



ZHENGYE
INTERNATIONAL

正業國際控股有限公司

ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED

(Incorporated in Bermuda with limited liability) (於百慕達註冊成立的有限公司)

Stock Code 股份代號 : 3363.HK

www.zhengye-cn.com

2019 ANNUAL REPORT 年報



VISION 願景

Strive to become
**China's leading
environmentally
friendly paper
packaging enterprise**

致力成為

**中國領先環保
紙類包裝企業**





Financial Highlights

財務摘要

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入	2,367,151	2,848,016
Profit attributable to the Owners of the Company	本公司擁有人年內應佔全面收益總額	82,184	109,358
		RMB (cents)	RMB (cents)
		人民幣(分)	人民幣(分)
Dividend per Share	每股股息	3.00	10.00
Return on Equity Attributable to the Owners of the Company	本公司擁有人應佔權益回報率	8.88%	12.24%

REVENUE

收入

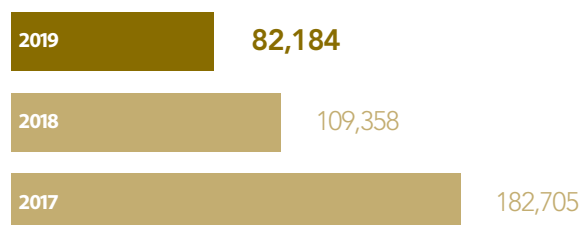
RMB'000
人民幣千元



PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

本公司擁有人年內應佔全面收益總額

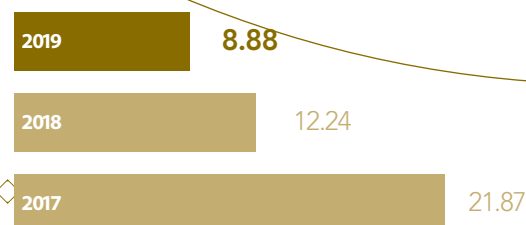
RMB'000
人民幣千元



RETURN ON EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

本公司擁有人應佔權益回報率

%
百分比



DIVIDEND PER SHARE

每股股息

RMB (cents)
人民幣(分)





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Corporate Information

公司資料

Board of Directors

Executive Directors

Mr. Hu Zheng (*Chairman*)
(Mr. Hu Jianpeng as his alternate)
Mr. Hu Hancheng (*Co-Chairman*)
(Mr. Hu Jianjun as his alternate)
Mr. Hu Hanchao
(Mr. Tan Xijian as his alternate)

Non-Executive Directors

Mr. Chen Riyue (appointed on 31 May 2019)
Mr. Hu Hanxiang (retired on 31 May 2019)

Independent Non-Executive Directors

Mr. Chung Kwok Mo John
Mr. Liew Fui Kiang (appointed on 31 May 2019)
Mr. Shin Yick Fabian (appointed on 31 May 2019)
Mr. Wu Youjun (retired on 31 May 2019)
Prof. Zhu Hongwei (retired on 31 May 2019)

Chief Executive Officer

Mr. Hu Jianpeng

Company Secretary

Mr. Kersen Chan

Audit Committee

Mr. Chung Kwok Mo John (*Chairman*)
Mr. Liew Fui Kiang (appointed on 31 May 2019)
Mr. Shin Yick Fabian (appointed on 31 May 2019)
Mr. Wu Youjun (retired on 31 May 2019)
Prof. Zhu Hongwei (retired on 31 May 2019)

Remuneration Committee

Mr. Shin Yick Fabian (*Chairman*) (appointed on 31 May 2019)
Mr. Liew Fui Kiang (appointed on 31 May 2019)
Mr. Wu Youjun (retired on 31 May 2019)
Prof. Zhu Hongwei (retired on 31 May 2019)
Mr. Chung Kwok Mo John
Mr. Hu Zheng

Nomination Committee

Mr. Hu Zheng (*Chairman*)
Mr. Chung Kwok Mo John
Mr. Liew Fui Kiang (appointed on 31 May 2019)
Mr. Shin Yick Fabian (appointed on 31 May 2019)
Mr. Wu Youjun (retired on 31 May 2019)
Prof. Zhu Hongwei (retired on 31 May 2019)

董事會

執行董事

胡正先生(*董事長*)
(胡健鵬先生為其候補董事)
胡漢程先生(*聯席董事長*)
(胡健君先生為其候補董事)
胡漢朝先生
(譚錫健先生為其候補董事)

非執行董事

陳日月先生(於二零一九年五月三十一日委任)
胡漢祥先生(於二零一九年五月三十一日退任)

獨立非執行董事

鍾國武先生
劉懷鏡先生(於二零一九年五月三十一日委任)
冼易先生(於二零一九年五月三十一日委任)
吳友俊先生(於二零一九年五月三十一日退任)
朱宏偉教授(於二零一九年五月三十一日退任)

行政總裁

胡健鵬先生

公司秘書

陳鉅升先生

審核委員會

鍾國武先生(*主席*)
劉懷鏡先生(於二零一九年五月三十一日委任)
冼易先生(於二零一九年五月三十一日委任)
吳友俊先生(於二零一九年五月三十一日退任)
朱宏偉教授(於二零一九年五月三十一日退任)

薪酬委員會

冼易先生(*主席*)(於二零一九年五月三十一日委任)
劉懷鏡先生(於二零一九年五月三十一日委任)
吳友俊先生(於二零一九年五月三十一日退任)
朱宏偉教授(於二零一九年五月三十一日退任)
鍾國武先生
胡正先生

提名委員會

胡正先生(*主席*)
鍾國武先生
劉懷鏡先生(於二零一九年五月三十一日委任)
冼易先生(於二零一九年五月三十一日委任)
吳友俊先生(於二零一九年五月三十一日退任)
朱宏偉教授(於二零一九年五月三十一日退任)

Corporate Information

公司資料

Risk Management Committee

Mr. Liew Fui Kiang (*Chairman*) (appointed on 31 May 2019)
Mr. Shin Yick Fabian (appointed on 31 May 2019)
Mr. Wu Youjun (retired on 31 May 2019)
Prof. Zhu Hongwei (retired on 31 May 2019)
Mr. Chung Kwok Mo John
Mr. Hu Zheng

Budget Management Committee

Mr. Hu Hanchao (*Chairman*)
Mr. Hu Zheng
Mr. Hu Haocheng

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Headquarters and Principal Place of Business in China

20th Floor, Building 2, Ocean Plaza
28 Boai No. 6 Road, Eastern District
Zhongshan City, Guangdong
The People's Republic of China

Principal Place of Business in Hong Kong

Suite 1404, 14th Floor
Jubilee Centre
18 Fenwick Street
Wan Chai
Hong Kong

Authorized Representatives

Mr. Hu Zheng
Mr. Kersen Chan

Legal Adviser

As to Hong Kong
Loeb & Loeb LLP

As to Bermuda law
Conyers Dill & Pearman

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

風險管理委員會

劉懷鏡先生(主席)(於二零一九年五月三十一日委任)
冼易先生(於二零一九年五月三十一日委任)
吳友俊先生(於二零一九年五月三十一日退任)
朱宏偉教授(於二零一九年五月三十一日退任)
鍾國武先生
胡正先生

預算管理委員會

胡漢朝先生(主席)
胡正先生
胡漢程先生

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

中國總公司及主要營業地點

中華人民共和國
廣東省中山市
東區博愛六路28號
遠洋廣場2幢20樓

香港主要營業地點

香港
灣仔
分域街18號
捷利中心
14樓1404室

授權代表

胡正先生
陳鉅升先生

法律顧問

香港法律
樂博律師事務所

百慕達法律
Conyers Dill & Pearman

核數師

德勤•關黃陳方會計師行
執業會計師
註冊公眾利益實體核數師

Corporate Information

公司資料

Principal Share Registrar and Transfer Office in Bermuda

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

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

Principal Bankers

Bank of China
Industrial and Commercial Bank of China
Industrial Bank Company Limited

Share Information

Stock code: 3363

Company's Official Website Address

<http://www.zhengye-cn.com>

百慕達主要股份過戶登記總處

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

香港股份過戶登記分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東 183 號
合和中心 54 樓

主要往來銀行

中國銀行
中國工商銀行
興業銀行股份有限公司

股份資料

股份編號：3363

本公司官方網站

<http://www.zhengye-cn.com>

Chairman's Statement

董事長報告

Dear Shareholders, 致尊敬的股東：

On behalf of the board of directors (the “**Board**”), I am pleased to present the annual results report of Zhengye International Holdings Company Limited (the “**Company**” or “**Zhengye International**”, together with its subsidiaries, our “**Group**” or the “**Group**”) for the year ended 31 December 2019 (the “**Year**”).

本人謹此代表董事會（「**董事會**」），向各位提呈正業國際控股有限公司（「**本公司**」或「**正業國際**」），連同其附屬公司統稱（「**本集團**」）截至二零一九年十二月三十一日止（「**年內**」）的全年業績報告。

In 2019, the paper and paper-based products industries entered the industry's active destocking cycle, and the actual demand for packaging paper was affected by both inventory and terminal demand. When the downstream industry chain had high inventory and entered the destocking cycle, the actual demand for packaging paper fell. In the second and third quarters, the corrugated medium paper and paper-based packaging products markets continuously showed a downward trend. During the reporting period, the Company faced the pressure in sales, which experiencing overall revenue and performance slowdown in the second and third quarters for the industry after all; the industry showed a recovery rebound in the fourth quarter with entering the traditional peak season of the industry and the low levels of downstream industry chain inventory. Order demand was gradually released, and the prices of base paper and paper-based products kept rising slightly to the end of the year, and the sales situation of the Company also improved.

Sino-U.S. Trade frictions are stalemate, the economy continues to be in a slump as retail sales of consumer goods are showing signs of weakness, which resulted the pressure in the prices of upstream and downstream products across the industry continuously. Therefore, the turnover of the Group was approximately RMB2,367,151,000, a decrease of 16.88% year-on-year (for the year ended 31 December 2018: RMB2,848,016,000). Driven from the benefit from the Group's active improvement of production efficiency and efforts to reduce cost consumption the gross profit margin increased to 18.96% during the year (compared with 17.9% in the last year). Profit and comprehensive income attributable to equity owners for the period amounted to RMB82,184,000, a year-on-year decrease of 24.85%. Basic earnings per share was approximately RMB16 cents. In order to cope with the complex market uncertainties and enhance the ability to resist risks of the Group, the Board has recommended declaring the payment of a final dividend of RMB3 cents per share (a dividend payout ratio of about 19%).

二零一九年，紙和紙製品行業進入行業主動去庫存週期；成品紙的實際需求受到庫存和終端需求的共同影響。當下遊產業鏈庫存高位並進入去庫存週期時，成品紙的實際需求下降。第二、三季度瓦楞原紙及紙製品市場均持續呈現震盪下行走勢。報告期內本公司的銷售受壓，在經歷第二、三季度行業整體營收與業績雙雙放緩後，隨著第四季度進入行業傳統旺季及下游產業鏈庫存低位，行業信心出現復蘇態勢，訂單需求逐步釋放，原紙和紙製品價格保持小幅上行至年末，本公司銷售狀況也隨之改善。

中美貿易摩擦膠著，經濟持續不景氣，社會消費品零售呈現疲軟態勢，整個產業上下游產品價格持續受壓。因此本集團總體營業額約人民幣2,367,151,000元，同比下降16.88%（二零一八年十二月三十一日止年度：人民幣2,848,016,000元）。得益於本集團積極提升生產效率，努力降低成本消耗，年內毛利率上升至18.96%（去年同期17.9%）。權益擁有人應佔期內溢利及全面收益額為人民幣82,184,000元，同比下跌24.85%。每股基本盈利約為人民幣16分。為應對市場更多不確定性及增強集團抗風險能力，董事會已建議派付末期股息每股人民幣3分（派息率約19%）。

Chairman's Statement

董事長報告

At the beginning of 2020, China and other parts of the world were affected by the new COVID-19 pneumonia epidemic, and global economic growth inevitably slowed down or even declined. The new COVID-19 epidemic has also impacted the supply and demand of commodities, and its impact on demand is far greater than the disturbance to supply. Due to the extensive and severe social alienation, many optional consumption and investment activities are nearing stagnation and have caused significant stockpiles. As the epidemic spreads in many countries, a severe global economic downturn may be unavoidable.

The industry chain where paper and paper-based packaging products are located will also be severely impacted. The Company has responded prudently and actively deployed its business strategy. The Group has strengthened control over the supply chain to further reduce procurement costs; improved technology and production processes to reduce production costs and save energy consumption; ensured stable supply of raw materials, and worked hard to expand sales. Zhengye International is also looking for opportunities in crisis. The Group has completed the acquisition of 80% equity of Jiangxi Yudu County Zhengyi Paper Products and Paper Company Limited* (江西于都縣正億紙品紙業有限公司) on 1 March 2020, to further expand the scale and sales scope to strengthen the regional sales strength. The Group will also continue to conduct in-depth research and develop more products in order to deal with the impact of the economic downturn.

The new COVID-19 pneumonia epidemic is a short-term impact on China's economic development and will not change the trend of long-term stability and development of the Chinese economy. Zhengye International will unite its efforts to move forward, prepare for changes and challenges, and seize more opportunities for development. On behalf of the Board, I would like to express my sincere gratitude to the employees, customers, suppliers, and shareholders for the trust and support of Zhengye International.

Hu Zheng
Chairman

Hong Kong, 29 April 2020

* For identification purpose only

二零二零年開篇，中國及世界各地受新型冠狀病毒肺炎疫情衝擊，全球經濟增長無可避免出現放緩甚至衰退。新冠疫情同時衝擊了商品的供應和需求，其對需求的影響遠大於對供應的擾動。由於廣泛和嚴重的社交疏離，許多可選消費和投資活動接近停滯，並造成了明顯的存貨堆積。隨著疫情在多國蔓延，嚴重的全球經濟衰退可能難以避免。

紙與紙製包裝產品所在產業鏈同樣會受到嚴重衝擊。本公司已審慎應對，積極部署經營策略。本集團已加強對供應鏈管控，進一步降低採購成本；改進技術和生產工藝，降低生產成本及節約能源消耗；保障原料供應穩定，努力拓展銷售業務。正業國際也在危中尋機。本集團已於二零二零年三月一日完成收購江西于都縣正億紙品紙業有限公司的80%股權，進一步擴大規模，擴大銷售範圍，增強地區銷售實力。本集團還將繼續深入研究，開發更多產品，擬應對經濟衰退帶來的衝擊。

新冠肺炎疫情對中國經濟的發展是一次短暫的衝擊，不會改變中國經濟長期穩定向好發展的趨勢。正業國際將會凝心聚力，砥礪前行，為變化和挑戰做好準備，把握更多發展的機遇。我謹代表董事會向公司員工、客戶、供應商、股東對正業國際的信任及支持致以由衷感謝。

董事長
胡正

香港，二零二零年四月二十九日

Management Discussion and Analysis

管理層討論與分析

Business Review

The Group is principally engaged in the production and sale of corrugated medium paper from recycled waste paper as well as the production and sale of paper-based packaging products used in consumer products such as household air conditioners, food seasonings and small household electronic products. The Group also provides customer with services for packaging design, printing, logistics, etc. of paper-based packaging, and provides customers with integrated packaging solutions. The Group is committed to become China's leading pioneer of environmental packaging enterprise. The Group's products mainly include corrugated medium paper and paper-based packaging products (i.e. watermark cartons, colour printing cartons and honeycomb paper-based products). The Group's main production bases are located in Zhongshan, Zhuhai in Guangdong Province, and Wuhan, Zhengzhou in Central China, and Shijiazhuang in Northern China. The Group is currently comprised with the operation of six wholly-owned subsidiaries and one holding company in the above regions. The Group's paper packaging products have a high market share in sub-segments such as air-conditioning packaging and condiment packaging, and have won the trust of many well-known domestic and foreign brands that provide customers with quality products and services. The low-weight and high-strength corrugated medium paper products produced by the Group have won the favor of customers in the Pearl River Delta market in Guangdong, leading to a steady increase of its market share.

In 2019, the Group's papermaking segment was affected by Sino-U.S. Trade frictions and the downturn of the international and domestic economies during the year, which downstream orders in the packaging carton industry decreased significantly, and the price of raw paper fell sharply. Under the difficult market situation because of the oversupply in the domestic paper industry, the Group continued to strengthen research and development of new products during the period, which successfully produced 48 g/m² AA grade low-quantity high-strength corrugated medium paper to increase the marketing efforts to successfully open new customers. At the same time, it improved equipment production efficiency, increased product capacity, reduced unit cost consumption in order to premise of stable product quality to achieve the increase about 1.60% in sales volume of the papermaking segment compared with the same period last year. However, due to the unit price of sales decreased by 16.44% compared with last year, it recorded the revenue of RMB1,559,861,000 during the year, which decreased by RMB282,942,000 compared with the same period last year; the profitability increased by 13.27% compared with the same period last year by contrast, which is better profit level in the industry. During the period, the Group signed a sale and purchase agreement to acquire a paper mill in Jiangxi in January 2020, and completed the transaction on 1 March 2020. This paper mill owns 200,000 tons of paper production capacity approval and which has been completed into production of 100,000 tons, this paper mill will be another new momentum to the future development of the Group's papermaking segment.

業務回顧

本集團主要利用回收的廢紙生產瓦楞芯紙銷售以及從事家用空調、食品調味料、小型家用電子產品等消費品所使用的紙製包裝產品的生產和銷售。本集團同時提供紙製包裝箱的包裝設計、印刷、物流等全面客戶服務，並為客戶提供一體化的包裝解決方案。本集團致力成為中國領先環保包裝企業。本集團的產品主要包括瓦楞芯紙以及紙製包裝產品(浮水印紙箱、彩印紙箱、蜂窩紙製品)。本集團主要生產基地位於廣東省中山市、珠海市，以及中國華中地區的武漢市、鄭州市以及中國華北地區的石家莊市，現集團於上述地區營運六家全資子公司，一家控股子公司，全力為客戶提供優質產品及服務。本集團紙製包裝產品在空調包裝、調味品包裝等細分領域擁有較高市場份額，獲得多個國內外知名品牌信任，本集團生產的低克重高強度瓦楞芯紙產品更在廣東珠三角市場贏得客戶青睞，擁有穩定市場佔有率。

二零一九年，本集團造紙板塊，年度內由於受到中美貿易摩擦以及國際、國內經濟下行影響；包裝紙箱行業下游訂單大幅減少，原紙價格大幅下跌。國內造紙行業整體供過於求，在此艱難市場環境下，本集團於期內繼續加強研發新產品，成功生產48g/m² AA級低定量高強度瓦楞芯紙，並加大市場行銷力度，成功開拓新客戶。同時，在穩定產品品質的前提下，積極提升設備生產效率，提升產品產能，降低了單位成本消耗，實現了造紙板塊的銷售數量較去年同期增長約1.60%。但由於銷售單價較去年下降約16.44%，年度內實現營業收入人民幣1,559,861,000元，較去年同期下降282,942,000元；但盈利能力卻較去年同期上升13.27%，處於行業較好的盈利水準。期內，洽談並購一家位於江西的造紙廠，並於二零二零年一月簽署股權收購協議，並在二零二零年三月一日完成交易，該造紙廠擁有二十萬噸造紙產能批文，現已建成投產十萬噸，該造紙廠將為集團造紙板塊未來發展新增動能。

Management Discussion and Analysis

管理層討論與分析

The packaging segment of the Group was greatly affected by the contraction of orders from downstream customers in 2019, which decreased by 14.81% approximately during the year, the unit price of products also fell by around 4.57% simultaneously. The revenue in the packaging segment recorded RMB807,290,000, a decrease of RMB197,923,000 compared with the same period last year, its profit also decreased by approximately 70.02%.

Product Introduction

Corrugated Medium Paper

The Group produces 48 to 140 g/m² of high-strength corrugated medium paper. Except for some of the Group's paper-based packaging products as raw materials, it is mainly sold to paperboard manufacturers and carton packaging manufacturers in the Pearl River Delta region of Guangdong. The total number of customers currently serving exceeds 120. The Group has been committed to the research and development of low-gram-weight high-strength corrugated medium paper products in order to achieve win-win cooperation with downstream packaging companies that customers can reduce cost to buy base-papers and jointly resist market competition pressure. The Group successfully developed 48 g/m² low-gram-weight high-strength corrugated medium paper products in 2019. This product has won customer recognition for its market scarcity and high cost performance. The gross profit margin of corrugated medium paper products in 2019 was approximately 18.44%, an increase of 2.28 percentage points from 16.16% as compared to the same period last year.

Paper-Based Packaging Products

The Group's paper packaging products use containerboard and corrugated medium paper as the main raw materials, including watermark cartons, colour printing cartons and honeycomb paper-based products. In 2019, the revenue in paper-based packaging products of the Group's was RMB807,290,000, representing a decrease of RMB197,923,000 or 19.69% as compared with 2018, it was mainly due to downstream customers' orders falling by 14.81% because of the economic downturn and unit price of products falling by 4.57% at the same time. The gross profit margin of paper-based packaging products in 2019 was approximately 19.96%, down by 1.13% percentage points from 21.09% as compared to the same period last year.

Watermark Cartons

The Group's watermark cartons are mainly used for household air-conditioning packaging, small household appliance packaging, household electronic consumer products, and food seasoning product packaging. The Group continues to ensure high-quality product supply and quality after-sales service, and enhance customer trust and access. Many brand customers favour and maintain long-term stable cooperation.

本集團包裝板塊在二零一九年受下游客戶訂單縮減影響較大，年度內訂單減少約14.81%，同時產品單價下跌約4.57%，包裝板塊期內實現營業收入人民幣807,290,000元，較去年同期下降人民幣197,923,000元，盈利也較去年減少約70.02%。

產品簡介

瓦楞芯紙

本集團生產48 g/m²至140 g/m²高強度瓦楞芯紙，除部分為本集團生產紙製包裝產品作為原材料外，主要向廣東珠三角地區紙板生產廠家、以及紙箱包裝廠家銷售，現服務的客戶總數量超過120家，本集團一直致力於研發低克重高強度瓦楞芯紙產品，以期與下游包裝企業合作共贏，降低客戶的原紙成本支出，共同抵禦市場競爭壓力。本集團於二零一九年度內成功研發48 g/m²低定量高強度瓦楞芯紙產品，該產品以其市場稀缺性以及高性價比贏得了客戶認同。瓦楞芯紙產品於二零一九年毛利率約為18.44%，較去年同期的16.16%上升2.28百分點。

紙製包裝產品

本集團的紙製包裝產品採用箱板紙、瓦楞芯紙作為主要生產原料，產品包括浮水印紙箱、彩印紙箱及蜂窩紙製品。二零一九年，本集團紙製包裝產品銷售收入人民幣807,290,000元，較二零一八年下降人民幣197,923,000元或19.69%，主要是由於下游客戶受經濟下行影響訂單下降14.81%以及產品單價同時下跌4.57%。二零一九年紙製包裝產品毛利率約為19.96%，與去年同期21.09%相比下降1.13%。

浮水印紙箱

本集團浮水印紙箱主要用於家用空調包裝、小型家電產品包裝、家用電子消費產品以及食品調味料產品包裝等，本集團持續確保較高品質產品供應與優質的售後服務，提高客戶信賴程度，獲得多家品牌客戶青睞並保持長期穩定合作。

Management Discussion and Analysis

管理層討論與分析

Colour Printing Cartons

In order to meet customers' requirements for different product packaging quality, the Group also provides high-quality colour printing cartons for household air-conditioning packaging, small household appliance packaging, household electronic consumer products and food seasoning product packaging.

Honeycomb Paper-Based Products

The honeycomb paper-based products produced by the Group mainly replace the plastic cushioning packaging materials and the alternative foam cushioning products used in the protection of the original various types of cartons. They are environmentally-friendly and energy-saving materials with light capacity, smooth surface, non-deformation and good cushioning performance; it can buffer the packaging for a variety of industries. The honeycomb paper products currently produced by our group are still mainly provided for the Group's floating watermark cartons and colour printing cartons.

