2018	於2018年1月1日	404,520	(5)	19,163	156,760	580,438
Loss and total comprehensive expense for the year	年內虧損及全面 開支總額	–	–	–	(9,684)	(9,684)
Dividend recognised as distribution (note 14)	確認為分派之股息 (附註14)	–	–	–	(17,500)	(17,500)
Recognition of share based payment expenses	確認股份付款開支	–	–	1,140	–	1,140
Lapse of share options	購股權失效	–	–	(876)	876	–
At 31 December 2018	於2018年12月31日	404,520	(5)	19,427	130,452	554,394
Loss and total comprehensive expense for the year	年內虧損及全面 開支總額	–	–	–	(8,650)	(8,650)
Recognition of share based payment expenses	確認股份付款開支	–	–	111	–	111
Lapse of share options	購股權失效	–	–	(14,879)	14,879	–
At 31 December 2019	於2019年12月31日	404,520	(5)	4,659	136,681	545,855

FIVE-YEAR FINANCIAL SUMMARY

五年財務摘要

A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out below:

本集團於過去五個財政年度之業績以及資產及負債摘要（摘錄自經審核綜合財務報表）載列如下：

RESULTS

業績

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Revenue	收入	2,997,321	4,263,322	4,183,786	3,499,762	2,869,846
(Loss) profit before tax	除稅前（虧損）溢利	(146,002)	27,586	58,242	110,978	244,439
Income tax expenses	所得稅開支	(66,000)	(22,744)	(7,457)	(10,526)	(59,763)
(Loss) profit for the year	年內（虧損）溢利	(212,002)	4,842	50,785	100,452	184,676
Attributable to:	下列人士應佔：					
Owners of the Company	本公司擁有人	(216,509)	(5,801)	39,674	103,525	172,674
Non-controlling interest	非控股權益	4,507	10,643	11,111	(3,073)	12,002
		(212,002)	4,842	50,785	100,452	184,676

ASSET AND LIABILITIES

資產及負債

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Total assets	資產總值	2,406,763	2,903,219	2,883,172	2,537,083	1,809,711
Total liabilities	負債總額	(1,541,755)	(1,677,376)	(1,573,706)	(1,322,987)	(713,022)
Total equity	權益總額	865,008	1,225,843	1,309,466	1,214,096	1,096,689
Attributable to:	下列人士應佔：					
Owners of the Company	本公司擁有人	854,962	1,079,429	1,155,030	1,059,290	1,058,352
Non-controlling interest	非控股權益	10,046	146,414	154,436	154,806	38,337
		865,008	1,225,843	1,309,466	1,214,096	1,096,689



SINOMAX

Sinomax Group Limited
盛諾集團有限公司