Breakdown of the Group's Principal Activities

彩印紙箱

本集團為滿足客戶對於不同產品包裝品質的要求亦提供優質的用於家用空調包裝、小型家電產品包裝、家用電子消費產品以及食品調味料產品包裝等行業的彩印紙箱。

蜂窩紙製品

本集團生產的蜂窩紙製品主要替代原各類紙箱中用於保護的塑膠緩衝包裝材料以及替代泡沫襯墊產品，是容量輕、表面平整、不易變形、緩衝性能好的環保節能材料，現已用於多種行業的緩衝包裝。我集團現生產的蜂窩紙製品仍主要為本集團浮水印紙箱及彩印紙箱客戶提供配套。

本集團主營業務明細

		2019 二零一九年			2018 二零一八年		
		Turnover	Percentage of total revenue	Gross profit margin	Turnover	Percentage of total revenue	Gross profit margin
		營業額	佔總額	毛利率	營業額	佔總額	毛利率
		RMB'000	%	%	RMB'000	%	%
		人民幣千元	(%)	(%)	人民幣千元	(%)	(%)
Corrugated medium paper AA grade	瓦楞芯紙 AA級	1,559,861	65.90		1,842,803	64.70	
Subtotal	小計	1,559,861	65.90	18.44	1,842,803	64.70	16.16
Paper-based packaging Products	紙製包裝產品						
Watermark cartons	咖啡色紙箱	495,384	20.93		627,663	22.04	
Colour printing cartons	彩色紙箱	139,221	5.88		149,165	5.24	
Honeycomb paper-based products	蜂窩紙製品	172,685	7.29		228,385	8.02	
Subtotal	小計	807,290	34.10	19.96	1,005,213	35.30	21.09
TOTAL	總計	2,367,151	100.00	18.96	2,848,016	100.00	17.90

Management Discussion and Analysis

管理層討論與分析

Turnover by Customer at Paper-Based Packaging Products

紙製裝產品營額按客戶分析

		2019 二零一九年		2018 二零一八年	
		RMB'000	Percentage of total revenue (%)	RMB'000	Percentage of total revenue (%)
		人民幣千元	佔總額 百分比 (%)	人民幣千元	佔總額 百分比 (%)
Household air conditioners and small home appliances manufacturers	家用空調及小型家電生產商	592,774	73.43	796,141	79.20
Food and seasoning manufacturer	食品調味料生產商	163,191	20.21	194,805	19.38
Other	其他	51,325	6.36	14,267	1.42
TOTAL	總計	807,290	100.00	1,005,213	100.00

Capacity and Capacity Utilisation Rate

The Group provides one-stop service solution to its customers covering from recycling of waste paper, manufacturing of high-strength corrugated medium paper, production of corrugated cartons and honeycomb paper-based products to packaging services, making full use of our vertically integrated industrial chain.

產能及產能使用率

集團為客戶提供一站式服務方案由廢紙回收、高強瓦楞芯紙製造、瓦楞紙箱及蜂窩紙製品生產，以至包裝服務，充分發揮集團垂直整合產業鏈的效益。

Management Discussion and Analysis

管理層討論與分析

Corrugated Medium Paper

The main production base of corrugated medium paper is located in Zhongshan. For the year ended 31 December 2019, the Group had 7 corrugated medium paper production lines with a total designed annual capacity of 800,000 tons, making the Group one of the leading corrugated paper producers in Guangdong region. The Group always attached emphasis on improvement of production efficiency and optimization of plant management. During the Year, the Group adopted the performance indicator approach to management the corrugated medium paper production lines, successfully improving production volume and capacity utilisation rate.

瓦楞芯紙

瓦楞芯紙的主要生產基地位於中山，截至二零一九年十二月三十一日止年度，本集團擁有七條瓦楞芯紙生產線，總設計年產能達800,000噸，為廣東地區領先的瓦楞芯紙生產商之一。集團一直重視提升生產效率及優化廠房管理的工作，於年內，集團成功採用了績效指標有效管理瓦楞芯紙生產線，提高了產量以及產能使用率。

		2019			2018		
		Planned	Actual	Effective	Planned	Actual	Effective
		operation	operation	rate	operation	operation	rate
		(hours)	(hours)	(%)	(hours)	(hours)	(%)
		計劃運行	實際運行	有效率	計劃運行	實際運行	有效率
		(小時)	(小時)	(%)	(小時)	(小時)	(%)
Zhongshan Yong Fa	中山永發						
No. 1 paper machine	1號造紙機	8,634	8,106	93.88	8,525	7,922	92.93
No. 2 paper machine	2號造紙機	8,633	7,907	91.59	8,481	7,841	92.45
No. 3 paper machine	3號造紙機	8,216	7,633	92.90	8,482	7,894	93.07
No. 5 paper machine	5號造紙機	8,554	7,963	93.09	8,557	7,813	91.31
Hung Hing	鴻興						
No. 1 paper machine	1號造紙機	8,437	7,783	92.25	8,343	7,915	94.87
No. 2 paper machine	2號造紙機	8,498	7,510	88.37	8,320	7,876	94.66
No. 3 paper machine	3號造紙機	8,382	7,729	92.21	8,344	7,913	94.83

Paper-Based Packaging Products

For the year ended 31 December 2019, the Group had a total of 13 production lines (including 8 corrugated cartons production lines (1 production line is under optimization) and 5 honeycomb paper-based products production lines) which are mainly located in five cities including Zhongshan, Zhuhai, Wuhan, Shijiazhuang and Zhengzhou. The Group's total designed annual capacity for corrugated cartons reached 621,216,000 square meters, whereas that for honeycomb paper-based products was 25,581,000 square meters. The Group made persistent efforts to improve production deployment, and carried out upgrading and transformation on certain production facilities during the Year, effectively improving the production volume and capacity utilisation rate, which in turn enhanced the overall operational efficiency and cost advantage of the Group.

紙製包裝產品

截至二零一九年十二月三十一日止年度，本集團共有十三條生產線（包括八條瓦楞紙箱生產線（其中一條生產線進行優化工程）及五條蜂窩紙製品生產線），生產基地主要分佈於中山、珠海、武漢、石家莊及鄭州共五個城市。本集團瓦楞紙箱總設計年產能達621,216,000平方米、蜂窩紙製品總設計年產能達25,581,000平方米。集團完善的生產佈局，使集團在生產成本、產業鏈整合、以及客戶服務上都能夠產生協同效應，在整體營運效益上發揮優勢。

Management Discussion and Analysis

管理層討論與分析

		2019 二零一九年			2018 二零一八年		
		Design capacity 設計產能 '000 sq.m. 千平方米	Actual capacity 實際產能 '000 sq.m. 千平方米	Capacity utilization rate 產能使用率 (%) (%)	Design capacity 設計產能 '000 sq.m. 千平方米	Actual capacity 實際產能 '000 sq.m. 千平方米	Capacity utilization rate 產能使用率 (%) (%)
Zhongshan	中山						
No. 1 corrugated cartons production line	1號瓦楞紙箱生產線	38,880	9,887	25.43	38,880	20,686	53.21
No. 3 corrugated cartons production line	3號瓦楞紙箱生產線	38,880	318	0.82	38,880	3,973	10.22
No. 7 honeycomb paper-based product production line	7號蜂窩紙製品生產線	4,312	3,672	85.17	4,312	3,703	85.88
No. 8 honeycomb paper-based product production line	8號蜂窩紙製品生產線	3,525	3,169	89.89	3,525	2,981	84.57
New No. 2 corrugated cartons production line	新2號瓦楞紙箱生產線	184,140	57,362	31.35	184,140	61,840	33.58
Zhuhai	珠海						
No. 5 corrugated cartons production line	5號瓦楞紙箱生產線	72,900	44,067	60.45	72,900	38,150	52.33
No. 6 corrugated cartons production line	6號瓦楞紙箱生產線	45,360	20,866	46.00	45,360	29,289	64.57
No. 11 corrugated cartons production line	11號瓦楞紙箱生產線	150,660	7,124	4.73	N/A 不適用	N/A 不適用	N/A 不適用
No. 15 corrugated cartons production line*	15號瓦楞紙箱生產線*	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Shijiazhuang	石家莊						
No. 9 corrugated cartons production line	9號瓦楞紙箱生產線	90,396	11,135	12.31	90,396	17,793	19.68
No. 10 honeycomb paper-based product production line	10號蜂窩紙製品生產線	6,696	4,245	63.40	6,696	6,515	97.30
Zhengzhou	鄭州						
No. 12 honeycomb paper-based product production line	12號蜂窩紙製品生產線	4,352	3,479	79.93	4,352	4,332	99.54
Wuhan	武漢						
No. 14 honeycomb paper-based product production line	14號蜂窩紙製品生產線	6,696	4,086	61.03	6,696	4,131	61.69
TOTAL corrugated cartons	總計 瓦楞紙箱	621,216	150,759	24.26	470,556	171,731	36.50
honeycomb paper-based product	蜂窩紙製品	25,581	18,651	72.91	25,581	21,662	84.68

* No. 15 production lines is under optimization.

* 第15號生產線正進行優化工程。

Management Discussion and Analysis

管理層討論與分析

Acquisition of 80% of Equity Interest in Zhengyi

On 3 January 2020, the Group announced the acquisition of 80% of equity interest in Yudu County Zhengyi Paper Products and Paper Industry Company Limited* (于都縣正億紙品紙業有限公司) (“Zhengyi”) at a consideration of RMB60,000,000. The acquisition has been completed on 1 March 2020. Zhengyi located in Jiangxi Province, operates the manufacture and sale of corrugated papers and waste paper recycling, with a designed production capacity of 100,000 tons per annum. The Company is optimistic in the high-end corrugated medium paper industry and believe that there is a large demand for high-end corrugated medium paper in the market.

Financial Review

For the year ended 31 December 2019, the revenue of the Group was approximately RMB2,367,151,000 (2018: RMB2,848,016,000), representing a decrease of approximately RMB480,865,000 or 16.88%, of which the revenue of paper-making segment decreased 15.35% and its sales volume of products increased by 1.60% compared with last year, and the sales unit price decreased about 16.44%; the revenue of packaging segment dropped 19.69% because of the decrease in the sales volume and selling price per unit by approximately 14.81% and 4.57% respectively. The Group’s gross profit margin for the year of 2019 was 18.96% (2018: 17.90%), an increase of 1.06 percentage points as compared with the same period of last year, it is mainly due to the gross profit of paper-making segment of the Group increased 2.28 percentage points from 16.16% last year to 18.44% in the year.

For the year ended 31 December 2019, the profit and total comprehensive income for the Year attributable to owners of the Group was RMB82,184,000 (2018: RMB109,358,000), representing a decrease of RMB27,174,000 or 24.85% as compared with the same period last year, it was mainly due to both decreases in sales volume and selling price per unit of the packaging segment, which results the profit of packaging segment decreased about 70.02% as compared to the same period last year.

收購正億的80%股權

於二零二零年一月三日，本集團訂立收購于都縣正億紙品紙業有限公司(「正億」)的80%股本權益的正億協議，代價為人民幣60,000,000元。收購項目已於二零二零年三月一日完成。正億位置江西省，從事生產及銷售瓦楞紙及廢紙回收，其年設計產能為100,000噸。本公司對高端瓦楞紙製造行業持樂觀態度，並認為市場對高端瓦楞紙需求殷切。

財務回顧

截至二零一九年十二月三十一日止年度，本集團的收入約人民幣2,367,151,000元(二零一八年度：人民幣2,848,016,000元)，下降約人民幣480,865,000元或16.88%，其中造紙板塊銷售收入下降15.35%，當中產品銷售數量較去年增長1.60%、銷售單價下降約16.44%，而包裝板塊的銷售收入下降19.69%，主要是由於銷售數量及銷售單價分別下降幅度約14.81%及4.57%。二零一九年集團毛利率18.96%(二零一八年度：17.90%)，較去年同期上升1.06百分點，主要是集團造紙板塊本年度毛利率18.44%，較去年的16.16%上升2.28百分點。

截至二零一九年十二月三十一日止年度，本集團股本持有人應佔全面收益總額為人民幣82,184,000元(二零一八年度：人民幣109,358,000元)，較去年同期下降人民幣27,174,000元或24.85%，主要原因是包裝板塊的銷售數量及銷售單價均下降，致使包裝板塊盈利較去年同期大幅下降約70.02%所致。

Management Discussion and Analysis

管理層討論與分析

Group's Profit

For the year ended 31 December 2019, the Group's profit before tax was approximately RMB119,180,000 (2018: RMB154,014,000), representing a decrease of RMB34,834,000 or 22.62% as compared with the same period last year.

The finance costs were approximately RMB45,835,000 (2018: RMB46,295,000), a slight decrease 0.99% at the same period last year. As at 31 December 2019, the balance of bank borrowings, other borrowings and obligations under a finance lease of the Group amounted RMB873,312,000, represented a decrease of RMB91,605,000 to RMB964,917,000. Interest expenses in finance costs reduced RMB4,268,000 in the year. However, to the implementation of the initial application of HKFRS 16 — Leasing in 2019, this calculated present value of lease liabilities in finance costs, affecting the amount of RMB3,808,000, the finance costs lowered RMB460,000 as compared to last year only.

The income tax expense was approximately RMB18,152,000 (2018: RMB23,301,000), representing a decrease of RMB5,149,000 as compared with the same period last year.

Prospects

In 2020, it is expected that the trade friction between China and the United States and the outbreak of the new novel coronavirus (COVID-19) epidemic will cause the Chinese economy to be oppressed and make Chinese enterprises encounter unprecedented difficulties. However, the economic fundamentals of China remain stable while China's industrial economy is still making progressing in transformation. China's status as the world's largest consumer, exporter, and consumer product manufacturer remains unchanged, and it has further strengthened that Chinese enterprises continue to move towards reform and innovation. The two major paper production bases of the Group will ban the burning of raw coal and use clean energy such as natural gas in accordance with government requirements in 2020. It is expected that it will have a certain impact on the Group's operating efficiency in the short term. However, for the long-term growth and development, the Group will face difficulties and turn crisis into opportunities, vigorously promote technological research and development, improve equipment operation efficiency, and improve the overall competitiveness and profitability of the Group with products that better fulfill market demand and more comprehensive and high-quality services. At the same time, the Group will also continue to pay attention to investment projects with development prospects, and develop steadily while maintaining the capital structure, and strive to create higher returns for shareholders.

集團盈利

截至二零一九年十二月三十一日止年度，本集團所得稅前利潤約為人民幣119,180,000元（二零一八年度：人民幣154,014,000元），較去年同期減少人民幣34,834,000元或22.62%。

財務費用約為人民幣45,835,000元（二零一八年度：人民幣46,295,000元），較去年同期下降0.99%。集團於二零一九年十二月三十一日銀行借款、其他借款以及融資租賃應付款項為人民幣873,312,000元，較去年同期人民幣964,917,000元減少人民幣91,605,000元。財務費用中利息支出於年內減少人民幣4,268,000元。但由於二零一九年首次應用香港財務報告準則16租賃，租賃負債計算現值計入融資成本，影響金額人民幣3,808,000元，財務費用較去年同期下降僅人民幣460,000元。

所得稅項開支約人民幣18,152,000元（二零一八年度：人民幣23,301,000元），較去年同期減少人民幣5,149,000元。

展望

二零二零年，預期中美貿易摩擦以及年初爆發的新冠肺炎疫情使得中國經濟受到壓迫，也使得中國企業遇到了前所未見的困難；但中國的經濟基本面仍然穩定，中國的產業經濟雖面臨轉型但仍然在進步。中國作為全世界最大的消費國、出口國以及消費產品製造國的地位不變，也更堅定了中國企業繼續朝著改革和創新的方向邁進。本集團兩大主要造紙生產基地於二零二零年內將按政府要求禁止燃燒原煤，改為使用天然氣等清潔能源，預期短期內對集團的經營效益造成一定影響；但為了企業長足的成長與發展，集團將直面困難，化危機為機遇，大力推動技術研發，提升設備運營效率，以更能滿足市場需求的產品、更為全面優質的服務，提升集團整體競爭力及盈利能力。同時，集團亦將繼續留意有發展前景之投資專案，在保持資本結構的前提下穩步發展，爭取為股東創造更高回報。

Management Discussion and Analysis

管理層討論與分析

Partial Financial Statement Analysis

Cost of Sales

The Group's cost of sales increased from RMB2,338,314,000 in 2018 to RMB1,918,338,000, representing a drop of 17.96%.

Corrugated Medium Paper

The cost of sales of corrugated medium paper were RMB1,272,188,000 (2018: RMB1,545,070,000), representing a decrease of 17.66%.

Paper-Based Packaging Products

The cost of sales of paper-based packaging products were RMB646,150,000 (2018: RMB793,244,000), representing a decrease of 18.54%.

Gross Profit and Gross Profit Margin

The gross profit recorded for the Year is RMB448,813,000, representing a decrease of 11.95% as compared with RMB509,702,000 in Year 2018. The average gross profit margin increased from 17.90% in Year 2018 to 18.96% for the Year.

Corrugated Medium Paper

The gross profit from corrugated medium paper for 2019 was RMB287,673,000 (2018: RMB297,733,000), representing a drop of 3.38%. The overall gross profit margin for 2019 was 18.44% (2018: 16.16%), up by 2.28 percentage points.

Paper-Based Packaging Products

The gross profit from paper-based packaging products for 2019 was RMB161,140,000 (2018: RMB211,969,000), representing a decrease of 23.98%. The overall gross profit margin for 2019 was 19.96% (2018: 21.09%), declined of 1.13 percentage points.

Other Income, Other Gains and Losses

Other income, other gains and losses mainly included income from interest RMB6,224,000 (2018: RMB2,388,000), government subsidies RMB5,262,000 (2018: RMB6,100,000) and net amount of exchange losses RMB932,000 (2018: RMB1,594,000).

Distribution and Selling Expenses

The distribution and selling expenses of the Group decreased by approximately 1.98% from RMB74,472,000 for the Year 2018 to RMB72,994,000 for the Year. The distribution and selling expenses during the Year mainly included salaries of salesmen, transportation costs and business promotion expenses. The decrease of distribution and selling expenses is mainly due to the decrease in transportation costs in order to decline in sales.

部分財務報表分析

銷售成本

本集團的銷售成本由二零一八年度人民幣2,338,314,000元減少至人民幣1,918,338,000元，降幅17.96%。

瓦楞芯紙

瓦楞芯紙銷售成本為人民幣1,272,188,000元(二零一八年度：人民幣1,545,070,000元)，減少17.66%。

紙製包裝產品

紙製包裝產品銷售成本為人民幣646,150,000元(二零一八年度：人民幣793,244,000元)，下降18.54%。

毛利及毛利率

本年度之毛利為人民幣448,813,000元，較二零一八年度同期的人民幣509,702,000元減少11.95%。平均毛利率由二零一八年度的17.90%上升至本年度的18.96%。

瓦楞芯紙

瓦楞芯紙二零一九年度毛利為人民幣287,673,000元(二零一八年度：人民幣297,733,000元)，下跌3.38%。二零一九年度整體毛利率為18.44%(二零一八年度：16.16%)，上升2.28百分點。

紙製包裝產品

紙製包裝產品二零一九年度毛利為人民幣161,140,000元(二零一八年度：人民幣211,969,000元)，下跌23.98%。二零一九年度整體毛利率為19.96%(二零一八年度：21.09%)，減少1.13百分點。

其他收入、其他收益及虧損

其他收入、其他收益及虧損主要包括利息收入人民幣6,224,000元(二零一八年度：人民幣2,388,000元)、政府補貼人民幣5,262,000元(二零一八年度：人民幣6,100,000元)及匯兌虧損淨額人民幣932,000元(二零一八年度：人民幣1,594,000元)。

分銷及銷售費用

本集團分銷及銷售費用由二零一八年度的人民幣74,472,000元下降至人民幣72,994,000元，降幅約為1.98%。於本年度內，分銷及銷售費用主要是人員工資、運輸成本及業務推廣等費用。分銷及銷售費用下降原因是由於銷售減少，年內的運輸費用減少所致。

Management Discussion and Analysis

管理層討論與分析

Administrative Expenses

The Group's administrative expenses decreased by approximately 4.04% from RMB143,656,000 for the Year 2018 to RMB137,858,000 for the Year. The administrative and other expenses during the Year mainly included salaries of management, staff welfare, rent and depreciation. The decrease of administrative expenses is mainly due to the decline in salaries in relation to payment of performance bonus to certain management personnel for the Year.

Finance Costs

Finance costs of the Group decreased by approximately 0.99% from RMB46,295,000 for the Year 2018 to RMB45,835,000 for the Year.

Interest rates of bank borrowings were at variable rates ranging from 3.85% to 5.66% for the Year, as compared with 4.35% to 6.18% for Year 2018. The weighted average interest rates under bank borrowings in fixed rate, bank borrowings in variable rate, lease liabilities/obligations under finance leases in fixed rate and other borrowings in variable rate during the Year were 4.01%, 4.83%, 5.78% and 11.39% respectively (2018: 4.90%, 5.27%, 6.12% and 9.28% respectively).

Research and Development Expenses

Research and development expenses of the Group decreased by 10.78% from RMB95,239,000 in the Year 2018 to RMB84,970,000 for the Year. The research and development expenses was mainly due to our goal to improve the competitiveness of the Group's products and to develop new products in response to demand from customers, for which the Group conducted research on new technology and new process to enhance production efficiency and product quality.

Profit and Total Comprehensive Income

The Group's profit and total comprehensive income for the Year was RMB101,028,000. The profit and total comprehensive income for the year attributable to owners of the Company was RMB82,184,000, representing a drop of 24.85% to RMB109,358,000 to the profit and total comprehensive income attributable to owners of the Company for Year 2018, it is mainly due to decreases in sales volume and selling price per unit of the packaging segment to resulted a significant drop in profit from packaging segment about 70.02%.

Dividend Policy

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the Bye-laws of the Company. Subject to compliance with applicable laws, rules, regulations and the Bye-laws, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company.

行政開支

本集團行政開支由二零一八年度之人民幣143,656,000元下降至人民幣137,858,000元，降幅約為4.04%。行政開支主要是管理人員工資、福利費用、租金及折舊等費用。行政開支下降原因主要是年內有關管理人員工資及績效獎金減少所致。

融資成本

本集團融資成本由二零一八年度之人民幣46,295,000元下跌至人民幣45,835,000元，降幅約0.99%。

於本年度，銀行借款利率按浮動利率介乎3.85%至5.66%，而二零一八年則介乎4.35%至6.18%。在年內按加權平均的銀行借款定息、銀行借款浮息及租賃負債／融資租賃應付款項定息及其他借款浮息利率分別為4.01%、4.83%、5.78%及11.39%（二零一八年：分別為4.90%、5.27%、6.12%及9.28%）。

研發支出

本集團的研發支出由二零一八年度之人民幣95,239,000元下降至人民幣84,970,000元，降幅約為10.78%。研發支出主要是為了達到提升集團產品競爭力的目的及應客戶需求進行新產品的開發及新技術、新工藝的研發以提升生產效率及產品品質。

溢利及全面收益

於年內的溢利及全面收益總額為人民幣101,028,000元。本公司擁有人應佔年度溢利及全面收益為人民幣82,184,000元，較二零一八年度本公司擁有人應佔年度全面收益的人民幣109,358,000元，下降24.85%，主要是由於年內包裝分部銷售量及銷售單價減少，包裝板塊盈利大幅下降約70.02%所致。

股息政策

本公司必須根據相關法律、規則、法規及受限於本公司細則制定任何股息派付的宣派、形式、頻率及金額。根據適用法律、規則、法規及公司細則，於決定是否提議派付股息時，董事會將考慮（其中包括）本公司的財務業績、收益及可分配儲備、營運及流動資金需求，負債比率及信貸額度可能產生的影響和現時及未來發展計劃。

Management Discussion and Analysis

管理層討論與分析

Dividends

In the highly volatility of the current domestic and international market under the outbreak of novel coronavirus (COVID-19) epidemic at China in early 2020 would cause a lot of uncertainties. Therefore, the Board has recommended, subject to the approval of the Shareholders at the Annual General Meeting (the "AGM"), the payment of a final dividend of RMB3.00 cents (equivalent to HKD3.246 cents) per Share for the Year (2018: a final dividend of RMB10.00 cents per Share) to those Shareholders whose names appear on the register of members of the Company on Friday, 3 July 2020. The recommended final dividend, if approved at the AGM on Friday, 26 June 2020. The recommended final dividend will be paid in Hong Kong dollars. The RMB to Hong Kong dollar exchange rate for the final dividend calculated using the opening indicative counter buying telegraphic transfer rate for off-shore RMB of The Hong Kong Association of Banks announced on 27 March 2020. The final dividend is expected to be paid on or around Wednesday, 15 July 2020.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 22 June 2020 to Friday, 26 June 2020 (both days inclusive). During the period, no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 June 2020.

For determining the entitlement of the recommended final dividend, the register of members of the Company will be closed from Monday, 6 July 2020 to Tuesday, 7 July 2020 (both days inclusive). During the period, no transfer of shares will be registered. In order to qualify to the recommended final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 3 July 2020. The final dividend will be paid to shareholders on or around Wednesday, 15 July 2020.

股息

基於二零二零年初於中國大陸爆發新型冠狀肺炎疫症，現時國內、國際市場環境非常波動，存在大量不確定因素。故此，董事會建議向於二零二零年七月三日(星期五)名列本公司股東名冊上的股東支付本年度的末期股息每股人民幣3.00分，相當於每股港幣3.246仙(二零一八年：末期股息每股人民幣10.00分)，惟須獲股東於二零二零年六月二十六日(星期五)舉行之應屆股東週年大會(「股東週年大會」)上批准，方可作實。如在股東週年大會上獲批准，建議之末期股息將以港幣支付。末期股息的人民幣／港幣兌換率按香港銀行公會於二零二零年三月二十七日公佈之開市參考牌價的離岸人民幣電匯購入價計算。末期股息將於二零二零年七月十五日(星期三)或前後向股東派發。

暫停辦理股份過戶登記手續

為釐定股東週年大會的出席及表決資格，本公司股份過戶登記處將於二零二零年六月二十二日(星期一)至二零二零年六月二十六日(星期五)(包括首尾兩天在內)暫停辦理股份過戶登記手續。凡擬出席股東週年大會及於會上表決的人士，務必將所有過戶文件連同相關股份證書於二零二零年六月十九日(星期五)下午四時三十分前交回本公司的香港股份過戶登記分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心54樓。

為釐定建議的末期股息資格，本公司股份過戶登記處將於二零二零年七月六日(星期一)至二零二零年七月七日(星期二)(包括首尾兩天在內)暫停辦理股份過戶登記手續。凡擬領取建議的末期股息的人士，務必將所有過戶文件連同相關股份證書於二零二零年七月三日(星期五)下午四時三十分前交回本公司的香港股份過戶登記分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心54樓。末期股息將於二零二零年七月十五日(星期三)或前後向股東派發。

Management Discussion and Analysis

管理層討論與分析

Liquidity, Financial Resources and Capital Structure

In 2019, the Group's main sources of funding were cash generated from operating activities and bank loans

流動資金、財政資源及資本結構

於二零一九年度本集團的資金來源主要為經營活動所產生的現金及銀行貸款。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Net assets	資產淨額	1,124,407	1,073,379
Bank balances and cash	銀行結餘及現金	231,089	258,981
Total borrowings	借款總額	873,312	957,471
Equity attributable to the Owners of the Company	本公司擁有人應佔權益	925,909	893,725
Current ratios	流動比率	1.13	1.05
Net gearing ratio*	淨資產負債比率*	54.25%	65.97%

* The net gearing ratio is calculated as net borrowings divided by equity attributable to the Owners of the Company, in which the net borrowings are calculated as total bank and other borrowings less pledge deposits and bank balances and cash.

* 淨資產負債比率乃按借款總額除以本公司擁有人應佔權益計算，其中借款淨額按銀行及其他借款總額減去已抵押銀行存款及銀行結餘及現金計算。

Cash Flow

As at 31 December 2019, the Group had a net cash outflow of RMB27,892,000.

The net amount of the cash outflow generated from investing activities for the purchase of property, plant and equipment in amount of RMB86,052,000, and the deposit paid for acquisition of property, plant and equipment in amount of RMB6,785,000.

現金流量

於二零一九年十二月三十一日，本集團現金淨額流出人民幣27,892,000元。

投資活動所用的現金淨額主要為購入物業、廠房及設備和獲取物業、廠房及設備的款項，金額分別為人民幣86,052,000元及人民幣6,785,000元。

Inventories

The inventories decreased by 15.15% to RMB137,275,000 as at 31 December 2019 as compared to the inventories balance of RMB161,778,000 as at 31 December 2018. During the Year, the inventory turnover day was extended up to 28 days (2018: 25 days), remaining at a normal level.

存貨

存貨下跌15.15%至於二零一九年十二月三十一日人民幣137,275,000元，而於二零一八年十二月三十一日存貨餘額則為人民幣161,778,000元。於本年度，存貨周轉天數放緩至28天(二零一八年度：25天)，屬正常水準。

Trade Receivables

As at 31 December 2019, the trade receivables amounted to RMB429,804,000 (as at 31 December 2018: RMB502,272,000). We generally granted credit period of 30 to 120 days to our paper-based packaging products customers and credit period of 30 to 75 days to our corrugated medium paper customers. The trade receivables turnover days delayed to 72 days (2018: 66 days).

貿易應收款項

於二零一九年十二月三十一日，貿易應收款項為人民幣429,804,000元(二零一八年十二月三十一日：人民幣502,272,000元)。本集團向包裝紙品客戶授予介乎30天至120天的信用期，並向瓦楞紙客戶授予30天至75天的信用期。貿易應收款項的周轉天數延長至約72天(二零一八年度：66天)。

Trade Receivables Backed by Bank Bills Receivables

As at 31 December 2019, the trade receivables backed by bank bills receivables amounted to RMB298,640,000 (31 December 2018: RMB423,006,000).

以銀行票據為後盾的貿易應收款項

於二零一九年十二月三十一日，以銀行票據為後盾的貿易應收款項為人民幣298,640,000元(二零一八年十二月三十一日：人民幣423,006,000元)。

Management Discussion and Analysis

管理層討論與分析

Trade Payables

As at 31 December 2019, the trade payables amounted to RMB156,003,000 (as at 31 December 2018: RMB205,383,000). The Group managed to obtain a credit period of 30 to 120 days from the majority of its suppliers. The trade payables turnover days was shortened to 34 days (2018: 37 days), which was mainly due to the Group continued to convert settlements to its suppliers from using bank acceptance bills to cash settlement to reduce the purchase of cost of raw materials from said suppliers continuously.

Borrowings

As at 31 December 2019, the Group's bank borrowings and other borrowings balance amounted to RMB873,312,000 (as at 31 December 2018: RMB957,471,000).

Gearing Ratio

As at 31 December 2019, the gross gearing ratio was approximately 36.02% (as at 31 December 2018: 37.43%), which was calculated on the basis of the total amount of bank borrowings and other borrowings as a percentage of the total assets. The net gearing ratio was 54.25%, which was calculated on the basis of the amount of bank borrowings and other borrowings less pledged bank deposits and cash and bank balances as a percentage of the shareholders' equity (as at 31 December 2018: 65.97%).

Pledge of Assets

As at 31 December 2019, the Group pledged certain assets with carrying value of RMB789,547,000 as collateral for the Group's borrowing (as at 31 December 2018: RMB936,377,000). As the Group shifted the original settlement of bank acceptance bills to cash settlement during the year, the discount on bank acceptance bills was decreased compared with last year, resulting in a decrease in the amount of collateral borrowed by the Group during the year. Please refer to note 39 to the Consolidated Financial Statements of the Company for details.

Capital Commitments

As at 31 December 2019, the Group's capital commitments (including the engaged and authorized capital commitments) were RMB23,275,000 (as at 31 December 2018: RMB12,855,000). All the capital commitments were related to purchase of properties, plants and equipment.

Contingent Liabilities

The Group had no significant contingent liabilities or litigation or arbitration of material importance as at 31 December 2019.

Foreign Currency Exposure

The Group collects most of its revenue and incurs most of the expenditures in RMB. Although the Group undertakes certain transactions denominated in foreign currencies, mainly the currency of United States and the currency of Hong Kong, the exposures to exchange rate fluctuations is minimal. The Group currently does not have a foreign currency hedging policy. The Directors, however, will monitor foreign exchange rate closely and consider entering into foreign currency hedging arrangement should the need arise.

貿易應付款項

於二零一九年十二月三十一日，貿易應付款項為人民幣156,003,000元(二零一八年十二月三十一日：人民幣205,383,000元)。大部分供應商向本集團授予介乎30天至120天的信用期。貿易應付款項的周轉天數縮短至34天(二零一八年度：37天)。周轉天數減少原因是本集團繼續推行將原使用銀行承兌匯票結算之供應適轉為以現金結算，以降低向供應商購買原材料之成本。

借款

於二零一九年十二月三十一日，本集團銀行借款及其他借款結餘人民幣873,312,000元(於二零一八年十二月三十一日：人民幣957,471,000元)。

資產負債比率

於二零一九年十二月三十一日，總資產負債比率約為36.02%(於二零一八年十二月三十一日：37.43%)，此乃按銀行借款及其他借款金額佔總資產百分比計算。淨資產負債比率為54.25%(於二零一八年十二月三十一日：65.97%)，此乃按銀行借款及其他借款金額減已抵押銀行存款及現金及銀行結餘後，佔股東權益百分比計算。

資產抵押

於二零一九年十二月三十一日，本集團抵押若干賬面值人民幣789,547,000元(於二零一八年十二月三十一日：人民幣936,377,000元)的資產，作為本集團借貸的抵押品。由於年內本集團將原使用銀行承兌匯票結算之供應適轉為以現金結算，減少了銀行承兌匯票的貼現，使得年度內本集團借貸的抵押品之票據減少。詳情請參閱本公司綜合財務報表附註39。

資本承擔

於二零一九年十二月三十一日，本集團資本承擔(包括已訂約及授權的資本承擔)為人民幣23,275,000元(於二零一八年十二月三十一日：人民幣12,855,000元)，所有資本承擔為收購物業、廠房及設備。

或有負債

於二零一九年十二月三十一日，本集團並無重大或有負債或重大訴訟或仲裁。

匯率風險

本集團大部份收入及產生的支出以人民幣計算。本集團進行若干以外幣計值的交易，主要是美元及港元，其承受匯率波動風險較低。本集團現時並無外幣對沖政策。然而，董事會緊密地監督外匯匯率及有必要時考慮安排進行外幣對策之需要。

Management Discussion and Analysis

管理層討論與分析

Human Resource Management

The Group had 2,684 employees as at 31 December 2019 (as at 31 December 2018: 2,956 employees), in which approximately 473 were engineers and technical staff or employees with higher education backgrounds. The staff costs amounted to RMB239,911,000 for the year ended 31 December 2019 (for the year ended 31 December 2018: RMB261,922,000). The table below shows the number of employees of the Group by function as at 31 December 2018:

Function		Number of employees	Percentage of total number of employees
職能		僱員數目	佔僱員總數的百分比
Management and Administration	管理及行政	463	17.25%
Sales and Marketing	銷售及營銷	83	3.09%
Research and Development in Technology and Engineering	研發技術及工程	316	11.78%
Production and Quality Control	生產及質量控制	1,822	67.88%
Total	合計	2,684	100.00%

Our remuneration is determined by reference to the employees' experience, qualification and overall market situation, while the bonus is related to the financial performance of the Group and the individual performance. The Group also undertakes to provide proper trainings and sustainable professional development opportunities for the employees if needed.

The Company has also adopted a share option scheme (the "Share Option Scheme") and a share award scheme (the "Share Award Scheme") with a primary purpose of motivating our employees and other eligible persons entitled under the Share Option Scheme or the Share Award Scheme to optimize their contributions to the Group and to reward them for their contribution to the Group.

人力資源管理

於二零一九年十二月三十一日，本集團僱用2,684名員工（於二零一八年十二月三十一日：2,956名員工），當中約473名為工程師及技術人員或具有高等教育背景的僱員。截至二零一九年十二月三十一日止年度的總員工成本達人民幣239,911,000元（截至二零一八年十二月三十一日止年度：人民幣261,922,000元）。下表載列於二零一八年十二月三十一日本集團按職能劃分的僱員數目：

本集團的薪酬待遇乃參考個別員工的經驗及資質及整體市況而定。花紅與本集團的財務業績及個別表現掛鈎。本集團亦保證會根據所有僱員的需求向彼等提供適當的培訓及持續專業發展機會。

本公司同時已採納購股權計劃（「購股權計劃」）及股份獎勵計劃（「股份獎勵計劃」），主要目的是透過購股權計劃及股份獎勵計劃激勵員工及其他合資格人士，提升其對本集團的貢獻，及就彼等過去的貢獻給予獎勵。

Management Discussion and Analysis

管理層討論與分析

Major Risks and Uncertainties

In order to achieve stable business operations, the management of the Company pays close attention to the risk factors that the company may face. Based on the key risk indicators, after evaluation and analysis, the risks faced by the Company mainly include:

1. Operational Risks from Macroeconomic Control:

Due to macroeconomic policy adjustments, certain impacts on the upstream and downstream customers of the Group will indirectly affect the sales and profits of packaging and papermaking enterprises (including the Group). Due to the tightening of the environmental protection policy, the cost of the paper packaging industry will increase and there will be certain operational risks.

2. Business Risks Arising from Fluctuations in Raw Material Prices:

Since the costs of raw material account for a relatively high proportion of production costs, fluctuations in raw material prices have a certain impact on profits.

3. Risks from Market Competition:

The Group's packaging business has a low concentration. The enterprises with certain scale and strength in the industry are mainly expanding their production capacity and increasing their market share. The market competition is fierce. The papermaking business of the Group faces leading enterprises in the industry to compete in the same region and the competition is fierce.

4. Quality Risks:

Due to the inability to meet the product quality standards in the industry, the mass quality problems caused by customers' demand cannot be met, which resulting in losses from batch waste or inventories.

重大風險及不確定性

為了實現業務穩定經營，本公司管理層高度關注公司經營可能面臨的風險因素，依託關鍵風險指標，經過評估和分析，本公司面臨的風險主要包括：

1. 宏觀調控帶來的經營風險：

由於宏觀政策調控，對集團上、下游客戶產生一定影響，會間接影響包裝和造紙企業（包括本集團）的銷售及利潤。由於國家環保政策趨嚴，會造成造紙包裝行業成本增加，有一定經營風險。

2. 原材料價格波動帶來的經營風險：

由於原料成本在生產成本中佔比較高，因此，原料價格的波動對利潤產生一定的影響。

3. 市場競爭風險：

本集團包裝業務集中度較低，行業內具有一定規模和實力的企業均以進一步擴大產能、增加市場佔有率為主要經營目標，市場競爭激烈。本集團造紙業務面臨行業內的龍頭企業在同區域內競爭，競爭激烈。

4. 質量風險：

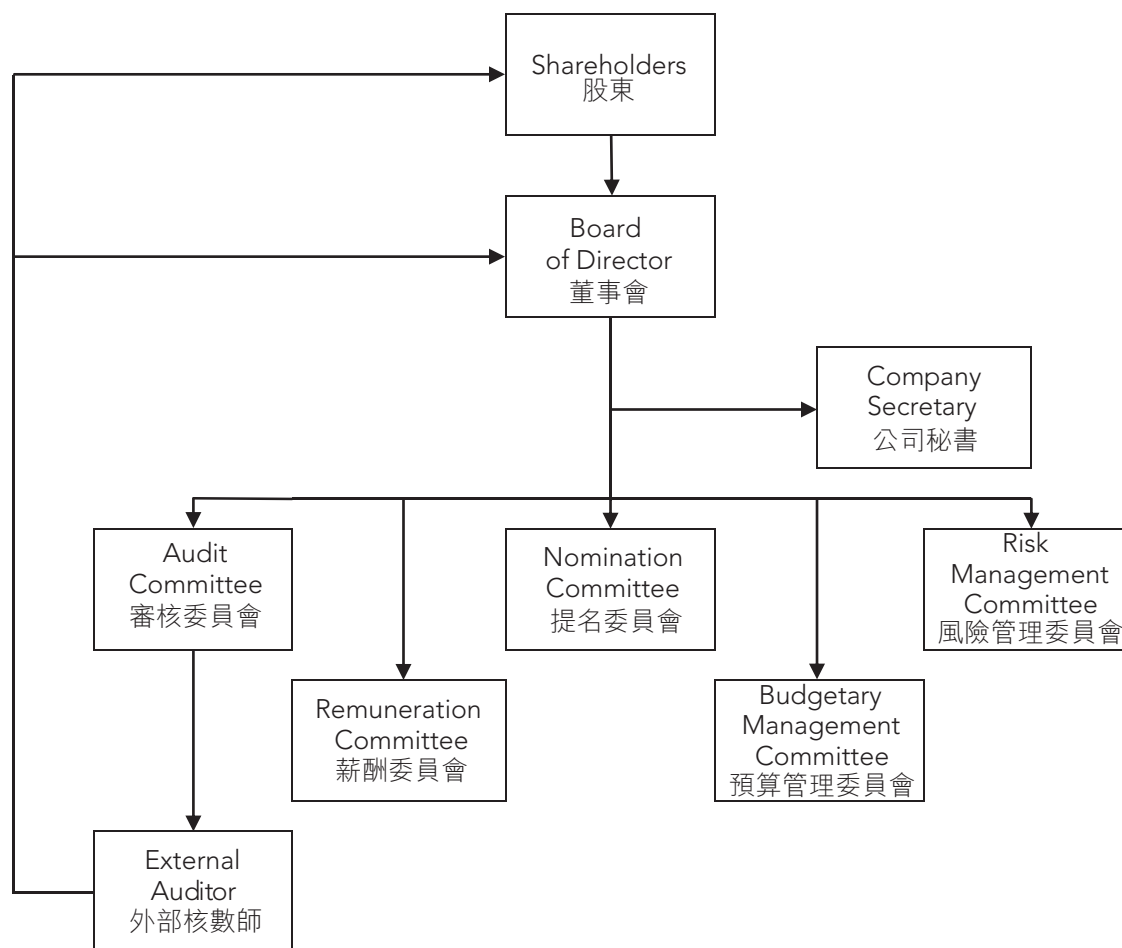
由於不能達到行業內的產品品質標準，不能滿足客戶需求造成的批量質量問題，產生批量的廢品或庫存，造成損失。

Corporate Governance Report

企業管治報告

Corporate Governance Structure

企業管治架構



The directors of the Company (the “**Directors**”) are pleased to present the corporate governance report in the annual report of the Company for the year ended 31 December 2019 (the “**Year**”).

本公司董事(「**董事**」)欣然提呈本公司於截至二零一九年十二月三十一日止年度(「**本年度**」或「**年內**」)報告的企業管治報告。

The Company has consistently adopted the Corporate Governance Code (the “**Code**”) promulgated by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as guidelines to reinforce our corporate governance principles. This report describes how the Company has applied the principles during the year.

本公司於年內始終採納香港聯合交易所有限公司(「**聯交所**」)頒佈的企業管治守則(「**守則**」)，作為鞏固我們企業管治原則的指引。本報告說明本公司運用該等原則的方式。

The Company has complied with the code provisions set out in the Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the year ended 31 December 2019.

本公司於截至二零一九年十二月三十一日止年度已遵守香港聯交所證券上市規則(「**上市規則**」)附錄十四所載之守則中所有守則條文。

Corporate Governance Report

企業管治報告

Board of Directors

The board of directors (the "Board") of the Company has a balance of skill and experience and a balanced composition of Executive and Non-executive Directors, the overall management of the Company's business was vested in the Board. The Board has delegated the day-to-day management of the Company's business to the executive management team, and focuses its attention on matters affecting the Company's overall strategic policies, finances and shareholders. As at 31 December 2019, the Board comprised seven members, consisting of three Executive Directors namely, Mr. Hu Zheng (Chairman), Mr. Hu Hancheng (Co-Chairman) and Mr. Hu Hanchao, one Non-Executive Director namely, Mr. Chen Riyue and three Independent Non-executive Directors namely, Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian. The Directors are well-versed in respective areas such as knowledge and technical know-how of paper-making and packaging industries, accounting and finance and business management. The Board as a whole has achieved an appropriate balance of skills and experience. The profiles of all directors and the relationship among members of the Board (including financial, business, family or other material or relevant relationships, if any) are set out on pages 53 to 59.

The Company has received from each Independent Non-executive Director an annual confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules.

Five Board meetings were held during the financial year. All the Directors actively participated in each meeting in person, via telephone or videoconferencing. They gave and received reports on the activities of the operating divisions and presented papers supporting decisions which required the Board approval. The Board consents were given by-vote at the Board meetings.

The dates of the 2019 regular Board meetings were determined according to the requirement of the Bye-laws and any amendments to this schedule were notified to all the Directors at least 14 days before the meeting. Suitable arrangements were in place to allow the Directors to include items in the agenda for regular Board meetings.

If a Director had a conflict of interest in a transaction or proposal to be considered by the Board and which the Board has determined to be material, the individual Director would declare his interest and was required to abstain from voting. The matter would then be considered at a Board meeting attended by independent Directors who had no material interest in the transaction.

董事會

本公司董事會(「董事會」)成員擁有全面之專長及經驗，且執行董事及非執行董事之組合亦有均衡合理。本公司業務的整體管理由董事會負責。董事會已指派行政管理團隊負責管理本公司日常業務，從而集中處理本公司的整體戰略、財務及股東事宜。於二零一九年十二月三十一日，董事會由七名成員組成，包括三名執行董事即胡正先生(董事長)、胡漢程先生(聯席董事長)及胡漢朝先生，一名非執行董事即陳日月先生及三名獨立非執行董事即鍾國武先生、劉懷鏡先生及冼易先生。董事在造紙及包裝工作的知識與技能、會計與財務及業務管理等各範疇擁有深入精闢之認識。董事會整體更具備各方面之適當技能與經驗。所有董事的履歷以及董事會成員的關係(包括財務、業務、親屬或其他重大或相關關係(如有))於第53至59頁作出披露。

本公司已根上市規則第3.13條所載的獨立指引接獲各獨立非執行董事的年度獨立確認書。

本公司於年內共舉行五次董事會會議。所有董事積極親身、透過電話或視訊會議參與各會議。他們收發有關業務分部活動的報告，並提呈支持須獲董事會批准的決定的文件。董事在董事會會議會以投票方式通過議案。

本公司已根據細則定下二零一九年董事會定期會議的舉行日期，所有日期改動均在最少十四天前通知各董事。本公司備有適當安排，讓董事提出商討事項以納入董事會定期會議議程內。

如個別董事在交易或董事會將考慮的建議書中董事會認為有重大的利益衝突，則該名董事須申明其利益，且不得投票。有關事宜由並無擁有該交易重大利益之獨立董事於董事會會議審議。

Corporate Governance Report

企業管治報告

Details of the attendance of Directors at these Board meetings and at the meetings of five Board committees (the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Budget Management Committee) and the annual general meeting (the “AGM”) are set out in the following table:

下表載述董事出席董事會會議及五個董事委員會(審核委員會、薪酬委員會、提名委員會、風險管理委員會及預算管理委員會)及股東週年大會(「股東週年大會」)的會議詳情：

Name of directors 董事姓名	Meetings Attended/Meetings Held 出席會議/舉行會議次數							AGM 股東週年大會
	Board Meeting 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Risk Management Committee 風險管理委員會	Budget Management Committee 預算管理委員會		
Executive Directors	執行董事							
Mr. Hu Zheng	胡正先生	5/5	N/A 不適用	2/2	2/2	1/1	1/1	1/1
Mr. Hu Hancheng	胡漢程先生	5/5	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	1/1	1/1
Mr. Hu Hanchao	胡漢朝先生	5/5	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	1/1	1/1
Non-Executive Directors	非執行董事							
Mr. Chen Riyue (appointed on 31 May 2019)	陳日月先生 (於二零一九年五月三十一日委任)	2/3	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Hu Hanxiang (retired on 31 May 2019)	胡漢祥先生 (於二零一九年五月三十一日退任)	0/2	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Independent Non-Executive Directors	獨立非執行董事							
Mr. Chung Kwok Mo John	鍾國武先生	5/5	2/2	2/2	2/2	1/1	N/A 不適用	1/1
Mr. Liew Fui Kiang (appointed on 31 May 2019)	劉懷鏡先生 (於二零一九年五月三十一日委任)	3/3	1/1	1/1	1/1	1/1	N/A 不適用	N/A 不適用
Mr. Shin Yick Fabian (appointed on 31 May 2019)	冼易先生 (於二零一九年五月三十一日委任)	3/3	1/1	1/1	1/1	1/1	N/A 不適用	N/A 不適用
Mr. Wu Youjun (retired on 31 May 2019)	吳友俊先生 (於二零一九年五月三十一日退任)	1/2	1/1	1/1	1/1	N/A 不適用	N/A 不適用	0/1
Prof. Zhu Hongwei (retired on 31 May 2019)	朱宏偉教授 (於二零一九年五月三十一日退任)	2/2	1/1	1/1	1/1	N/A 不適用	N/A 不適用	1/1

Mr. Hu Hanxiang and Mr. Wu Youjun did not attend the 2019 AGM as he had other prior business engagement.

由於其他先前的業務安排，胡漢祥先生及吳友俊先生未能出席二零一九年股東週年大會。

All Directors had access to the services of the company secretary who regularly updated the Board on governance and regulatory matters. Any Director, wishing to do so in the furtherance of respective duties, might take independent professional advice (through the Chairman) at the Company's expense. The availability of professional advice extended to the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Budget Management Committee.

公司秘書定期更新董事會的管治及規管事宜，全體董事均可聯絡公司秘書。任何董事可就履行職責而(透過董事長)尋求獨立專業意見，費用由本公司支付。審核委員會、薪酬委員會、提名委員會、風險管理委員會及預算管理委員會亦可尋求專業意見。

Minutes of Board meetings and meetings of Board committees, together with any supporting documents, were available to all Directors. Draft and final versions of the minutes were sent to all Directors for their comment and record respectively.

董事會及董事委員會會議紀錄連同任何有關文件均可提供予所有董事。初稿供所有董事提出意見，而最後定稿供其作記錄之用。

Corporate Governance Report

企業管治報告

Board Diversity Policy

The Company has adopted a board diversity policy (the “Policy”) which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, industry experience, skills, knowledge and length of service.

The Board recognised the benefits of diversity in the Board in enhancing the Board effectiveness and corporate governance. The Nomination Committee will give consideration to a number of factors as set out in the Policy when identifying suitably qualified candidates to become members of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, industry experience, skills, knowledge and length of service. The Board is considered well balanced and of a diverse mix appropriate for the business of the Company. The Company will also take into account its own business model and specific needs from time to time to determine the optimum composition of the Board. The Company will review the Policy on a regular basis to ensure its continued effectiveness.

Board Committees

The Board has established five committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Budget Management Committee, throughout the year ended 31 December 2019. During the year, these committees adhered to their principles, procedures and arrangements set out above. The respective committee secretary or designated person took full minutes of the meetings of these committees and the work of these committees was reported to the Board regularly.

Chairman and Chief Executive Officer (“CEO”)

Under the Code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

During the year, Mr. Hu Zheng was the Chairman, Mr. Hu Jianpeng was the CEO of the Company for purpose of maintaining and a more balanced basis for judgments and decisions. The Board viewed that, under the leadership of Mr. Hu Zheng as the Chairman of the Company, taking up the role of providing leadership for the Board and ensures that the Board works effectively and discharges its responsibility properly. It can also ensure that the Board acts in the best interests of the Company and the Group.

董事會成員多元化政策

本公司已採納董事會成員多元化政策（「本政策」），列載闡明達致及保持董事會多元化，以提升董事會的有效性。

根據本政策，本公司考慮若干因素以謀求達致董事會多元化，包括但不限於性別、年齡、文化和教育背景、種族、專業經驗、行業經驗、技能、知識及服務任期。

董事會明白到，董事會多元化可以提升董事會的有效運作和企業管治之受益。當確認合適的候選人成為董事會成員，提名委員會考慮本政策若干因素，包括但不限於性別、年齡、文化和教育背景、種族、專業經驗、行業經驗、技能、知識及服務任期。董事會會考慮到本公司的合適業務需具備良好業務平衡和多元組合。本公司也會不定時考慮到其自身的商業模式和具體需要，以確定董事會最佳組合。本公司將定期檢閱本政策，確保其持續有效運作。

董事委員會

於截至二零一九年十二月三十一日止年度內，董事會已成立五個委員會，即審核委員會、薪酬委員會、提名委員會、風險管理委員會及預算管理委員會。該等委員會於年內均已遵守上述相關原則、程序及安排。委員會相關秘書或委派人士負責為該等委員會撰寫完整的會議記錄，而委員會則定期向董事會作出工作匯報。

董事長及行政總裁

根據守則條文第A.2.1條規定，董事長與行政總裁的職位應有區分，不應由同一人士同時兼任。董事長與行政總裁之間的職責分工應清楚界定並以書面列載。

於本年度，胡正先生出任本公司董事長，胡健鵬先生則出任本公司行政總裁，以確保獨立性及更為持平之判斷及決定。董事會認為在胡正先生作為本公司董事長的帶領下，擔任領導角色以及確保董事會能夠有效地運作及適當地履行其職責，令董事會之行動符合本公司及本集團之最佳利益。

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Mr. Hu Jianpeng as CEO of the Company, were delegated with the authority and responsibility to operate the Group's business and day-to-day operation, and implemented the Group's strategy with respect to the achievement of the business objectives with the assistance of the Executive Directors and the senior management.

Responsibilities of and Delegation by the Board

The Board is responsible for the overall leadership of the Group, overseas the Group's strategic decisions and monitors business and performance.

The management, consisting of executive Directors along with the senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and the senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

Non-Executive Directors

Each of Independent Non-executive Directors and Non-executive Director was appointed with specific terms. Each of them had signed a letter of appointment with the Company for a term of 1 year commencing from 1 January 2019 and 31 May 2019 respectively, and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the bye-laws of the Company (the "Bye-laws").

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, the Company confirms that all Directors have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

胡健鵬先生為本公司行政總裁，獲授予權力及責任營運本集團業務及一切日常運作，以及在執行董事和高級管理層之協助下實行本集團的策略，以至達到業務目標。

董事會的職責及授權職責

董事會負責本集團的整體領導、監督本集團的策略決定及監察業務與表現。

管理人員(包括執行董事)連同其他高級行政人員獲授權負責執行董事會不時採納的策略及指示並進行本集團的日常營運。執行董事及高級行政人員定期會面，檢討本集團整體業務表現、調配整體資源及作出財務及營運決定。董事會亦會在彼等管理權力範圍內給予清晰指示，包括管理人員應作出報告的情況，亦會定期檢討權力轉授安排，以確保有關安排切合本集團的需要。

全體董事須確保彼等於任何時候均以真誠、遵守適用法律及法規並符合本公司及其股東利益的方式履行職責。

非執行董事

各獨立非執行董事及非執行董事皆以特定年期獲委任。各自己簽訂委任函，任期為一年，分別自二零一九年一月一日及二零一九年五月三十一日起計，並需根據本公司的細則(「細則」)在本公司股東週年大會上輪席退任及膺選連任。

董事進行證券交易

本公司已採納上市公司董事進行證券交易的標準守則(「標準守則」)為其有關董事進行證券交易的守則。經向所有董事作出查詢後，本公司認為所有董事截至二零一九年十二月三十一日止年度均已遵守標準守則所規定的標準。

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Directors and Officers Liability Insurance

Liability insurance for Directors and senior management of the Company was arranged by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Corporate Governance Functions

The Board has adopted the terms of reference on corporate governance functions on 23 March 2012. The terms of reference of the Board in respect of corporate governance function are summarized as follows:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices to ensure compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the code provisions set out in the Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules and its disclosure requirements in the Corporate Governance Report.

The work performed by the Board on corporate governance functions during the year ended 31 December 2019 included developing and reviewing the Company's policies on corporate governance and making relevant recommendations.

Continuous Professional Development

Under A.6.1 and A.6.5 of the Code in relation to Directors' training. All Directors namely Mr. Hu Zheng, Mr. Hu Hancheng, Mr. Hu Hanchao, Mr. Chen Riyue, Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian have completed continuous professional development training by attending the in-house training of "Boards that Deliver" organized by the Company.

董事及高級管理人員責任保險

本公司已為董事及高級管理人員購買責任保險，就彼等履行職責時所引致的若干法律責任提供適當保障。

企業管治職能

董事會於二零一二年三月二十三日採納企業管治職能的職權範圍。董事會就企業管治職能的職權範圍之摘要如下：

- (a) 制定及檢討本公司企業管治政策及常規；
- (b) 檢討及監察董事及高級管理人員的培訓及持續專業發展；
- (c) 檢討及監察本公司政策及常規，以遵守法律及監管規定；
- (d) 制定、檢討及監察適用於僱員及董事的操守準則及合規手冊（如有）；及
- (e) 檢討本公司有否遵守上市規則附錄十四的企業管治守則及企業管治報告有關守規條文的情況及在企業管治報告內的披露要求。

截至二零一九年十二月三十一日止年度，董事會已履行了就企業管治職能的工作包括制定及檢討本公司的企業管治政策及提出了建議。

持續專業發展培訓

按照守則A.6.1及A.6.5條有關董事培訓。所有董事，即胡正先生、胡漢程先生、胡漢朝先生、陳日月先生、鍾國武先生、劉懷鏡先生及冼易先生均已出席由本公司舉辦有關「高效的董事會」的內部培訓的持續專業發展培訓。

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企業管治報告

Remuneration Committee

The Company has established a Remuneration Committee for the purposes of making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management.

The Remuneration Committee presently comprises one Executive Director, namely Mr. Hu Zheng and three Independent Non-executive Directors, namely Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian. The chairman of the Committee is replaced by Mr. Shin Yick Fabian after the retirement of Prof. Zhu Hongwei at 31 May 2019. The Remuneration Committee held two meetings during the year and details of attendance are shown in the table on page 24 of this annual report. The work performed by the Remuneration Committee during the year ended 31 December 2019 included the following matters:

- make recommendations to the Board of the remuneration of Executive and Non-executive Directors for the years ended 31 December 2020. The Remuneration Committee has considered factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- review and approve remuneration and performance-based remuneration scheme of Executive Directors from time to time by reference to corporate goals and objectives resolved by the Board from time to time;
- formation of share awards scheme for the eligible senior management; and
- ensure that no Director or any of respective associates is involved in deciding their respective remuneration.

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

薪酬委員會

本公司已成立薪酬委員會，藉以向董事會就本公司董事及高級管理層的薪酬政策及架構提供建議。薪酬委員會的職權範圍章程則已由董事會參照守則作出檢閱。

薪酬委員會現由一名執行董事胡正先生及三名獨立非執行董事即鍾國武先生、劉懷鏡先生及冼易先生組成。自朱宏偉教授於二零一九年五月三十一日退任後，該委員會主席由冼易先生擔任。薪酬委員會於本年度內舉行了兩次會議，會議出席詳情如本年報第24頁的表格所示。薪酬委員會於截至二零一九年十二月三十一日止年度的工作包括如下事項：

- 就截至二零二零年十二月三十一日止年度的非執行董事及執行董事的薪酬向董事會提供建議。薪酬委員會已考慮同類公司支付的薪金、董事須付出的時間及職責、本集團內其他職位的僱傭條件及是否按表現釐定的薪酬等多個因素；
- 透過參照董事會不時通過的公司目標及目的，不時檢討及批准執行董事的薪酬及按表現釐定的薪酬方案；
- 為合資格高層管理人員成立股權激勵計劃；及
- 確保任何董事或其任何聯繫人不可參與決定其各自薪酬。

薪酬委員會已採納由其檢討管理層所提出有關執行董事及高層管理人員的薪酬建議後，向董事會提出建議的模式。董事會擁有最終權力以批准經薪酬委員會提出的薪酬建議。

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企業管治報告

The Company has adopted a share option scheme (the “**Option Scheme**”) whereby the Board may at its discretion grant options to such eligible participants (as defined in the Option Scheme) to subscribe for shares in the Company. The principal terms of the Option Scheme are set out in Appendix V to the prospectus of the Company dated 24 May 2011. The Company has also adopted a share award scheme (the “**Award Scheme**”) whereby the Board may at its discretion grant shares to such eligible participants to award the shares of the Company. The principal terms of the Award Scheme is announced the announcement of the Company dated 23 April 2019. The purposes of the Option Scheme and Award Scheme are to enable the Company to grant options or award shares to selected eligible participants as incentives or rewards for their contribution to the Group.

Nomination Committee

According to the Bye-laws, the Directors shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. A director appointed by the Board is subject to re-election by shareholders at the next following general meeting of the Company. The nomination of a director should be taken into consideration of the nominee’s skills and experience appropriate for the requirements of the Company’s business.

The Company has established a Nomination Committee for the purpose of making recommendations to the Board on the appointment of Directors.

The Nomination Committee presently comprises four Directors, including Mr. Hu Zheng, an Executive Director, and three Independent Non-executive Directors, namely Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian. The Committee is chaired by Mr. Hu Zheng.

The Board delegates the responsibility of appointing and re-electing Directors to the Nomination Committee and they are responsible for considering the suitability of a candidate, and approving and terminating the appointment of a Director. Reviews of the plans for orderly succession for appointment to the Board and its structure, size and composition are done on a regular basis by the Nomination Committee. They are provided with sufficient resources to discharge its duties and external consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

In evaluating whether an appointee is suitable to act as a director of the company, the committee will review the professional knowledge, industrial experience and personal skills of the appointee as well as personal ethics and integrity of the appointee.

本公司已採納一項購股權計劃(「**購股權計劃**」)，據此董事會可酌情向相關合資格參與者(定義見計劃)授出購股權，以認購本公司股份。購股權計劃的主要條款載於本公司日期為二零一一年五月二十四日的招股章程附錄五中。本公司同時已採納股份獎勵計劃(「**獎勵計劃**」)，據此董事會可酌情向相關合資格參與者獲取本公司股票。獎勵計劃的主要條款載於本公司日期為二零一九年四月二十三日的公告。購股權計劃和獎勵計劃旨在使本公司可向選定的合資格參與者授出購股權或獎勵股份，作為其對本集團貢獻的激勵或獎勵。

提名委員會

根據細則，該董事會有權不時及隨時委任任何人士成為董事，以填補董事會空缺或增加董事。獲董事會委任的董事將於本公司隨後的股東大會上被股東膺選重任。董事的提名需考慮被提名人的能力及經驗是否合乎本公司業務的要求。

本公司已成立提名委員會，藉以向董事會就董事的委任提供建議。

提名委員會現由四名董事組成，包括執行董事胡正先生及三名獨立非執行董事，即鍾國武先生、劉懷鏡先生及冼易先生。該委員會由胡正先生擔任主席。

董事會將董事的委任及重選職權轉授予提名委員會。提名委員會負責考慮候選人的合適性，以及批准及終止董事的委任。提名委員會定期審閱董事會委任的有序繼任計劃以及其架構、規模及組成。提名委員會擁有充分的資源履行其責任，並(倘必要)可聘請外部顧問評估更多的潛在候選人。

於評估一名獲委任人是否適合擔任本公司董事時，該委員會將審閱該獲委任人的專業知識、行業經驗及個人技能，以及個人的道德與誠信。

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According to the Bye-laws, at each AGM of the Company, one-third of the Directors shall retire from office by rotation and every Director shall be subject to retirement at least once every three years. Director(s) newly appointed by the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the meeting.

The Board considers that it is the responsibility of the existing Directors to give an induction on the information of the Group to the newly appointed Director and present a manual on the duties and responsibilities as a director of a listed company to enable the newly appointed Director to have a proper understanding of the business.

Three Executive Directors, namely, Mr. Hu Zheng, Mr. Hu Hancheng and Mr. Hu Hanchao had entered into a service contract with the Company for a period of three years commencing from 1 January 2018, unless terminated in accordance with the terms of the service contract. The Non-executive Director and each of the Independent Non-executive Directors had signed a letter of appointment with the Company for a term of one year commencing from 1 January 2019 (Mr. Chung Kwok Mo John) and 31 May 2019 (Mr. Chen Riyue, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian) respectively and is renewable upon its expiration and may be terminated in accordance with the terms of the letter of appointment. During the financial year ended 31 December 2019, there was two meetings held by the Nomination Committee. Details of attendance are shown in the table on page 24.

The work of the Nomination Committee during the year ended 31 December 2019 included the following matters:

- to make recommendation to the Board on the acceptance of retirement from Mr. Hu Hanxiang as a non-executive Director and Mr. Wu Youjun and Prof. Zhu Hongwei as independent non-executive Directors of the Company with effective from the end of AGM held on 31 May 2019;
- to make recommendation to the Board on the appointment of Mr. Hu Hanxiang as a non-executive Director and Mr. Liew Fui Kiang and Mr. Shin Yick Fabian as independent non-executive Directors of the Company with effective from the ordinary resolutions passed on the AGM held on 31 May 2019;
- to make recommendation to the Board on the appointment of Mr. Hu Jianpeng as alternate Director to Mr. Hu Zheng (an executive Director), Mr. Hu Jianjun as alternate Director to Mr. Hu Hancheng (an executive Director) and Mr. Tan Xijian as alternate Director to Mr. Hu Hanchao (an executive Director) of the Company with effective from 1 January 2020;

根據本公司的細則，在本公司每屆股東週年大會上，三分之一的董事須輪席告退，且每名董事須至少每三年告退一次。董事會新委任的董事須任職至本公司下一屆股東大會，屆時將有資格於會上膺選連任。

董事會認為，現任董事有責任為新委任董事介紹本集團情況，並提供一份載有上市公司董事職責與責任的手冊，令新委任董事能夠充分了解相關業務。

三名執行董事即胡漢朝先生、胡漢程先生及胡正先生已與本公司訂立三年的服務協議，由二零一八年一月一日起計，惟根據服務協議的條款終止者除外。非執行董事及各獨立非執行董事已與本公司簽訂委任函，任期分別由二零一九年一月一日（鍾國武先生）及二零一九年五月三十一日（陳日月先生、劉懷鏡先生及冼易先生）起為期一年，並在期滿後從新續任，且可根據委任函的條款予以終止。於截至二零一九年十二月三十一日止財政年度期間，提名委員會舉行兩次會議。會議出席詳情如第24頁的表格所示。

截至二零一九年十二月三十一日止年度，提名委員會的工作事項如下：

- 向董事會建議接納胡漢祥先生退任本公司非執行董事及吳友俊先生和朱宏偉教授退休本公司獨立非執行董事，於二零一九年五月三十一日舉行的股東週年大會後生效；
- 向董事會建議接納委任陳日月先生為本公司非執行董事及委任劉懷鏡先生和冼易先生為本公司獨立非執行董事，由二零一九年五月三十一日舉行的股東週年大會以普通決議案通過後生效；
- 向董事會建議接納委任胡健鵬先生為執行董事胡正先生、胡健君先生為執行董事胡漢程先生及譚錫健先生為胡漢朝先生的本公司候補董事，於二零二零年一月一日起生效；

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- to make recommendation to the Board on renew services contracts of non-executive Director and independent non-executive Directors; and
- to assess the independence of the Independent Non-executive Directors.
- 向董事會建議非執行董事及獨立非執行董事續聘合約；及
- 評核獨立非執行董事之獨立性。

Auditors' Remuneration

For the year ended 31 December 2019, the fees charged by the Company's auditors in respect of audit amounted to approximately RMB1,748,000.

Audit Committee

The Company has established an Audit Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls.

The Audit Committee presently comprises three Independent Non-executive Directors of the Company, namely Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian and is chaired by Mr. Chung Kwok Mo John.

The Audit Committee held two meetings during the year and details of attendance are shown in the table on page 24. The work of the Audit Committee during the year ended 31 December 2019 included of the following matters:

- provide recommendation to the Board on the reappointment of external auditors, and approve the audit fee and terms of engagement of the external auditors;
- review and monitor external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and discuss with external auditors before audit commences, the nature and scope of the audit and reporting obligations;
- monitor integrity of financial statements, interim report and annual report, and review significant financial reporting judgments contained in them;
- review financial controls, internal controls and risk management systems;
- 就外部核數師的重新委任向董事會提供建議，及批准外部核數師的酬金及聘用條款；
- 按適用的標準檢討及監察外部核數師的獨立性及客觀性，以及核數程序的有效性；並與外部核數師在核數工作開始前預先討論核數工作的性質及範疇以及有關申報責任；
- 監察財務報表、中期報告及年度報告的完整性，並審閱其中所載有關財務申報判斷的重大意見；
- 檢討財務監控、內部監控及風險管理系統；

核數師薪酬

截至二零一九年十二月三十一日止年度，本公司核數師就提供審核服務所得酬金約為人民幣1,748,000元。

審核委員會

本公司已成立審核委員會，藉以檢討及監察本公司的財務報告程序及內部監控制度。

審核委員會現由本公司的三名獨立非執行董事，即鍾國武先生、劉懷鏡先生及冼易先生組成，由鍾國武先生擔任主席。

審核委員會於本年度內舉行了兩次會議，會議出席詳情如第24頁的表格所示。審核委員會於截至二零一九年十二月三十一日止年度的工作包括如下事項：

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- discuss with management regarding the system of internal controls and ensure that management has discharged its duty to have an effective internal control system including adequacy of resources, qualifications and experience of staff of accounting and financial reporting function, and their training programmes and budget;
 - ensure co-ordination between internal and external auditors, and to ensure that internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of internal audit function;
 - review financial and accounting policies and practices; and
 - review external auditors' management letter, any material queries raised by auditors to management in respect of accounting records, financial accounts or systems of control and management's response.
- 與管理層討論內部監控系統，並確保管理層已履行職責建立有效的內部監控系統，包括會計及財務報告方面資源、相關同事的資歷及經驗是否充足，及其所接受培訓課程及有關預算是否充足；
 - 確保內部與外部核數師的工作得到協調，並確保內部審核功能在本公司內部有足夠資源運作，並且有適當的地位，並檢討及監察內部審核功能的成效；
 - 檢討財務及會計政策及實務；及
 - 檢查外部核數師給予管理層的《審核情況說明函件》、核數師就會計記錄、財務賬目或監控系統向管理層提出的任何重大疑問及管理層作出的回應。

Directors' and Auditors' Responsibilities for Accounts

The Directors acknowledge the responsibilities for preparing the accounts of the Company. The external auditors' statement about their reporting responsibilities is set out on pages 76 and 77.

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

Internal Controls

The Board has kept the Company's system of internal controls under review to ensure its effectiveness and convened meetings regularly to discuss financial, operational and risk management control.

Risk Management Committee

The Risk Management Committee was set up on 18 December 2015 and currently comprises ten members, including the Mr. Hu Zheng, an executive Director, three Independent Non-executive Directors, namely Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian, and six senior management, namely, Ms. Chen Wei, Ms. Hou Lusi, Ms. Cai Yan, Mr. Ye Ningfei, Ms. Zhang Zheng and Mr. Liang Nianlin. The chairman of the Committee is replaced by Mr. Liew Fui Kiang after the retirement of Mr. Wu Youjun at 31 May 2019.

董事及核數師對賬目的責任

董事知悉其有編製本公司賬目的責任。外部核數師發表有關其申報責任的聲明載列於第76及77頁。

持續經營

董事經作出適當查詢後認為，本集團具備充裕資源於可預見將來持續經營，因此，按持續經營基準編製財務報表乃屬恰當做法。

內部監控

董事會已持續檢討本公司的內部監控制度以確保其有效性。董事會會定期召開會議，討論財務、營運及風險管理控制事宜。

風險管理委員會

風險管理委員會於二零一五年十二月十八日成立，目前包括十名成員，包括執行董事胡正先生；三名獨立非執行董事，分別為鍾國武先生、劉懷鏡先生及冼易先生，以為六名高層管理人員，分別為陳威女士、侯鶯絲女士、蔡琰女士、葉寧飛先生、張正女士及梁念林先生。自吳友俊先生於二零一九年五月三十一日退任後，該委員會主席由劉懷鏡先生擔任。

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The Risk Management Committee is established to, without limitation, assist the Board to evaluate and determine the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives, ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems, and assist the Board to oversee the design, implementation and monitoring of the risk management system carried out by the management on an ongoing basis.

For the year ended 31 December 2019, the Risk Management Committee held a meeting to discuss and reviewed areas including but not limited to the key risks faced by the Group, risk management policy and practice annually as well as the appointment of senior managements in taxation and information technology as members of the Committee.

Budget Management Committee

The Budget Management Committee was set up on 1 September 2018 and presently comprises three executive Directors of the Company, namely Mr. Hu Hanchao, Mr. Hu Zheng and Mr. Hu Hancheng and is chaired by Mr. Hu Hanchao.

The responsibilities of the Budget Management Committee is established to, without limitation, assist the Board to monitor and review the effectiveness of the Group's annual business plan and financial, to review the implementation of the Group's budget in existing or potential investment projects and make recommendations, and also give the recommendations to the Board on the capital expenditures.

Company Secretary

Mr. Kersen Chan has been engaged by the Company as the company secretary since March 2015, her biographical details are set out in the section headed "Profiles of Directors and Senior Management" in this annual report. Mr. Chan has complied with the requirement under Rule 3.29 of the Listing Rules during the year.

Communication with Shareholders

The Company endeavors to maintain an on-going dialogue with its shareholders, and in particular through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation. The Chairman of the Board will make himself available at the forthcoming annual general meeting to be held on Friday, 26 June 2020 to answer any questions from shareholders.

The Group's official website <http://www.zhengye-cn.com> contains an 'Investor Relations' section which offers timely access to the Company's press releases, financial reports and announcements.

The Company will continue to maintain an open and effective investor communication policy and to update investors with relevant information of the Group in a timely manner.

風險管理委員會的主要職責包括但不限於協助董事會評估和確定董事會願意承擔的風險性質及程度，以實現本集團的戰略目標，確保集團建立並保持適當和有效的風險管理和內部監控制度，並協助董事會持續監督管理層就風險管理系統的設計，實施和監督。

截至二零一九年十二月三十一日止年度，風險管理委員會召開一次會議討論(包括但不限於)本集團面對的主要風險、風險管理政策及常規的年度檢視，以及增加稅務及資訊科技的高層管理人員為委員會成員。

預算管理委員會

預算管理委員會於二零一八年九月一日成立，目前成員包括三名執行董事，即胡漢朝先生、胡正先生及胡漢程先生，由胡漢朝先生擔任主席。

預算管理委員會的主要職責包括但不限於監控及審閱本集團年度業務計劃及財務預算的有效性提出建議，檢討本集團現有或潛在投資計劃預算的實施情況並提出建議，以及就支本承擔向董事會作出推薦建議。

公司秘書

本公司自二零一五年三月起委任陳鉅升先生為本公司公司秘書，其簡歷載於本年報「董事及高級管理層履歷」一節。陳先生已於本年度達到上市規則第3.29條的規定。

與股東溝通

本公司致力於與股東保持持續的交流，尤其透過股東週年大會或其他股東大會與股東進行溝通，並鼓勵股東積極參與。董事長將出席於二零二零年六月二十六日(星期五)舉行的應屆股東週年大會，以解答股東的疑問。

本集團官方網站(<http://www.zhengye-cn.com>)設有「投資者關係」的網頁，提供有關本公司新聞發佈、財務報告及公告的最新訊息。

本公司將繼續維持公開及有效的投資者溝通政策，並及時向投資者提供最新的本集團相關訊息。

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Shareholders' Rights

Right to Convene Extraordinary General Meeting and Putting Forward Proposals at Shareholders' Meetings

Pursuant to the Bye-laws of the Company and Bermuda Companies Act, in addition to regular Board meetings, the Directors of the Company, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the principal place of business of the Company in Hong Kong. The same requirement and procedure also applies to any proposal to be tabled at shareholders' meetings for adoption.

Right to Put Forward Enquiries to the Board

Shareholders' enquiries can be directed to the principal place of business of the Company in Hong Kong. The address is set out in the "CORPORATE INFORMATION" section of this annual report for the attention of the Company Secretary.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the year.

股東權利

召開股東特別大會及於股東大會上提出議案權利

按照本公司的公司細則及百慕達公司法，除董事會例會外，在持有不少於本公司繳足股本10%的股東要求下，本公司董事可召開股東特別大會處理本公司的特定議題，但至少須於二十一日前向本公司的香港註冊辦事處發出書面通知。上述程序亦適用於任何在股東大會上提出以供採納的決議案。

向董事會作出查詢權利

股東如有查詢可直接發信送至本年報公司資料一節所載本公司香港之主要營業地點，並註明收件人為公司秘書。

憲章文件

於本年度，本公司之憲章文件並無任何重大變動。

Environmental, Social and Governance Report

環境、社會及管治報告

Environmental, Social and Governance Report Guide Content Index

《環境、社會及管治報告指引》內容索引

Major Aspect 主要範疇	Content 內容	Page Index 頁碼索引
A1 Emissions		
A1 排放物		
General disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issue relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste 有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	38–43
A2 Use of Resources		
A2 資源使用		
General disclosure 一般披露	Policies on efficient use of resources, including energy, water and other raw materials 有效使用資源（包括能源、水及其他原材料）的政策。	43–44
A3 The Environment and Natural Resources		
A3 環境及天然資源		
General disclosure 一般披露	Policies on minimizing the issuer's significant impact on the environment and natural resources 減低發行人對環境及天然資源造成重大影響的政策。	45
B1 Employment		
B1 僱傭		
General disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issue relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare 有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	45–49

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Major Aspect 主要範疇	Content 內容	Page Index 頁碼索引
B2 Health and Safety B2 健康與安全		
General disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issue relating to providing a safe working environment and protecting employees from occupational hazards 有關提供安全工作環境及保障僱員避免職業性危害的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	45-47
B3 Development and Training B3 發展及培訓		
General disclosure 一般披露	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities 有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動。	48-49
B4 Labour Standards B4 勞工準則		
General disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issue relating to preventing child and forced labour 有關防止童工或強制勞工的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	49

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Major Aspect 主要範疇	Content 內容	Page Index 頁碼索引
B5 Supply Chain Management		
B5 供應鏈管理		
General disclosure 一般披露	Policies on managing environmental and social risks of the supply chain 管理供應鏈的環境及社會風險政策。	50
B6 Product Responsibility		
B6 產品責任		
General disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issue relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress 有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	51
B7 Anti-corruption		
B7 反貪污		
General disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issue relating to bribery, extortion, fraud and money laundering 有關防止賄賂、勒索、欺詐及洗黑錢的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	51
B8 Community Investment		
B8 社區投資		
General disclosure 一般披露	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests 有關以社區參與來了解營運所在社區需要和確保其業務活動會考慮社區利益的政策。	52

Environmental, Social and Governance Report

環境、社會及管治報告

About the Group

Established in 1999, Zhengye International Holdings Company Limited (“**Zhengye International**” or the “**Group**”) is a large-scale conglomerate engaged in the production of packaging materials, providing customers with one-stop solutions covering services like recycling of waste paper, production of paper products and packaging of products.

Zhengye International is engaged in the production of paper-based packaging products and corrugated medium paper, with 13 and 7 production lines respectively located in five cities including Zhongshan, Zhuhai, Wuhan, Shijiazhuang and Zhengzhou. The paper-based packaging products offered by the Group include corrugated cartons and honeycomb paper-based products. The major customers are mainly domestic manufacturers of small home appliances and air conditioners; and corrugated paper is mainly supplied to upstream manufacturers of corrugated medium paper-based packaging products.

Zhengye International’s main production base of corrugated medium paper is located in Zhongshan. The Group currently uses recycled waste paper as the raw materials for corrugated medium paper production. The production lines have a total annual design capacity of 800,000 tonnes, making the Group one of the leading corrugated medium paper producers in the Guangdong region.

Core Structure of the Group



關於集團

成立於一九九九年，正業國際控股有限公司(簡稱「**正業國際**」或「**集團**」)是國內的大型包裝生產企業集團，為客戶提供廢紙回收、紙品生產、產品包裝等一站式服務方案。

正業國際從事紙類包裝產品及瓦楞芯紙的生產，分別擁有十三條及七條生產線，生產基地分佈於中山、珠海、武漢、石家莊及鄭州五個城市。集團的紙類包裝產品包括瓦楞紙箱及蜂窩紙製品，主要客戶為國內小型家電及空調生產商；瓦楞芯紙主要供給瓦楞包裝產品的上游生產商。

正業國際的瓦楞芯紙之主要生產基地位於中山。目前，集團採用回收廢紙作為瓦楞芯紙的原材料，生產線總設計年產達八十萬噸，為廣東地區領先的瓦楞芯紙生產商之一。

集團核心架構

Environmental, Social and Governance Report

環境、社會及管治報告

About this Report

This report is the first environmental, social and governance (ESG) report published by Zhengye International which discloses the Group's actions and performance on sustainability issues in a transparent and open manner to increase confidence in and understanding of the Group among its stakeholders.

Reporting Period

All information herein relates to performance of Zhengye International in environmental protection and community investment during the period from January 2019 to December 2019. In the next years, the Group will publish ESG reports on annual basis for inspection by the public and continuous improvements of transparency and accountability in information disclosure.

Scope of the Report

With a focus on corrugated medium paper production business of Zhengye International, this report covers its key places of operations namely two production plants (the "Plants") in Zhongshan respectively operated by Zhongshan Yong Fa Paper Industry Company Limited ("Zhongshan Yong Fa") and Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited ("Hung Hing"). The scope of disclosure will be extended to fully cover all operations of the Group as and when the Group has improved its data collection system and deepened its ESG work. This report does not cover the disclosure of key performance indicators in environment. The Group plans to conduct a carbon assessment next year to further refine and standardise the indicators to be reported.

Reporting Guideline

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and summarised the ESG performance of Zhengye International. Information herein is derived from the Group's official documents and statistics, as well as the compilation of monitoring, management and operational information provided by subsidiaries pursuant to relevant rules of the Group. A complete index is available in the last chapter hereof for readers to make quick queries. This report is made both in Chinese and English, and has been uploaded to the Group's website (www.zhengye-cn.com). In case of any conflict or inconsistency between the Chinese and English versions, the Chinese version shall prevail.

關於本報告

本報告為正業國際發佈的本年度《環境、社會及管治報告》，以透明、公開的方式披露集團在可持續發展議題上的行動和績效，以增加持份者對集團的信心和了解。

報告年度

報告中的所有資料均正業國際於二零一九年一月至二零一九年十二月在環境保護和社會關懷方面的績效。往後，集團將每年定期發佈《環境、社會及管治報告》，以供各界隨時查閱，持續提升信息披露的透明度和責任。

報告範圍

報告聚焦於正業國際的瓦楞芯紙生產業務，報告範圍為其主要營運點，即位於中山的兩所生產廠房（簡稱「廠房」）之營運，分別由中山永發紙業有限公司（簡稱「中山永發」）及中山聯合鴻興造紙有限公司（簡稱「鴻興」）負責其營運。待集團在資料收集系統更趨成熟，以及環境、社會及管治的工作深化之後，集團將擴大披露的範圍，直至全面覆蓋集團的所有營運。本報告並不包括所有環境關鍵績效指標的披露。集團計劃於明年進行碳評估，進一步將匯報的指標細化和標準化。

報告準則

本報告是依循香港聯合交易所有限公司（簡稱「聯交所」）頒布的《環境、社會及管治報告指引》（簡稱「指引」）而編製。報告以精簡的形式概述正業國際的環境、社會及管治表現。報告中的資料來自集團的官方文件和統計數據，以及根據集團相關制度由旗下公司提供的監測、管理和營運資料整合匯總。報告的最後一章有完整的內容索引，以便讀者快速查詢。本報告以中、英文兩種文字編製，亦已上載至集團網站www.zhengye-cn.com。如中、英文兩個版本有任何抵觸或不相符之處，應以中文版本為準。

FEEDBACK 意見反饋

Your valuable comments on our performance and reporting format are essential for our continuous progress. You are welcome to e-mail any question or suggestion on this report to info@zhengye-cn.com, which will enable us to continuously improve our ESG practices.

我們的持續進步有賴閣下對我們的表現及匯報方法發表寶貴意見。如閣下對報告有任何疑問或建議，歡迎將意見經電郵發送至 info@zhengye-cn.com，令集團得以不斷改善環境、社會及管治工作。

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Communication with Stakeholder

The Stock Exchange has put forward four reporting principles in the Guide, namely materiality, quantitative, balance and consistency, as the preparation basis of this ESG report. As the Stock Exchange advised, participation of stakeholders is the method used to assess the materiality. Through communication with stakeholders, companies can hear the voice of stakeholders and identify important environmental and social issues.

As for Zhengye International, stakeholders are groups and individuals that are significantly important to or might be affected by the Group's business. The Group's stakeholders include not only employees, but also customers, business partners, investors, regulators and various community groups. In the past year, the Group communicated with key stakeholders through different channels. In preparing this report, the Group engaged a professional consultant to conduct a materiality analysis through management interviews, and clarified important reporting issues by reference to expert opinions to direct the Group's sustainable development roadmap.

Communication Channels with Stakeholders during the Reporting Period

Internal Stakeholders

內部持份者

- Board of Directors
- 董事會
- Management and executives
- 管理層及行政人員

External Stakeholders

外部持份者

- Banks
- 銀行
- Investors
- 投資者

Communication channels:

溝通方式：

Board meeting, weekly meetings, shareholders' meetings, telephone inquiries and personal visits

董事會、每週例會、股東大會、電話查詢、親身到訪

Zhengye International's business has an impact on different stakeholders who have different expectations for the Group. In the future, the Group will continue and enhance communication with its stakeholders and collect opinions of a wider range of stakeholders through various means to improve the materiality analysis. The Group will also upgrade the principles of quantitative, balance and consistency in an effort to define content of the report and presentation of information in a way better meeting expectation of stakeholders.

持份者溝通

聯交所《指引》中提出了匯報的四項原則，包括：重要性、量化、平衡及一致性，作為編製《環境、社會及管治報告》的基礎。誠如聯交所所言，持份者的參與正是用以評估重要性的方法。透過與持份者的溝通，企業能夠了解持份者的意見，識別重要的環境和社會事宜。

對於正業國際而言，持份者指的是對集團的業務有重大影響，或會受集團業務影響的群體和個人。集團的持份者不僅包括員工，還包括客戶、業務夥伴、投資者、監管機構及各類型的社區團體。在過去的一年，集團透過不同渠道與關鍵持份者溝通。是次報告的籌備過程中，集團特意委託專業顧問公司以管理層訪談的形式進行實質性分析，並結合專家顧問的意見釐清匯報的重要議題，以此作為集團可持續發展路向的制定。

報告期內與持份者的溝通方式

正業國際的業務影響著不同持份者，而持份者對集團也有著不同期望。未來，集團將持續並擴大持份者的溝通，透過不同形式更廣泛地收集持份者的意見，令實質性分析更完備。同時，集團也會提升量化、平衡及一致性的匯報原則，以更符合持份者期望的方式，界定報告的內容及資訊的呈現。

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Environmental Protection

Climate changes have brought unprecedented challenges to global economic development. The extreme weather resulting from climate changes directly or indirectly has affected the ability of various corporations to access resources and sustain operations. During the Sustainable Development Goals Summit 2019, all United Nations members including China agreed the 2030 Agenda to fight inequalities and tackling climate change.

At the Sustainable Development Goals Summit 2019, members of the United Nations unanimously <The 2030 Agenda>, desire to achieve “fighting inequalities and tackling climate change, while ensuring that no one is left behind.”

在二零一九年召開的可持續發展目標首腦會議上，聯合國全體成員國正式通過《二零三零年議程》，冀望達到「消除不平等現象並應對氣候變化，同時確保不讓任何人落伍」的目標。

We understand that the establishment of organisation and management approach for internal environmental management is the primary task to address the challenges against sustainable development. By reference to ISO14001 environmental management system, Zhongshan Yong Fa and Zhongshan Rengo Hung Hing developed their first HSE (Health, Safety and Environment) Management Manual (“**HSE Manual**”) and Quality Environment Manual respectively in 2015 and 2009, to define the commitments, policies, objectives, division of responsibilities, control procedures and monitoring and auditing systems in environmental management. Under the management system comprising the manuals, the two Plants detailed respective operational and management procedures, covering such areas as environmental hazards and risk identification, target management, energy use, environmental monitoring, etc. During the year, both Zhongshan Yong Fa and Hung Hing held ISO14001:2004 certificates in force issued by a third-party certification authority.

Emissions

The Plants' production process involves multiple steps like pulping, sand removal, screening, slushing, grinding, moulding, pressing, drying and packaging, where sewage, exhaust gas and solid waste are three major types of emissions. The Plants adopted management measures specific to source and type of the emissions

Sewage from the Plants mainly derived from pulping, screening, concentration and pressing steps (commonly known as “**white water**”). With sewage station in place at the Plants, white water must be processed by neutralisation, precipitation, anaerobic and aerobic treatment procedures before discharged to the designated emission points. The Plants also regularly tested the sewage after treatment to ensure compliance with the Water Pollutant Emission Standards on Pulping and Papermaking Industry, Guangdong Provincial Water Pollutant Emission Limits and other applicable national standards.

環境保護

氣候變化為全球經濟發展帶來了前所未見的挑戰。氣候變化所帶來的極端天氣直接或間接地影響著不同機構在獲取資源和維持營運的能力。在二零一九年可持續發展目標首腦會議上，包括中國在內的聯合國全體成員國同意通過二零三零年議程，消除不平等現象並應對氣候變化。

正業國際意識到，建立內部環境管理的組織及管理方針，是應對可持續發展挑戰的首要工作。參考ISO14001環境管理體系規範，中山永發及中山聯合鴻興分別於二零一五年及二零零九年，首次制定《HSE (健康、安全與環境)管理手冊》(簡稱「**HSE手冊**」)及《質量環境手冊》，明確環境管理的承諾、政策、目標、職責分工、控制程序及監測審核制度等。以手冊為管理體系，兩所廠房分別自行制定細化的營運管理程序，涵蓋如環境危害及風險識別、目標管理、能源利用、環境監測等範疇。本年，中山永發及中山聯合鴻興均持有由第三方認證機構發出的ISO14001:2004認證證書。

排放物

正業國際廠房的生產流程涉及碎漿、除砂、篩選、沖漿、磨漿、成型、壓榨、乾燥及包裝等多重工序，主要產生污水、廢氣和廢物三類排放物。按排放物的來源及種類，廠房採取了針對性的管理措施。

廠房產生的污水主要來自碎漿、篩選、濃縮及壓榨等工序(俗稱「**白水**」)。廠房均設有污水站，白水經過中和、沉澱、厭氧及好氧處理等過程後，方排放至《排污許可證》中的指定排放點。廠房亦定期抽驗檢測處理後的污水，確保符合《制漿造紙工業水污染物排放標準》、《廣東省水污染物排放限值》等相關國家標準。

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In addition to the purchased electricity, the Plants have thermal power sub-plants to generate power and steam for own use, where the coal-fired boilers produce soot, sulphur dioxide, nitrogen oxides and other air emissions. Under internal standards on acceptance inspection of raw coal, both Plants adopted visual inspection, photographing, sampling inspection, third-party testing and other means to ensure that moisture, ash content, volatile substance and sulphur content of raw coal are in accordance with their requirements. Boiler flue gas from the Plants must be processed by denitration, electrostatic precipitator, bag-hose precipitation and desulphurisation procedures before emitted to atmosphere. Both Plants have automatic monitoring devices installed at their boiler discharge outlets to monitor types and emission volume of pollutants, thus ensuring that the exhaust gas emissions meet the Air Pollutant Emission Standards on Thermal Power Plants and other applicable national standards.

The Plants mainly generate general wastes, including coal fly ash, gypsum, waste residue, sludge, etc. from papermaking, which are classified as industrial waste other than hazardous waste. Such wastes are categorised into reusable and non-reusable for processing respectively. For example, Zhongshan Yong Fa sold coal fly ash to cement manufacturers, and delivered waste residue, sludge and gypsum to local sanitation authorities and qualified contractors for processing respectively. Both Plants have management accounts in place for continuous record of waste generation, delivery date and destination.

Zhengye International is committed to ensuring its Plants to operate in compliance with applicable environment laws including the Law of the PRC on Prevention and Control of Water Pollution, the Law of the PRC on Air Pollution Control, and the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste. During the reporting period, none of the Plants was found of any non-compliance case involving emissions or environmental impact.

除了外購電力，廠房亦自設熱電分廠，生產廠房所需的電力和蒸汽，當中燃煤鍋爐會產生煙塵、二氧化硫和氮氧化物等空氣排放物。廠房均設有原煤驗收相關的內部規範，通過目測、拍照、抽樣檢驗及第三方機構化驗等方式，確保原煤的水分、灰份、揮發物、硫含量等符合廠房要求。廠房的鍋爐煙氣先經脫銷處理、靜電除塵、袋式除塵及脫硫處理，才會排放至大氣中。廠房均於鍋爐排放口安裝自動監測裝置，監測污染物種類及排放量，確保排放的廢氣符合《火電廠大氣污染物排放標準排放標準》及其他相關國家標準。

廠房主要產生一般廢棄物，即不屬於危險廢物的工業廢物，包括造紙粉煤灰、石膏、造紙廢渣、造紙污泥等。廠房均將廢物分為可再利用及不可再利用兩類，分別處理。例如，中山永發將粉煤灰供予水泥製造商，廢渣、污泥及石膏則分別交由當地環衛處及合資格的機構承包商清運處理。兩廠亦建立管理台賬，持續記錄廢物的產生量、轉運日期及去向等。

正業國際致力確保旗下廠房的營運遵守《中華人民共和國水污染防治法》、《中華人民共和國大氣污染防治法》、《中華人民共和國固體廢物污染環境防治法》等環境相關法律。在本報告期內，兩所廠房並無發現與排放物或環境影響相關的違規個案。

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Summary of Emission Performance Indicators of the Two Plants
兩廠房排放物績效指標總覽

Boiler flue gas 鍋爐廢氣	Soot 煙塵	tonne 噸	38.1
	Sulphur dioxide 二氧化硫	tonne 噸	53.9
	Nitrogen oxides 氮氧化物	tonne 噸	258.9
	Carbon emissions 碳排放	tonne 噸	702,822
Sewage 污水	Total emission 總排水量	tonne 噸	2,891,286.9
Harmless wastes 無害廢棄物	Coal fly ash 粉煤灰	tonne 噸	48,122.9
	Cypsum 石膏	tonne 噸	5,520.1
	Papermaking waste residue 造紙廢渣	tonne 噸	70,513.0
	Papermaking sludge 造紙污泥	tonne 噸	2,946.5

Use of Resources

To save water and reduce emissions, white water is reused as far as possible in production process of the Plants. At Zhongshan Yong Fa, for example, there is a process consisting of a white water tank to recycle white water from pulpers, desanders, thickeners and fourdrinier units for reuse in disintegration, pulping, and paper machine spraying processes.

Energy sources used in papermaking process mainly include electricity and steam used in disintegration, pulping and paper manufacturing steps. Cogeneration units are adopted by the Plants to supply coal-fired power as well as residual heat for generating steam for production purposes. Compared to the traditional coal-fired power generation model, cogeneration technology can reduce the energy loss in the form of heat, and hence equivalent amount of coal can contribute higher energy efficiency. In order to coordinate with the development of national policies this year, Hung Hing and Zhongshan Yongfa have completed the coal-to-gas conversion project, and began to use clean energy from natural gas boilers in 2020 to replace coal furnaces for production.

資源使用

為了節約用水、減少排放，廠房均盡量於生產中重用白水。以中山永發為例，廠房設有白水池，回收碎漿機、除砂器、濃縮機及長網部等產生的白水，並重用於制漿碎解及紙機淋噴的過程。

造紙過程主要使用的能源包括電力和蒸汽，用於碎解、制漿、造紙等工序。廠房均採用熱電聯產設備，在燃煤發電的同時，將產生的廢熱用於製造蒸汽，供生產所用。相比傳統燃煤發電模式，熱電聯產技術可減少能量以熱量的形式損失，使用同量燃煤而能達至更高的能源效益。本年，為配合國家政策發展，中山聯合鴻興及中山永發已完成煤改氣工程，並在二零二零年開始使用天然氣鍋爐的清潔能源取代煤爐進行生產工作。

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During the reporting period, Zhengye International adopted the performance indicator method to manage its corrugated medium paper production lines, and succeeded in improving their production efficiency as a whole. The Performance Programme was developed by both paper mills to incorporate resource utilisation requirements into departmental performance indicators. For instance, if the Thermal Power Department and the Raw Materials Department can reduce monthly steam and waste paper consumption by a certain quantity, corresponding bonuses will be granted according to the policies to further incentivise the departments to save resources. Such management model will be promoted across the Group to optimise production line efficiency for corrugated cartons and honeycomb paper-based products, with an aim at continuous improvements in the Group's core competitiveness.

在本報告期內，正業國際採用了績效指標法管理瓦楞芯紙生產線，成功提高整體生產線的生產效益。兩家廠房制定《績效方案》，將資源使用的要求納入部門的績效指標當中。例如，熱電部及原料部若每月可減少一定數量的蒸汽及廢紙消耗量，則可按規定獲得相應的獎金，進一步鼓勵各部門節約資源。集團將繼續沿用此管理模式，優化瓦楞紙箱及蜂窩紙製品生產線的營運效率，持續提升集團的核心競爭力。

Summary of Resource Utilisation Performance Indicators of the Two Plants
兩廠房資源使用績效指標總覽

Use of water resources 水資源使用	Total water consumption	tonne	2,670,903.6
	總耗水量	噸	
	Accumulative sewage recycled volume	tonne	6,060,763.9
	累計污水回用量	噸	
	Water consumption density	tonne of water/ tonne of paper	11.95
	水量密度	噸水／噸紙	
Use of energy resources 能源使用	Coal	tonne	458,831.2
	煤	噸	
Use of raw materials 原材料使用	Waste paper	tonne	529,583.1
	廢紙	噸	
	Starch	tonne	30,002.6
	澱粉	噸	

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The Environment and Natural Resources

Zhengye International seeks to monitor and enhance environmental performance of its Plants in operation. Departments at the Plants collaborated to measure and record various emissions and consumption of resources. In the future, the Group will benchmark against such statistics to set quantitative targets on emission reduction and resource saving in a drive to boost efficiency of its day-to-day operations. The Group will further commit resources in research and development, seeking to introduce more advanced environmentally friendly production technologies and equipment.

Zhengye International commits itself to avoiding fire, explosion, chemical leakage, significant water and electricity supply disruption and other potential accidents. To this end, the Plants developed respective emergency response plans to define the accident reporting and control procedures, avoid diffusion of pollution sources, and manage the impact of accidents on environment and the surrounding communities. Zhongshan Yong Fa also maintained green plants outside of its coal bunker and alongside roads to green the plant area.

Care for Employees Health and Safety

As a producer, Zhengye International attaches extra importance to sustaining a healthy and safe workplace. Under the Production Safety Accountability System and the Production Safety Management System formulated respectively by Zhongshan Yong Fa and Hung Hing, a management framework comprising management executives of the Plant as well as heads of engineering, equipment, production, safety office and other departments is in place to define duties of personnel and implement the managerial initiatives. At Zhongshan Yong Fa, efforts were taken to further standardise the planning, implementation, inspection and improvement procedures in its safety management programme through the HSE Manual with reference to OHSAS 18001-2007 standards.

Zhengye International provided employees with safety training to enhance their safety awareness. The Plants provided new staff with training courses and assessments at three levels namely company, department and work group, covering safety regulations, equipment operation, case study, etc. Employees engaged in special work such as electrical, lifting, boiler and welding must receive additional professional training, pass the examination and obtain an operational certificate before performing their respective duties. The Plants regularly organised safety education in various forms. At Hung Hing, for example, morning and evening meetings were held from time to time to explain to the staff the safety and health issues identified in inspection to enhance their safety awareness.

環境及天然資源

正業國際致力監察和提升廠房營運的環保績效。廠房的各部門已開始協調合作，記錄和統計各種排放物及資源使用量。未來，集團將會以這些數據作為基準，訂立減少排放及節約資源的量化目標，提升日常營運的效率。集團將繼續投入研發工作，致力採用更先進的環保生產技術和設備。

正業國際致力避免如火警、爆炸、化學品洩漏、大範圍水電供應中斷等潛在事故，廠房已制定相應的應急預案，界定事故發生時的通報控制程序，避免污染源擴散，控制事故對環境和周邊社區的影響。中山永發亦在煤倉外、車路兩旁等廠內多處栽種綠色植物，致力綠化環境。

員工關懷 健康與安全

作為生產型企業，正業國際尤其注重維持一個健康及安全的工作環境。中山永發及中山聯合鴻興分別制定《安全生產責任制》及《安全生產管理制度》，建立由廠房管理層，以及工程、設備、生產、安全辦等部門負責人組成的管理架構，界定各人員的職責，落實各項管理措施。中山永發更依據 OHSAS 18001-2007 標準，透過《HSE 手冊》進一步將安全管理方案的策劃、實施、檢查和改進流程標準化。

正業國際為員工提供安全培訓，以加強員工的安全認知。廠房為新員工安排公司、部門和班組三個層級的培訓及考核，內容包括安全法規、設備操作、案例學習等。從事電氣、起重、鍋爐、焊接等特殊工種的員工，必須額外接受專門操作訓練，考試合格並取得操作證後方可工作。廠房亦會定期以不同形式展開安全教育；例如，中山聯合鴻興不時在早會及晚會，向全體員工講解巡檢中發現的安全衛生問題，提升員工的安全意識。

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Post-specific safety guidelines, protective gears and health support were provided to employees. Zhongshan Yong Fa also developed safety management guidelines for thermal process, electrical work, aerial work and confined space work to illustrate the post-specific safety matters to be noted. Safety helmets, work shoes, gloves, protective glasses, earplugs and other protective gears suitable for the post were provided to employees. Hung Hing introduced a mechanism linking usage of protective gears to safety bonus to incentivise employees in self-discipline and proper use. Each year physical examination is provided to employees, and job transfer and re-examination are arranged to the employees with suspected symptoms of occupational disease to follow up their health status.

During the reporting period, none of the Plants was found of any non-compliance case against the Production Safety Law of the PRC, the Occupational Disease Prevention and Control Law of the PRC and other safety regulations or any work-related death, except for 13 work-related injury cases. Based on the amount of employee medical expenses or the number of rest days caused by work-related injuries, the Plants classified work-related injury accidents into four categories i.e. minor, general, serious and extra serious. The four cases of Hung Hing were classified as minor or general work-related injury accidents. Zhongshan Yong Fa involved nine minor or general work-related injury accidents.

Targets of Zhongshan Yong Fa and Hung Hing in 2020:

- Zero work-related death accident
- Not more than one serious accident
- Not more than four general accidents
- Note more than seven minor accidents

All such work-related injuries were investigated and analysed to identify and record occurrence time, place, sequence of events, casualties, etc., and circulated to all departments of the Plants. Based on the findings, the Plants imposed punishment on the persons liable and implemented the remedial measures pursuant to the established regulations. Zhongshan Yong Fa and Hung Hing did not have any serious work-related injury case during the year. For other minor and general accidents, the Plant also took corrective actions including more frequent equipment inspections, updating safety operating procedures, strengthening staff training, replacing or installing protective equipment, etc.

In view of the relatively high incidence of occupational injury at the Plants, Zhengye International will strengthen its supervision on implementation of the safety management systems of the Plants. The Plants will also clearly define the work-related accident indicators in their safety targets for the coming year.

針對不同工作崗位，廠房為員工提供安全指引、裝備及健康支援。例如，對於熱工序、電工作、高空作業及密閉空間工作等，中山永發制定了相應的安全管理指引，說明崗位需要注意的安全事項。廠房向員工提供適合該工種的安全帽、工作鞋、手套、防護眼鏡、耳塞等安全防護裝備；中山聯合鴻興更將裝備的使用與員工的安全獎金制度掛鉤，推動員工自律並正確佩戴。廠房每年為員工安排身體檢查，若發現懷疑職業病癥狀，則安排有關員工調職和接受覆檢，跟進其健康狀況。

本報告期內，兩所廠房並無發現與《中華人民共和國安全生產法》、《中華人民共和國職業疾病防治法》等安全法規相關的違規個案，亦無因工死亡的個案，惟共出現十三宗工傷個案。按照工傷導致的員工醫療費用或休息日數，廠房將工傷事故劃分為輕微、一般、重大及特大四類。中山聯合鴻興的四宗個案屬於輕微或一般工傷事故。中山永發出現九宗輕微或一般工傷事故。

中山永發及中山聯合鴻興致力於二零二零年將：

- 因工死亡事故控制在零宗
- 嚴重事故控制在少於一宗
- 一般事故控制在少於四宗
- 輕微事故控制在少於七宗

廠房對所有工傷個案均進行了調查分析，查明和記錄發生的時間、地點、經過、傷亡等，並通報全體部門。基於調查結果，廠房已按既定準則對事故責任人進行懲處，並落實改善措施。本年，中山永發及中山聯合鴻興均沒有重大工傷事故。然而，廠房在工傷事故均召開事故分析會，對輕微和一般事故，採取了糾正措施，包括提高設備巡檢頻率、更新安全操作規程、加強員工培訓、更換或加裝防護裝置等。

正業國際注意到廠房目前的工傷意外率偏高，未來將加強監管廠房的安全管理制度之實施情況。廠房亦於來年的安全目標中，明確界定工傷事故的指標。

Environmental, Social and Governance Report

環境、社會及管治報告

Overview of the Health and Safety Performance Indicators of the Two Plants 兩廠房健康與安全績效指標總覽

		Number of work-related accidents 因工受傷個案數字	Rate of work-related accidents per 1,000 employees 工傷意外率	Lost days due to work injury 因工傷損失工作日數	Number of working days 工作日數	Rate of lost days due to work injury 因工傷損失工作日百分比	Number of hours of absenteeism 總缺勤時數	Total number of working hours 總工作時數	Overall rate of absenteeism 總缺勤率
Male	男性	9	10.22	442	288,132	0.23%	63,589	2,167,776	2.94%
Female	女性	4		386	71,247		14,264	480,120	

Employment Systems

Zhengye International respects each of its employees. In terms of remunerations and benefits, working hours, rest time, performance appraisal, career development, recruitment and selection, etc., Zhongshan Yong Fa and Hung Hing have open and transparent employment systems in place, and the relevant requirements are set out in the Human Resources Cycle Management Policy, Labour and Personnel Management Regulations and Code for Employees. The plants attach importance to the principle of open and fair staff recruitment and select the best candidates based on job requirements. While the plants have yet to formulate staff policies on diversification, equal opportunities and anti-discrimination at present, research will be conducted in future to incorporate the relevant requirements into the existing systems.

The plants have set up mediation committees for employees to lodge oral or written complaints on employment systems. The committees will assist the parties in dispute to arrive at a settlement, failing which the parties concerned may choose to make an application to the local labour supervision authorities for arbitration. The Group strictly comply with relevant employment laws, including the Labour Contract Law of the People's Republic of China and the Labour Law of the People's Republic of China. During the reporting period, the two plants were not aware of any cases of irregularity related to breach of employment and labour standards, and did not receive any cases of complaint in relation to discrimination and sexual harassment.

僱傭制度

正業國際尊重每一位員工。在薪酬福利、工時制度、休息時間、績效考核、職業發展、招聘與錄用等各方面，中山永發及中山聯合鴻興均建立了公開透明的僱傭制度，並將有關規定載於《人力資源循環管理政策》、《勞動人事管理規定》和《員工守則》。廠房均強調以公開、平等的原則招聘員工，因應崗位需要擇優錄用。目前，廠房並未制定員工多元化、平等機會及反歧視的政策，未來將研究在現有制度中加入相關要求。

廠房設有調解委員會，員工可過口頭或書面形式作出有關僱傭制度的申訴，由委員會協助爭議雙方調解。若調解不成立，當事人可選擇向當地勞動監察部門申請仲裁。集團嚴格遵守《中華人民共和國勞動合同法》、《中華人民共和國勞動法》等相關僱傭法律。在本報告期內，兩所廠房並無發現違反與僱傭及勞工常規相關的違規個案，亦無接到任何有關歧視和性騷擾的申訴個案。

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環境、社會及管治報告

Overview of the Employment Performance Indicators of the Two Plants
兩廠房僱傭績效指標總覽

Number of employees 員工人數		Aged below 30 30歲以下	Aged 30-50 30-50歲	Aged over 50 超過50歲	Total number of employees 總員工人數	Ratio of male to female employees 男女員工人數比例
	Male 男性	199	605	214	1,018	4.0:1
Female 女性	53	197	4	254		
Number of new recruits 新入職員工		Aged below 30 30歲以下	Aged 30-50 30-50歲	Aged over 50 超過50歲	Total number of new employees 總新員工數字	Ratio of new recruits 新員工比例
	Male 男性	23	92	0	115	10.2%
Female 女性	4	11	0	15		
Number of staff turnover 流失員工		Aged below 30 30歲以下	Aged 30-50 30-50歲	Aged over 50 超過50歲	Total number of staff turnover 總流失員工數字	Ratio of staff turnover 員工流失率
	Male 男性	24	71	41	136	12.7%
Female 女性	3	23	0	26		

Development and Training

Zhengye International treats its employees as strategic partners. Taking into account departmental development and job function requirements, the human resources department of the plants conduct annual analysis on the training needs of employees, formulate annual training plans; and the relevant departments make arrangements for conducting various training activities, covering aspects like national laws and regulations, industry standards, project management, product technology and internal Audit. The plants also arrange for employees to participate in external training on a need basis. For instance, Hung Hing has an entrusted training system in place for selecting employees to participate in learning activities in other institutions. The plants conduct annual performance appraisal. At Zhongshan Yong Fa plant, for example, staff appraisal exercises are classified based on administrative duties and technical levels, and department heads assess the character and conduct, work performance and future career development potential of the employees. The results will be considered for career advancement and salary adjustment, and serve as the basis for human resources development and planning.

發展及培訓

正業國際視員工為企業的策略夥伴。針對部門發展及崗位職能的需要，廠房人力資源部每年均分析員工的培訓需求，制定年度培訓計劃，並由相關部門組織各項培訓，內容涵蓋國家法規、行業標準、項目管理、產品技術、內部審核等範疇。廠房亦會視乎需要安排員工參與外部培訓，例如中山聯合鴻興便設有委託培養制度，選派員工前往其他機構學習。廠房設年度績效考核。以中山永發為例，廠房的員工考核按行政職務及技術等級劃分，由各部門主管評價員工的品操德行、工作表現與未來職業發展潛力，作為職位晉升、薪資調整的考慮，亦為人力資源的開發與規劃提供依據。

Environmental, Social and Governance Report

環境、社會及管治報告

Overview of the Development and Training Performance Indicators of the Two Plants
兩廠房發展及培訓績效指標總覽

		Management 管理層	Managerial staff 經理人員	General staff 一般員工	Total number of employees 員工總數	Total 總數字
Number of employees trained 培訓人數	Male 男性	40	53	892	1,272	96% of the employees received training 96%員工接受培訓
	Female 女性	14	45	172		
Number and percentage of employees receiving performance and career development review on a regular basis 定期績效及職業發展 檢視的人數及比例	Male 男性	42	70	861		94% of the employees received performance and career review 94%員工接受績效及 職業檢視
	Female 女性	14	45	168		

Labour Standards

Zhengye International fully understands that child labour and forced labour violate fundamental human rights and international labour conventions. The Group prohibits using child labour, and the plants will validate the actual age of the job applicants in the recruitment process and check the identity documents of those selected for employment. Entering into, alteration, performance and discharge of labour contracts are on a voluntary basis, and adhere to the principles of equality and reaching a consensus only after consultation between the employer and the employees. The plants will never use any unlawful or unfair means to set constraints on the employment relationship between the employees and the enterprise. If employees are required to work overtime or work on rest days due to special circumstances, the plants must obtain prior consent from the employees and pay overtime wages or arrange for compensation leave to protect labour rights. During the reporting period, the two plants were not aware of any cases of child labour or forced labour.

The International Labour Organization is a special agency of the United Nations for promulgating labour standards in the form of international labour conventions and recommendations, thus improving the working and living standards of different places in the world. China is a founding member of the International Labour Organization and its permanent member.

勞工準則

正業國際充分明白到童工和強制勞工違反基本人權及國際勞工公約。集團禁止使用童工，廠房在招聘過程中會對應徵者進行實際年齡的審查，檢查應聘者的身份證明文件。勞動合同的訂立、變更、履行和解除均以勞資雙方平等自願、協商一致為原則，廠房絕不利用任何不法不公的方式，限制員工與企業的僱傭關係。如因特殊情況而需要員工加班或在休息日上班，廠房必須事先得到員工同意，亦會支付加班工資或安排補假，以保障勞工權益。在本報告期內，兩所廠房並無發現童工或強制勞工的個案。

國際勞工組織是聯合國的專門機構，透過國際勞工公約和建議書的形式頒佈勞工標準，從而提高世界各地的工作和生活標準。中國是國際勞工組織的創始成員國，也是該組織的常任理事國。

Environmental, Social and Governance Report

環境、社會及管治報告

Operational Management Supply Chain Management

Zhongshan Yong Fa and Hung Hing have respectively formulated the Administrative Measures for Supplier Assessment and Administrative Procedures for External Supplier, and suppliers are jointly managed by departments including the purchasing department, quality control department and production department. If the existing suppliers do not meet the procurement requirements, the plants will identify at least two to three potential suppliers, review information including product descriptions and operation compliance, and conduct a preliminary evaluation through plant inspections. The plants will request those that have passed the preliminary evaluation to provide samples for testing and trial use, and only those that have passed the trial use can become qualified suppliers of the plants. The plants will review collaborative suppliers annually and poor performers will be disqualified.

The corrugated medium paper products of the plants use waste paper as the main raw materials. During the reporting period, the waste paper raw materials of the plants came domestically from China. If it is necessary to purchase imported waste paper raw materials, the plants also have additional management requirements to ensure compliance with the Administrative Provisions on Environmental Protection Concerning Solid Wastes with Import Restrictions that Can be Used as Raw Materials. The Group also encourages the purchasing department to take the initiative to collect information on suppliers regarding quality and environmental protection, so as to select raw materials that are of better quality and more environment-friendly.

The corrugated medium paper products of the plants use waste paper as the main raw materials, with the majority coming from Zhongshan City, Guangdong Province, where the plants are located to help shorten transport distance and promote local resource recycling. The respective percentages of waste paper raw materials coming from the following locations are:

- Zhongshan, Zhuhai, Foshan and Jiangmen: 72.0%
- Hainan: 5.7%
- Shenzhen: 11.3%
- Overseas and other province: 11.0%

營運管理 供應鏈管理

中山永發及鴻興分別制定《供應商評審管理辦法》及《外部供方管理程序》，由採購部、質管部、生產部等部門共同管理供應商。若現有供應商未符合採購需求，廠房會識別至少兩至三家潛在供應商，審核產品說明、經營合規性等資訊，以及透過廠房視察進行初步評價。廠房向通過初步評價者索取樣品作檢測試用，只有試用結果合格者方可成為廠房的合格供方。廠房會對合作供應商每年進行複審，表現欠佳者會被取消合格供方資格。

廠房的瓦楞芯紙產品均以廢紙為主要原材料。在本報告期內，廠房的廢紙原料均來自中國國內。如有需要採購進口廢紙原料，廠房亦設有額外的管理規定，確保符合《限制進口類可用作原料的固體廢物環境保護管理規定》。集團亦鼓勵採購部門主動收集供應商有關質量及環境保護的資料，選擇更優質及環保的原材料。

廠房的瓦楞芯紙產品均以廢紙為主要原材料，來源大多來自廠房所在的廣東省中山市，有助減省運輸距離，推動當地資源回收。按百分比計算，廠房原料廢紙分別來自：

- 中山、珠海、佛山及江門：72.0%
- 海南：5.7%
- 深圳：11.3%
- 海外及其他省市：11.0%

Environmental, Social and Governance Report

環境、社會及管治報告

Product Responsibility

Zhengye International attaches importance to the quality and safety of products. The plants have Substandard Product Control Procedures relevant administrative procedures for rectification measures in place, which clearly describe the handling criteria when the inspection results of raw materials and finished products do not conform to national or the Group's quality standards. For example, if it is found that the hazardous materials mixed with the waste paper raw material exceed national standards, the plants will give a warning to the supplier and make a request to reject the item. The plant will also commission a third-party inspection agency annually to carry out compliance inspection under the European Union's Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation to determine whether the heavy metal and chemicals contents comply with the standards.

Zhengye International is also very stringent in terms of after-sales management. The plants will implement the Administrative Procedures for Customer-related Processes and distribute the Customer Satisfaction Survey Questionnaire to major customers of the Group, conduct analysis after understanding their recommendations and aspirations, and carry out investigation and improvement in accordance with the Procedures for Rectification and Preventive Measures. The two plants received forty three complaints, twenty nine rejects and twenty seven customer claims during the reporting period. After verification, ninety nine cases were found to be due to product quality problems, which were handled during the year in accordance with the procedures; and the plant will further strengthen its analysis of the causes of product quality problems and formulate targeted preventive measures to avoid the occurrence of similar cases. During the reporting period, the two plants were not aware of any cases related to breach of product responsibility.

Anti-corruption

Based on the Group's Eight Provisions on Integrity and Self-discipline, the anti-corruption policies of Zhongshan Yong Fa and Hung Hing cover stringent enforcement of established procedures for screening, obtaining quotations and tendering when selecting suppliers, contractors and collaborators with prohibition on accepting benefits and gifts from collaborative partners; prohibition on abuse of power for the benefit of relatives, carrying out related party transactions and embezzlement of corporate funds and corporate property. Employees can report to the human resources department if they are aware of the above conduct. If found to be true after investigation, the plants will impose on the employee in breach of regulations penalties such as giving a warning, lowering the salary, removing from office, dismissal and termination of labour relations. Those who violate the law will be referred to the judiciary for handling. The Group complies with the Criminal Law of the People's Republic of China and other relevant laws. During the reporting period, the two plants were not aware of any cases of corruption, breach of regulations or litigation involving the Group and its employees.

產品責任

正業國際重視產品的質素和安全。廠房均設有《不合格品控制程序》及有關糾正措施的管理程序，闡明原材料及成品的檢驗結果不符合國家或集團的質量標準時之處理準則。例如，當發現廢紙原料夾雜的危險物質超出國家標準，廠房會對供應商作出警告及要求退貨。廠房亦會每年委託第三方檢驗機構，對廠房的产品進行歐盟《危害性物質限制指令》(Restriction of Hazardous Substances Directive, RoHS)及《關於化學品註冊、評估、許可和限制法案》(Registration, Evaluation, Authorisation and Restriction of Chemicals, REACH)之合規性檢驗，確定重金屬及化學物含量是否符合標準。

正業國際對售後管理亦絕不鬆懈。廠房均執行《與客戶有關的過程的管理程序》，向集團的主要客戶發放《顧客滿意度調查表》，了解其建議及訴求後進行分析，並按《糾正與預防措施程序》進行調查及改善。兩家廠房在本報告期內共接到四十三宗抱怨、二十九宗退貨及二十七宗客戶索賠個案。九十九宗個案查證後均源於產品質量問題，已於年內按照程序完成處理。廠房將進一步加強對產品質量問題的原因分析，制定針對性的預防措施，避免發生同類個案。在本報告期內，兩所廠房並無發現產品責任相關的違規個案。

反貪污

中山永發及鴻興依據集團的《廉潔自律八項規定》作為廠房的反貪政策，包括規定在選擇供應商、承包商及合作商時，嚴格執行篩選、詢價、招標等既定程序，不得接受合作夥伴的利益餽贈；不得濫用職權，為親屬謀取利益、進行關聯交易、將公款公物據為己有等。若發現上述行為，員工可向人力資源部舉報。若查證屬實，廠房會按規定對違規員工工作警告、降薪、撤職、開除並解除勞動關係等處分，觸犯法律者則移交司法處理。集團遵守《中華人民共和國刑法》及其他相關法律。在本報告期內，兩所廠房並沒有出現與本集團及員工相關的貪污違規個案或訴訟案件。

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環境、社會及管治報告

Community Investment

There has been growing awareness of corporate social responsibility in the market, resulting in the emergence of the concept of “Social Licence to Operate” which places emphasis on the idea that instead of pursuing short-term financial results and returns for its shareholders as its goals, an enterprise should have regard to the long-term interests of society as a whole. Although Zhengye International has yet to establish an overall policy on community investment, the plants have currently taken the initiative to carry out community participation initiatives through various means. In 2019, Hung Hing donated RMB240,000 to Shaxi Town Charity Association and RMB10,000 to Shaxi Town Elderly Association, Zhongshan Yong Fa donated RMB200,000 to Zhong Shan Charity Association (Huangpu Town), RMB10,000 to Zhong Shan Huangpu Town Red Cross and RMB50,000 to Yaoping County Zhangxi Town Committees to support the needs from communities. In future, the Group will make additional improvements to its community policies and plans to further strengthen the links between the Group and the communities where it operates.

社區投資

市場對企業社會責任日益重視，衍生「社會營運許可」的概念，強調企業不能只以短期的財務績效及股東回報為目標，更要放眼社會整體的長遠利益。雖然正業國際尚未建立有關社區投資的整體政策，目前廠房已自行開展不同形式的社區參與工作。二零一九年，鴻興分別向中山沙溪鎮慈善會、中山市沙溪鎮老人協會，捐款人民幣二十四萬及人民幣一萬元，支持當地老人院及該社區的設施建設；中山永發則分別向黃圃慈善基金會、中山市黃圃鎮紅十字會及饒平縣樟溪鎮新民村民委員會捐款人民幣二十萬元、人民幣一萬元及人民幣五萬元，用作當地弱勢社區人士的需要。再者，本集團亦鼓勵員工以義工形式，支持當地社區舉辦的文娛活動。未來，集團將進一步完善社區政策及計劃，進一步強化集團與營運所在社區的聯繫。

Profiles of Directors and Senior Management

董事及高級管理層履歷

Directors

Executive Directors

Mr. Hu Zheng (胡正), aged 57, he is the Chairman and executive Director and one of the founders. Furthermore, Mr. Hu Zheng is the chairman of the nomination committee and members of the remuneration committee, risk management committee and budget management committee. Mr. Hu Zheng is responsible for overseeing the overall corporate management, operation and development planning and had over 20 years of experience in the paper-making and packaging industries. Prior to founding our Group, Mr. Hu Zheng worked as a technician and as assistant engineer at a then state-owned paper factory since 1983 then he was a director of a PRC paper and packaging products manufacturing factory, responsible for the management of daily operation and strategic planning from 1990 to 2003. In October 1981, Mr. Hu Zheng graduated from Guangdong Foshan Vocational College (廣東佛山職業技術學院) (formerly known as Guangdong Foshan Region Agricultural Mechanical College (廣東省佛山地區農業機械化學校)) and completed a Master of Business Administration at the Macau University of Science and Technology in August 2001. Mr. Hu Zheng is the brother of Mr. Hu Hancheng (an executive Director and a substantial shareholder of the Company through his interests in Golden Century Assets Limited) and Mr. Hu Hanchao (an executive Director and a substantial Shareholder of the Company through his interests in Leading Innovation Worldwide Corporation).

Mr. Hu Hancheng (胡漢程), aged 60, has been appointed an executive Director since 4 March 2011. He is also the Co-Chairman of the Company, and also a member of budget management committee. He is responsible for the comprehensive operation management of the Group. He joined the Group in 2003 and has been the legal representative of Zheng Ye Packaging (Zhongshan) Company Limited, an indirectly wholly-owned subsidiary of the Company, between December 2007 and January 2017. Mr. Hu Hancheng is in charge of the management and operation of the packaging business division of the Group. Prior to joining the Group, Mr. Hu Hancheng was the general manager of a PRC packaging products manufacturing factory from 1997 to 2003 responsible for the overall operational management of the business. Mr. Hu Hancheng is currently the vice president of Zhongshan Association of Packaging Industry. In January 1995, Mr. Hu Hancheng completed an economic management program at the Guangdong Polytechnic College (廣東省工程職業技術學院) formerly known as Guangdong Province Adult Technology University (廣東省成人科技大學). Mr. Hu Hancheng is brother of Mr. Hu Hanchao (an executive Director) and Mr. Hu Zheng (an executive Director and a controlling Shareholder of the Company through his interests in Gorgeous Rich Development Limited).

董事

執行董事

胡正先生，57歲，胡正先生於本集團擔任董事長兼執行董事，為本集團的創辦人之一，亦為提名委員會主席及薪酬委員會、風險管理委員會和預算管理委員會成員。胡正先生負責監察整體企業管理、營運以及發展規劃，從事造紙及包裝業有20多年。創辦本集團之前，胡正先生自一九八三年起在當時國營造紙廠擔任技術員及助理工程師；隨後於一九九零年至二零零三年期間，擔任一家中國紙類及包裝產品工廠的廠長，負責日常營運管理與戰略規劃。彼於一九八一年十月畢業於廣東佛山職業技術學院(前稱為廣東省佛山地區農業機械化學校)，二零零一年八月在澳門科技大學完成工商管理碩士學位。胡正先生為執行董事及本公司主要股東胡漢程先生(其權益透過Golden Century Assets Limited持有)及執行董事兼本公司主要股東胡漢朝先生(其權益透過Leading Innovation Worldwide Corporation持有)的親兄弟。

胡漢程先生，60歲，自二零一一年三月四日委任為執行董事。彼同時為本公司聯席董事長，亦為預算管理委員會成員。彼負責本集團全面管理工作。彼於二零零三年加入本集團，並自二零零七年十二月至二零一七年一月期間，出任本公司間接全資附屬公司正業包裝(中山)有限公司的法人代表。胡漢程先生主要負責本集團包裝事業部的管理運作。加盟本集團之前，胡漢程先生於一九九七年至二零零三年擔任一家中國包裝產品製造廠廠長，負責整體業務營運管理。胡漢程先生現為中山市包裝協會副會長。彼於一九九五年一月在廣東省工程職業技術學院(前稱為廣東省成人科技大學)完成經濟管理專業課程。胡漢程先生為執行董事胡漢朝先生及執行董事兼本公司控制股東胡正先生(其權益透過Gorgeous Rich Development Limited持有)的親兄弟。

Profiles of Directors and Senior Management

董事及高級管理層履歷

Mr. Hu Hanchao (胡漢朝), aged 62, the chairman of budget management committee of the Company. He joined our Group in 2003 and he was appointed as a Director in September 2010 then was designated as an executive Director in March 2011 and appointed as Vice Chairman from November 2012 to March 2016; and appointed as Chairman of the Company between April 2016 and August 2018. Mr. Hu Hanchao is responsible for the budget management of the Group and assist to supervise the comprehensive operation management in corrugated medium paper division. He has been involved in corporate management for more than 28 years. Prior to joining the Group, Mr. Hu Hanchao was the deputy general manager at Zhongshan City Zhong Fa Equipment Rental Company Limited from 2000 to 2003 responsible for the overall operational management of the business and before that he was the assistant manager of Xinhua Bookshop from 1985 to 1994. In August 1985, Mr. Hu Hanchao graduated from Zhongshan Municipal Communist Party Cadre School (中山市幹部學校). Mr. Hu Hanchao is the brother of Mr. Hu Zheng (an executive Director) and Mr. Hu Hancheng (an executive Director).

Non-Executive Director

Mr. Chen Riyue (陳日月), aged 41, joined our Group in 31 May 2019. He is served as Guangdong Industry Polytechnic and is currently an associate professor. He obtained a bachelor's degree in engineering from Wuhan University of Technology in 2001. He also obtained a master's degree in engineering from China University of Geosciences (Wuhan) in 2012. Mr. Chan is a niece-in-law of Mr. Hu Hanchao (an Executive Director), Mr. Hu Hancheng (an Executive Director) and Mr. Hu Zheng (an Executive Director).

胡漢朝先生，62歲，為本公司預算管理委員會主席。胡漢朝先生於二零零三年加入本集團，最初於二零一零年九月獲委任為董事，隨後於二零一一年三月擔任執行董事，並於二零一二年十一月至二零一六年三月獲任為副董事長，並於二零一六年四月至二零一八年八月擔任本公司董事長。胡漢朝先生負責本集團預算管理並分管造紙板塊的營運管理工作。胡漢朝先生從事企業管理工作超過28年。加盟本集團之前胡先生漢朝先生於二零零零年至二零零三年擔任中山市中發設備租賃有限公司副總經理，負責整體業務營運管理，在此之前由一九八五年至一九九四年擔任新華書店的助理經理。胡漢朝先生於一九八五年八月畢業於中山市幹部學校。胡漢朝先生為執行董事胡正先生及胡漢程先生的親兄弟。

非執行董事

陳日月先生，41歲，於二零一九年五月三十一日加入本集團，彼現於廣東省輕工業技術學院任職，現為副教授級別。彼於二零零一年獲武漢理工大學的工程學士學位。彼亦於二零一二年獲中國地質大學(武漢)的工程碩士學位。陳先生為執行董事胡漢朝先生，胡漢程先生及胡正先生的侄女婿。

Profiles of Directors and Senior Management

董事及高級管理層履歷

Independent Non-Executive Directors

Mr. Chung Kwok Mo John (鍾國武), aged 51, joined the Company on 4 March 2011 as an independent non-executive Director. He is also the Chairman of audit committee and members of remuneration committee, risk management committee and nomination committee of the Company. Mr. Chung graduated from Macquarie University, Australia in 1992 with a Bachelor of Economics degree, then became a member of CPA Australia in 1995 and that of Hong Kong Institute of Certified Public Accountants in 1996. Mr. Chung has over 20 years of experience in auditing, financial management and corporate finance. Mr. Chung was an auditor in Arthur Andersen (an international accounting firm) from 1992 to 1999. From 2000, Mr. Chung had held several senior management positions, including chief financial officer, executive director and independent non-executive director, in a number of listed companies in Hong Kong. Mr. Chung is presently a vice president of Yongsheng Advanced Materials Company Limited (a listed company on the Stock Exchange; stock code: 3608). Mr. Chung is also an independent non-executive Directors of BYD Electronic (International) Company Limited (a listed company on the Stock Exchange; stock code: 285), YTO Express (International) Holdings Limited (a listed company on the Stock Exchange; stock code: 6123), B & S International Holdings Limited (a listed company on the Stock Exchange; stock code: 1705) and Tokyo Chuo Auction Holdings Limited (a listed company on the Stock Exchange; stock code: 1939) since June 2013, December 2017, February and September 2018 respectively.

Mr. Liew Fui Kiang (劉懷鏡), aged 53, joined the Company on 31 May 2019 as an independent non-executive Director. He is also the Chairman of risk management committee and members of audit committee, remuneration committee and nomination committee of the Company. Mr. Liew is a solicitor of England and Wales as well as Hong Kong. He obtained a Bachelor of Laws (Tetley & Lupton Scholar) from the University of Leeds in 1989. He also obtained a master's degree in business administration (investment and finance) from the University of Hull Business School in the United Kingdom and a Master of Business Administration from the Hull University Business School in the United Kingdom. He is a fellow of the Hong Kong Institute of Directors. Mr. Liew currently serves as independent non-executive director of China Apex Group Limited (a listed company on the Stock Exchange; stock code: 2011) and Zhongchang International Holdings Group Limited (stock code: 859) respectively. Mr. Liew was the chairman of the board of directors and an executive director of PacRay International Holdings Limited (a listed company on the Stock Exchange; stock code: 1010) from August 2017 to January 2019 and he was a non-executive director of China Cloud Copper Company Limited (a listed company on the Stock Exchange; stock code: 33) in December 2019. Mr. Liew served as an independent director of Baoshan Iron & Steel Company Limited (寶山鋼鐵股份有限公司, a Fortune Global 500 company (a listed company on the Shanghai Stock Exchange; stock code: 600019.CH) from 2000 to 2006.

獨立非執行董事

鍾國武先生，51歲，於二零一一年三月四日加入本公司成為獨立非執行董事，彼亦為本公司審核委員會的主席及薪酬委員會、風險管理委員會及提名委員會的成員。鍾先生於一九九二年取得澳洲麥覺理大學經濟學學士學位，一九九五年成為澳洲會計師公會會員，一九九六年成為香港會計師公會會員。鍾先生於審計、財務管理及企業融資方面擁有超過20年經驗。鍾先生於一九九二年至一九九九年出任安達信（一家國際會計師事務所）的審計師。自二零零零年起，鍾先生於多家香港上市公司擔任多個高級管理層職位，包括首席財務官、執行董事及獨立非執行董事。鍾先生現於永盛新材料有限公司（一家於聯交所上市的公司，股份代號：3608）擔任副總裁。鍾先生亦分別由二零一三年六月、二零一七年十二月及二零一八年二月及九月起分別擔任比亞迪電子（國際）有限公司（一家於聯交所上市的公司，股份代號：285）、圓通速遞（國際）控股有限公司（一家於聯交所上市的公司，股份代號：6123）、寶仕國際控股有限公司（一家於聯交所上市的公司，股份代號：1705）及東京中央拍賣控股有限公司（一家於聯交所上市的公司，股份代號：1939）的獨立非執行董事。

劉懷鏡先生，53歲，於二零一九年五月三十一日加入本公司成為獨立非執行董事。彼亦為本公司風險管理委員會的主席及審核委員會、薪酬委員會及提名委員會的成員。劉先生現為英格蘭和威爾斯以及香港之律師。彼於英國列斯大學獲取法學士學位（Tetley & Lupton獎學金學者）及在赫爾大學取得工商管理碩士學位。彼為香港董事學會資深會員。劉先生現時分別為開易控股有限公司（一家於聯交所上市的公司，股份代號：2011）及中昌國際控股集團有限公司（一家於聯交所上市的公司，股份代號：859）的獨立非執行董事。劉先生於二零一七年八月至二零一九年一月曾任太睿國際控股有限公司（一家於聯交所上市的公司，股份代號：1010）的董事會主席兼執行董事，及於二零一九年十二月任中國雲銅股份有限公司（一家於聯交所上市的公司，股份代號：33）的非執行董事。劉先生於二零零零年至二零零六年曾任財富全球五百強公司寶山鋼鐵股份有限公司（一家於上海交易所上市的公司，股份代號：600019.CH）的獨立董事。

Profiles of Directors and Senior Management

董事及高級管理層履歷

Mr. Shin Yick Fabian (洗易), aged 51, joined the Company on 31 May 2019 as an independent non-executive Director. He is also the Chairman of remuneration committee and members of audit committee, risk management committee and nomination committee of the Company. Mr. Shin graduated from the University of Birmingham in England with a bachelor's degree in commerce. After graduation, he worked in the audit department of Deloitte Touche Tohmatsu. He had also worked in a listed company in Hong Kong as group financial controller and company secretary. He is a fellow member of Hong Kong Institute of Certified Public Accountants, Association of Chartered Certified Accountants, The Chartered Governance Instituted (formerly Institute of Chartered Secretaries and Administrators) and the Hong Kong Institute of Company Secretaries. Mr. Shin is a non-executive Director of Pak Tak International Limited (a listed company on the Stock Exchange; stock code: 2668) since February 2017. Mr. Shin is also an independent non-executive Directors of Lisi Group Holdings Limited (a listed company on the Stock Exchange; stock code: 526), Newton Resources Limited (a listed company on the Stock Exchange; stock code: 1231) and China Tianrui Automotive Interiors Company Limited (a listed company on the Stock Exchange; stock code: 6162) since January 2013, August 2015, and December 2018 respectively. Mr. Shin was an independent non-executive Directors of China Shun Ke Long Holdings Limited (a listed company on the Stock Exchange; stock code: 974) from August 2015 to October 2018, Huabang Financial Holdings Limited (Formerly Goldenmars Technology Holdings Limited) (a listed company on the Stock Exchange; stock code: 3638) from September 2016 to October 2018.

Senior Management

Mr. Hu Jianpeng (胡健鵬), aged 33, joined the Group in 2014. Mr. Hu Jianpeng is the Chief Executive Officer of the Group. Mr. Hu Jianpeng held the post of the Group's general manager in procurement between 2014 and 2017, was responsible for the supply chain management and procurement strategy formulation in the Group. In 2018, Mr. Hu Jianpeng served as the chief operating officer of the Group and responsible for the overall operation and management in sales, raw materials and procurement of the Group. Mr. Hu Jianpeng obtained double Master degrees in finance and marketing awarded by the University of Sydney in 2013. Mr. Hu Jianpeng is a son of Mr. Hu Zheng (an Executive Director). Also, Mr. Hu Jianpeng is a nephew of Mr. Hu Hanchao (an Executive Director) and Mr. Hu Hancheng (an Executive Director).

洗易先生，51歲，於二零一九年五月三十一日加入本公司成為獨立非執行董事。彼亦為本公司薪酬委員會的主席及審核委員會、風險管理委員會及提名委員會的成員。洗先生畢業於英國伯明翰大學，持有商學學士學位。於畢業後，彼曾供職於德勤會計師事務所之審核部門。彼亦曾任職於一間香港上市公司，擔任集團財務總監及公司秘書。彼為香港會計師公會、英國特許公認會計師公會、英國特許管治公會（前稱英國特許秘書及行政人員公會）及香港公司秘書公會資深會員。洗先生自二零一七年二月起擔任百德國際有限公司（一家於聯交所上市的公司，股份代號：2668）的非執行董事；洗先生亦分別由二零一三年一月、二零一五年八月及二零一八年十二月起分別擔任利時集團（控股）有限公司（一家於聯交所上市的公司，股份代號：526）、新礦資源有限公司（一家於聯交所上市的公司，股份代號：1231）及中國天瑞汽車內飾件有限公司（一家於聯交所上市的公司，股份代號：6162）的獨立非執行董事。洗先生在二零一五年八月至二零一八年十月和二零一六年九月至二零一八年十月分別擔任中國順客隆控股有限公司（一家於聯交所上市的公司，股份代號：974）及華邦金融控股有限公司（前稱晶芯科技控股有限公司）（一家於聯交所上市的公司，股份代號：3638）的獨立非執行董事。

高級管理層

胡健鵬先生，33歲，於二零一四年加入本集團。胡健鵬先生現為本集團行政總裁。彼在二零一四年至二零一七年期間擔任本集團採購總經理職務，負責本集團供應鏈管理、採購策略制定。於二零一八年，胡健鵬先生擔任本集團營運總裁，負責本集團銷售、原料及採購全面營運管理。胡健鵬先生於二零一三年獲取由悉尼大學頒發的金融學和市場學雙碩士學位。胡健鵬先生為執行董事及控制股東胡正先生的兒子；同時為執行董事胡漢朝先生及胡漢程先生的侄兒。

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

Mr. Hu Jianjun (胡健君), aged 35, joined the Group in 2010. Mr. Hu Jianjun is the vice president of the Group and is responsible for the operations, strategic planning in sales and raw paper procurement in packaging division and maintain customers relationships. Mr. Hu Jianjun obtained the undergraduate programme in design awarded by the Wuchang Shouyi University (former known as Huazhong University of Science and Technology (Wuchang campus)) in 2008. Mr. Hu Jianjun is a son of Mr. Hu Hancheng (an Executive Director). Also, Mr. Hu Jianjun is a nephew of Mr. Hu Hanchao (an Executive Director) and Mr. Hu Zheng (an Executive Director).

Mr. Tan Xijian (譚錫健), aged 35, joined the Group in 2014. Mr. Tan is the vice president of the Group and is responsible for the sales and raw materials operation management. Mr. Tan was the general manager in raw materials from 2014 to 2017 and was responsible for the formulation of raw materials management and procurement strategies of the Group. Prior to joining the Group, he had five years of project planning. Mr. Tan obtained a degree in Business Administration from Guangdong University of Technology in 2016. Mr. Tan Xijian is a son-in-law of Mr. Hu Hanchao (an Executive Director). Also, Mr. Tan is a niece-in-law of Mr. Hu Hancheng (an Executive Director) and Mr. Hu Zheng (an Executive Director).

Ms. Chen Wei (陳威), aged 44, joined our Group in 2007. Ms. Chen is the vice president of the Group and responsible for the management operations in finance, human resources, legal, internal audit, information systems and Hong Kong head quarter of the Group comprehensively. Ms. Chen has over 15 years of experience in financial management and tax services. She served as financial supervisor in several papermaking enterprises and group companies during the period from 1995 to 2001 and was in charge of accounting and financial management matters. Prior to joining our Group, Ms. Chen served as account manager and tax consultant in Zhongshan large-scale tax agent from 2005 to 2007. Ms. Chen completed the accounting course of Jinan University in December 2005 and obtained a undergraduate diploma. Thereafter, she was awarded the Master of Business Administration degree from the University of Wales in April 2011, and obtained the title of senior accountant awarded by Human Resources Bureau of Guangdong Province (廣東省人事廳) in December 2008. In September 2009, Ms. Chen obtained professional qualification as a senior international finance manager awarded by International Financial Management Association. She is the member of International Financial Management Association.

胡健君先生，35歲，於二零一零年加入本集團。胡健君先生為本集團營運副總裁。負責包裝分部的銷售及原紙採購策劃和維繫客戶關係。胡健君先生於二零零八年獲取武昌首義學院(前稱華中科技大學武昌分校)頒發的設計學本科學位。胡健君先生為執行董事胡漢程先生的兒子；同時為執行董事胡漢朝先生及胡正先生的侄兒。

譚錫健先生，35歲，於二零一四年加入本集團。譚先生現擔任本集團營運副總裁，負責集團銷售、原料營運管理。譚先生在二零一四年至二零一七年間擔任本集團原料總經理，負責本集團原料管理、採購策略制定。加入本集團前，彼擁有五年的項目策劃工作。譚先生在二零一六年獲取由廣東工業大學頒發的工商管理學位。譚錫健先生為執行董事胡漢朝先生的女婿；同時為執行董事胡漢程先生及胡正先生的侄女婿。

陳威女士，44歲，於二零零七年加入本集團，為本集團副總裁，全面負責集團財務、人力資源、法律、審計、資訊系統及香港總部管理工作。陳女士擁有逾15年財務管理及稅務服務工作經驗。彼由一九九五年至二零零一年期間任職多家製造企業和集團公司的財務主管，負責會計及財務管理事宜。加盟本集團之前，陳女士於二零零五年至二零零七年任職中山大型稅務師事務所的客戶經理、稅務顧問。陳女士於二零零五年十二月完成暨南大學會計專業課程(本科學歷)，隨後於二零一一年四月完成英國威爾士大學工商管理碩士學位，於二零零八年十二月獲廣東省人事廳頒授高級會計師職稱，於二零零九年九月獲國際財務管理協會頒授高級國際財務管理師職業資格，為國際財務管理協會會員。

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

Mr. Zhou Wenchang (周文昌), aged 55, joined the Group in 2015. Mr. Zhou is the vice president of the Group, and is responsible for the overall operation, production, coordination and management planning in a production base of paper division in Yongfa. Mr. Zhou has over 33 years of experience in the technical, production and management skills in paper industry. Prior to joining the Group, Mr. Zhou worked as production supervisor at Jiangxi Fuzhou Paper Mill (江西撫州造紙廠) from 1987 to 1998. He was responsible for the production line management. From 1998 to 2014, Mr. Zhou was the factory manager in one of subsidiary of Nine Dragons Paper (Holdings) Limited and was responsible for the overall production management. He served as general manager in Hebei Changtai Paper Company Limited* (河北昌泰紙業股份有限公司) between 2014 and 2015, responsible for comprehensive production management. Mr. Zhou graduated in 1987 from Jiangxi College of Light Industry (江西輕工業學校), majoring in pulp paper craft (technical diploma).

Mr. Fu Guofa (傅國法), aged 47, joined the Group in 2017. Mr. Fu is the vice president of the Group, and is responsible for the overall product operation, coordination and management planning in a production base of paper division in Hung Hing. Mr. Fu has over 23 years of experience in the technical, production and management skills in paper industry. Prior to joining the Group, Mr. Fu worked as deputy general manager in one of subsidiary of Nine Dragons Paper (Holdings) Limited from 2010 to 2016 and was responsible for the overall production management. Mr. Fu obtained an undergraduate qualification majoring in pulp paper craft from Nanjing Forestry University in 1997.

Mr. Zhou Dafu (周達甫), aged 39, joined the Group in 2016. Mr. Zhou is the vice president of the Group, and is responsible for the overall product operation, coordination and management planning in a production base of paper division in Zhengyi. Mr. Zhou has over 16 years of experience in the technical, production and management skills in paper industry. Prior to joining the Group, Mr. Zhou worked at a numbers of paper manufacturers enterprises and was responsible for production and management. Mr. Zhou obtained a degree majoring in light chemical engineering from Tianjin University of Science and Technology in 2003.

Mr. Li Jun (李俊), aged 57, joined our Group in 2003. Mr. Li is the vice president of the Group, and is responsible for the overall management and its strategies of the Zhongshan base of packaging division of the Group. Mr. Li has been involved in paper-making process technologies and sales management of packaging products since graduation. Prior to joining our Group, Mr. Li worked for Chenzhou Hongqi Paper Factory (郴州紅旗造紙廠) from 1982 to 1993 and was responsible for the production technology and subsequently at Chenzhou Hongqi Number Two Paper Factory (郴州第二造紙廠) as assistant plant manager till 1996. Mr. Li was the head of the transportation department at a PRC packaging products manufacturing factory from 1999 to 2003 responsible for the inventory and logistics management of the business. Mr. Li graduated from Hunan Vocational College for Light Industry (湖南省輕工業專科學校) in July 1982, majoring in paper-making processes, and obtained professional qualification as an engineer (工程師) awarded by Human Resources Bureau of Hunan Province (湖南省人事廳) in July 1992.

周文昌先生，55歲，於二零一五年加入本集團，為本集團副總裁全面負責造紙分部生產基地永發整體經營生產運作、協調、計劃管理工作。周先生擁有逾33年的造紙業內技術、生產及管理工作經驗。加盟本集團之前，周先生於一九八七年至一九九八年在江西撫州造紙廠任職生產主管，負責生產線管理工作；一九九八年至二零一四年在玖龍紙業(控股)有限公司其中一家附帶公司任職廠長，負責全面生產管理工作；二零一四年至二零一五年在河北昌泰紙業股份有限公司任職總經理，負責全面的生產經營管理工作。周先生於一九八七年畢業於江西輕工學校，主修製漿造紙工藝專業(中技學歷)。

傅國法先生，47歲，於二零一七年加入本集團，為本集團副總裁全面負責造紙分部生產基地鴻興整體經營生產運作、協調、計劃管理工作。傅先生擁有逾二十三年的造紙業內技術、生產及管理工作經驗。加入本集團之前，傅先生於二零一零年至二零一六年在玖龍紙業(控股)有限公司一家附屬公司任職副總經理，負責全面生產管理工作。彼於一九九七年畢業於南京林業大學，主修製漿造紙專業。

周達甫先生，39歲，於二零一六年加入本集團，為本集團副總裁全面負責造紙分部生產基地正億整體經營生產運作、協調、計劃管理工作。周先生擁有逾十六年的造紙業內技術、生產及管理工作經驗。加入本集團之前，周先生於數家造紙企業任職，負責全面生產及管理工作。彼於二零零三年畢業於天津科技大學，主修輕化工程專業。

李俊先生，57歲，於二零零三年加入本集團，現為本集團副總裁，負責本集團包裝分部中山基地的管理及策略工作。畢業後一直從事造紙工藝技術、包裝製品銷售管理工作。加盟本集團之前，李先生由一九八二年至一九九三年在郴州紅旗造紙廠任職，負責生產技術，其後於郴州第二造紙廠擔任助理工廠經理，直至一九九六年止。李先生於一九九九年至二零零三年擔任一家中國包裝產品製造廠儲運部部長，負責業務的存貨及物流管理。彼於一九八二年七月畢業於湖南省輕工業專科學校，主修造紙工藝專業，並於一九九二年七月獲湖南省人事廳頒授工程師專業資格。

Profiles of Directors and Senior Management

董事及高級管理層履歷

Mr. Zhang Xiaoming (張曉明), aged 58, joined our Group in 2003. Mr. Zhang is the vice president of the Group, and is responsible for the overall management and its strategies of the Zhuhai base of packaging division of the Group. Before that, Mr. Zhang was an executive Director of the Company from January to December 2015. Mr. Zhang has been involved in the papermaking and packaging industry for over 30 years with a strong edge in administration having spent years in a management capacity. Prior to joining our Group, Mr. Zhang worked for Guangdong Zhongshan Paper Factory and was the deputy general manager of a PRC packaging products manufacturing factory from 1995 to 2003 responsible for the overall sales management of the business. Mr. Zhang graduated in July 1985 from Guangzhou College of Light Industry (廣州輕工業學校) administered by the Ministry of Light Industry, majoring in pulp paper making.

Mr. Liu Haibo (劉海波), aged 49, joined our Group in 2018. Mr. Liu is the vice president of the Group, and is in charge of the sales of corrugated medium paper and raw material management. Mr. Liu has over 25 years of experience in paper products sales and participated in the marketing of paper products in various paper products enterprises. He graduated tertiary level in international trade and marketing at Shandong TV University and awarded the title of assistant economist.

Mr. Zhu Xinliang (祝新亮), aged 38, joined our Group in 2019. Mr. Zhu is the vice president of the Group, and is in charge of project development and the management of technical centre. Mr. Zhu has over 15 year in technology, production and management of papermaking industry. He has worked as an engineer in several paper mills in responsible of production management and technology reform. Mr. Zhu graduated at Guangxi University in major of light chemical engineering.

Company Secretary

Mr. Kersen Chan (陳鉅升), aged 41, was appointed as the Company Secretary and the Authorized Representative of the Company in March 2015. Mr. Chan joined the Group as Finance Manager in December 2011. He has over 10 years of professional experience in accounting, auditing and handling the corporate secretarial duties for listed companies in Hong Kong. He has worked for various international accounting firms and listed companies in Hong Kong. Mr. Chan holds a bachelor's degree in accounting. He is a member of CPA Australia.

張曉明先生，58歲，於二零零三年加入本集團，張先生為本集團副總裁，負責本集團包裝分部珠海基地的管理及策略工作。在此之前，張先生於二零一五年一月十二月期間擔任本公司執行董事。張先生從事造紙及包裝行業逾30年，擔任管理職務多年，行政組織經驗豐富。加盟本集團之前，張先生曾在廣東中山造紙廠任職，一九九五年至二零零三年擔任一家中國包裝產品製造廠副總經理，負責業務的整體銷售管理。張先生於一九八五年七月畢業於輕工業部管理的廣州輕工業學校，主修製漿造紙專業。

劉海波先生，49歲，於二零一八年加入本集團，現為本集團副總裁，負責造紙銷售和原料管理工作。劉先生有超過25年的紙品銷售業務經驗，並在多間紙製品企業參與營銷紙品的職位。彼畢業於山東廣播電視大學國際貿易及市場營銷專業，並取得助理經濟師職稱。

祝新亮先生，38歲，於二零一九年加入本集團，為本集團副總裁，負責項目工程及技術中心管理工作。祝先生擁有逾15年的造紙業內技術、生產及管理工作經驗。彼曾在多家造紙廠任職工程師，負責生產管理、技術改造工作。彼畢業於廣西大學，主修輕化工程專業。

公司秘書

陳鉅升先生，41歲，於二零一五年三月獲委任為公司秘書及授權代表。陳先生於二零一一年十二月加入本集團為財務經理，彼在會計、審計及公司秘書範疇擁有逾十年的工作經驗，亦曾在國際知名會計機構及數家上市公司工作。陳先生持有會計學學士學位，並為澳洲會計師公會註冊會計師。

* For identification purpose only

Directors' Report

董事會報告

The Directors are pleased to present to the shareholders their report together with audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2019.

Principal Activities

The Company is an investment holding company. The principal activities of the Group are manufacturing and sale of paper, paperboard and paper-based packaging products. The principal activities of the subsidiaries are set out in note 45 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2019 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 78 to 181 of this annual report.

The Directors now recommend the payment of a final dividend of RMB3.00 cents (equivalent to HKD3.246 cents) per share to the shareholders on the register of members on 3 July 2020, amounting to approximately RMB15,000,000 and the retention of the profit for the year approximately RMB67,184,000.

The dividend will be payable in HK\$. The exchange rate will be based on the opening indicative counter exchange rate (Buying TT for RMB) as on 27 March 2020 (the date of unaudited annual results' board meeting of the Company) disclosed by The Hong Kong Association of Banks.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group for the financial year under review are set out in note 17 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company are set out in note 34 to the consolidated financial statements.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2019, calculated in accordance with the provision of the Bermuda Companies Act 1981, amounted to RMB18,479,000.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 182 of this annual report.

董事會欣然向股東提呈其報告以及本公司及其附屬公司（統稱「本集團」）於截至二零一九年十二月三十一日止年度的經審核綜合財務報表。

主要業務

本公司為一間投資控股公司。本集團的主要業務為製造及銷售紙、紙板及紙製包裝產品。該等附屬公司的主要業務載於綜合財務報表附註45。

業績及分派

本集團截至二零一九年十二月三十一日止年度的業績以及本公司及本集團於該日的財務狀況載於本年報第78至181頁的綜合財務報表。

董事會現建議向二零二零年七月三日名列於股東名冊上的股東派付每股人民幣3.00分，相當於港幣3.246仙的末期股息，金額約為人民幣15,000,000元，並保留本年度餘下溢利約人民幣67,184,000元。

股息將會以港幣派發。匯率會按香港銀行公會於二零二零年三月二十七日（本公司未經審核年度業績董事會的舉行日期）之開市參考牌價（人民幣電匯購入價）為基礎。

物業、廠房及設備

本集團於回顧財政年度的物業、廠房及設備的變動詳情載於綜合財務報表附註17。

股本

本公司的股本變動詳情載於綜合財務報表附註34。

可供分派儲備

於二零一九年十二月三十一日，本公司按百慕達一九八一年公司法的條文計算的可供分派儲備為人民幣18,479,000元。

五年財務摘要

本集團於最近五個財政年度的業績及資產與負債的摘要載於本年報第182頁。

Directors' Report

董事會報告

Reserves

Details of movements in the reserves of the Company during the year are set out in the consolidated statement of changes in equity respectively.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Pre-emptive Rights

There are no pre-emptive under the Company Bye-laws, or the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors

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

Executive Directors

Mr. HU Zheng (*Chairman*) (Mr. HU Jianpeng as his alternate)
Mr. HU Hancheng (*Co-Chairman*) (Mr. HU Jianjun as his alternate)
Mr. HU Hanchao (Mr. TAN Xijian as his alternate)

Non-Executive Directors

Mr. CHEN Riyue (appointed on 31 May 2019)
Mr. HU Hanxiang (retired on 31 May 2019)

Independent Non-Executive Directors

Mr. CHUNG Kwok Mo John
Mr. LIEW Fui Kiang (appointed on 31 May 2019)
Mr. SHIN Yick Fabian (appointed on 31 May 2019)
Mr. WU Youjin (retired on 31 May 2019)
Prof. ZHU Hongwei (retired on 31 May 2019)

The Company confirms that it has received from each of its independent non-executive Directors an annual confirmation of their independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and it still considers that the independent non-executive Directors are independent.

Pursuant to Bye-Law 108 of the Company's Bye-Laws, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Mr. Hu Hancheng, Mr. Hu Hanchao, Mr. Chen Riyue, Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian shall retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election as Directors at the AGM.

儲備

本集團於年內的儲備變動詳情分別載於綜合權益變動表。

購買、贖回或出售本公司的上市證券

截至二零一九年十二月三十一日止，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

優先購買權

根據本公司細則或百慕達法律，概無載列有關本公司須按比例向現有股東提呈發售新股份的優先購買權規定。

董事

於回顧期間及直至本報告日期止年度，本公司的董事為：

執行董事

胡正先生(董事長)(胡健鵬先生為其候補董事)
胡漢程先生(聯席董事長)(胡健君先生為其候補董事)
胡漢朝先生(譚錫健先生為其候補董事)

非執行董事

陳日月先生(於二零一九年五月三十一日委任)
胡漢祥先生(於二零一九年五月三十一日退任)

獨立非執行董事

鍾國武先生
劉懷鏡先生(於二零一九年五月三十一日委任)
冼易先生(於二零一九年五月三十一日委任)
吳友俊先生(於二零一九年五月三十一日退任)
朱宏偉教授(於二零一九年五月三十一日退任)

本公司確認已接獲各獨立非執行董事根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第3.13條發出之年度獨立性確認函，且仍認為獨立非執行董事為獨立人士。

根據本公司細則的細則第108條，三分之一的董事將於本公司的各屆股東週年大會上輪席告退。胡漢程先生、胡漢朝先生、陳日月先生、鍾國武先生、劉懷鏡先生及冼易先生將於股東週年大會上輪席告退，且彼等符合資格並願意於股東週年大會上膺選連任。

Directors' Report

董事會報告

Directors and Senior Management

The biographical details of Directors and Senior Management are set and on page 53 to 59 of this annual report.

Directors' Service Contracts

The executive Directors namely, Mr. Hu Zheng, Mr. Hu Hancheng and Mr. Hu Hanchao have renewed their service contracts with the Company for a term of three years commencing from 1 January 2018. Both are subject to termination by either party giving not less than three months' written notice to the other.

The non-executive Director, Mr. Chen Riyue and each of the independent non-executive Directors namely, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian have been appointed for a term of one year commencing from 31 May 2019; while the independent non-executive Director, Mr. Chung Kwok Mo John has been appointed for a term of one year commencing from 1 January 2019. Both are subject to termination by either party giving not less than three months' written notice to the other.

No Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Emolument Policy

The emolument policies of the Directors and other employees are formulated based on individual experience, qualification and over market situation and are reviewed regularly, while the bonus is related to the financial performance of the Group and the individual performance. The Directors' remunerations are subject to shareholders' approval at general meetings.

The remuneration of the members of the senior management by band for the year ended 31 December 2019 was set out below:

Remuneration band (RMB) 薪酬組別(人民幣)		Number of individuals 人數
0-500,000	0-500,000	14
500,001-1,000,000	500,001-1,000,000	15
1,000,001 or above	1,000,001 或以上	2

Details of the Directors' emolument and emoluments of the five highest paid individuals in the Group are set at the notes 13 and 14 to consolidated financial statements.

董事及高級管理層

董事及高級管理層的履歷詳情載於本年報第53至59頁。

董事服務合約

執行董事 — 胡正先生、胡漢程先生及胡漢朝先生均已與本公司重新訂立服務合約，自二零一八年一月一日起計，為期三年。惟須由任何一方向對方發出不少於三個月的書面通知予以終止。

非執行董事陳日月先生及獨立非執行董事即劉懷鏡先生及冼易先生的任期為期一年，自二零一九年五月三十一日起計；而獨立非執行董事鍾國武先生的任期為期一年，自二零一九年一月一日起計。任何一方可向對方發出不少於三個月的書面通知予以終止。

擬於應屆股東週年大會上膺選連任的董事概無訂立可由本集團於一年內終止而毋須支付賠償(法定補償除外)的服務合約。

薪酬政策

董事及其他員工的薪酬政策乃參考個別員工的經驗及資質及整體市況而定。花紅與本集團的財務業績及個別表現掛鈎。董事薪酬於週年大會上由股東批准。

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

董事的薪酬及本集團五位最高薪人士的薪酬詳情載於綜合財務報表附註13及14。

Directors' Report

董事會報告

Director's Interest In Contracts of Significance

Save as disclosed in the section headed "Continuing Connected Transactions" in this report and note 43 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party during the year under review.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests in the Securities of the Company or its Associated Corporations", and "Share Option Scheme", at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' and Chief Executives' Interests in the Securities of the Company or Its Associated Corporations

As at 31 December 2019, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance the ("SFO")) as recorded in the register to be kept by the Company pursuant to section 352 of the SFO or as otherwise as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

董事於重大合約的權益

除本報告「持續關連交易」一節及綜合財務報表附註43所披露者外，董事概無直接或間接於本公司、其控股公司或其任何附屬公司或同系附屬公司於回顧年度內所訂立並對本集團業務屬重大的合約中擁有重大權益。

董事購買股份或債券證的權利

除下述於「董事及主要行政人員於本公司或其相聯法團的證券中的權益」及「購股權計劃」分節所披露外，任何董事或彼等各自的配偶或未成年子女於年內概無獲授任何可透過購入本公司股份或債券證獲利的權利，亦無行使任何該等權利，而本公司、其控股公司或其任何附屬公司或同系附屬公司概無訂立任何安排致令董事可於任何其他法團獲得該等權利。

董事及主要行政人員於本公司或其相聯法團的證券中的權益

於二零一九年十二月三十一日，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見《證券及期貨條例》（「證券及期貨條例」）第XV部）的股份、相關股份及債券證擁有的權益及淡倉而須根據證券及期貨條例第352條記錄於本公司所存置登記冊內，或須根據上市規則所載的上市發行人董事進行證券交易的標準守則規定知會本公司及香港聯合交易所有限公司（「聯交所」）者如下：

Directors' Report

董事會報告

Name of Directors 董事姓名	Name of Group member/ associated corporation 本集團成員公司/相關法團名稱	Capacity/ Nature of interest 身份/權益性質	Number and class of securities (Note 1) 證券數目及類別 (附註1)	Approximate percentage of shareholding 股權概約百分比
Mr. Hu Zheng 胡正先生	The Company 本公司	Interest of controlled corporation (Note 2) 受控制法團權益 (附註2)	191,250,000 ordinary shares of HK\$0.10 each 191,250,000 股每股面值 0.10 港元的普通股	38.25%
	Gorgeous Rich Development Limited (" Gorgeous Rich ") Gorgeous Rich Development Limited (" Gorgeous Rich ")	Beneficial owner 實益擁有人	1 ordinary share of US\$1.00 1 股面值 1.00 美元的普通股	100%
Mr. Hu Hancheng 胡漢程先生	The Company 本公司	Interest of controlled corporation (Note 3) 受控制法團權益 (附註3)	93,750,000 ordinary shares of HK\$0.10 each 93,750,000 股每股面值 0.10 港元的普通股	18.75%
	Golden Century Assets Limited (" Golden Century ") Golden Century Assets Limited (" Golden Century ")	Beneficial owner 實益擁有人	1 ordinary share of US\$1.00 1 股面值 1.00 美元的普通股	100%
Mr. Hu Hanchao 胡漢朝先生	The Company 本公司	Interest of controlled corporation (Note 4) 受控制法團權益 (附註4)	75,000,000 ordinary shares of HK\$0.10 each 75,000,000 股每股面值 0.10 港元的普通股	15%
	Leading Innovation Worldwide Corporation (" Leading Innovation ") Leading Innovation Worldwide Corporation (" Leading Innovation ")	Beneficial owner 實益擁有人	1 ordinary share of US\$1.00 1 股面值 1.00 美元的普通股	100%

Notes:

- All the interests stated above represent long positions. The percentage shown was the number of shares the relevant directors or chief executive was interested in expressed as a percentage of the number of issued shares as at 31 December 2019.
- These shares were held by Gorgeous Rich, which was wholly owned by Mr. Hu Zheng. By virtue of the SFO, Mr. Hu Zheng was deemed to be interested in the shares held by Gorgeous Rich.
- These shares were held by Golden Century, which was wholly owned by Mr. Hu Hancheng. By virtue of the SFO, Mr. Hu Hancheng was deemed to be interested in the shares held by Golden Century.
- These shares were held by Leading Innovation, which was wholly owned by Mr. Hu Hanchao. By virtue of the SFO, Mr. Hu Hanchao was deemed to be interested in the shares held by Leading Innovation.

附註：

- 上述所有權益均為好倉。所示百分比為相關董事或主要行政人員擁有權益的股份數目，以佔二零一九年十二月三十一日已發行股份數目百分比表示。
- Gorgeous Rich 持有該等股份，而胡正先生全資擁有 Gorgeous Rich。根據證券及期貨條例，胡正先生被視為於 Gorgeous Rich 所持有的股份擁有權益。
- Golden Century 持有該等股份，而胡漢程先生全資擁有 Golden Century。根據證券及期貨條例，胡漢程先生被視為於 Golden Century 所持有的股份擁有權益。
- Leading Innovation 持有該等股份，而胡漢朝先生全資擁有 Leading Innovation。根據證券及期貨條例，胡漢朝先生被視為於 Leading Innovation 所持有的股份擁有權益。

Directors' Report

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Share Options to subscribe for the ordinary shares of HK\$0.10 each in the Company were granted to, among others, certain Directors pursuant to the Share Option Scheme adopted by the Company on 3 June 2011. Information in relation to these Share Options was shown in the following section under the heading "Share Option Scheme".

Save as disclosed above and in the paragraph headed "Share Option Scheme" below, no other interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations were recorded in the register required to be kept by the Company under section 352 of the SFO.

Substantial Shareholders' Interests in the Securities of the Company

As at 31 December 2019, so far as are known to any Director or chief executive of the Company, the persons (other than the Directors and the chief executives of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as leasing directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company.

根據本公司於二零一一年六月三日採納的購股權計劃，若干本公司董事獲授予認股權，以認購本公司每股面值0.10港元的普通股股份。有關此等認股權的資料，見於下列「購股權計劃」項下。

除以上所述及於「購股權計劃」一節所披露外，本公司概無於本公司或其相聯法團之股份、相關股份或債券，並記錄於本公司根據證券及期貨條例第352條記錄於本公司所存置登記冊中。

主要股東於本公司證券的權益

於二零一九年十二月三十一日，就任何董事或本公司主要行政人員所知，下列人士（非董事及本公司主要行政人員）須根據證券及期貨條例第336條記錄於本公司所存置登記冊內，或因其他原因知會本公司其直接或間接擁有或被視為擁有本公司已發行股本5%或以上的權益。

Name of Shareholder 股東姓名	Capacity/ Nature of interest 身份／權益性質	Number and class of shares held in the Company percentage (Note 1) 所持本公司股份數目及類別（附註1）	Approximate shareholding percentage 股權概約百分比
Gorgeous Rich (Note 2) Gorgeous Rich (附註2)	Beneficial owner 實益擁有人	191,250,000 ordinary shares of HK\$0.10 each 191,250,000 股每股面值 0.10 港元的普通股	38.25%
Ms. Li Lifan (Note 2) 李麗芬女士 (附註2)	Interest of spouse 配偶權益	191,250,000 ordinary shares of HK\$0.10 each 191,250,000 股每股面值 0.10 港元的普通股	38.25%
Golden Century (Note 3) Golden Century (附註3)	Beneficial owner 實益擁有人	93,750,000 ordinary shares of HK\$0.10 each 93,750,000 股每股面值 0.10 港元的普通股	18.75%
Ms. Li Siyuan (Note 3) 李思媛女士 (附註3)	Interest of spouse 配偶權益	93,750,000 ordinary shares of HK\$0.10 each 93,750,000 股每股面值 0.10 港元的普通股	18.75%
Leading Innovation (Note 4) Leading Innovation (附註4)	Beneficial owner 實益擁有人	75,000,000 ordinary shares of HK\$0.10 each 75,000,000 股每股面值 0.10 港元的普通股	15.00%

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Name of Shareholder	Capacity/ Nature of interest	Number and class of shares held in the Company percentage (Note 1) 所持本公司股份數目及類別(附註1)	Approximate shareholding percentage 股權概約百分比
股東姓名	身份/權益性質		
Ms. He Lijuan (Note 4) 何麗娟女士(附註4)	Interest of spouse 配偶權益	75,000,000 ordinary shares of HK\$0.10 each 75,000,000股每股面值0.10港元的普通股	15.00%
RAYS Capital Partners Limited (Note 5) RAYS Capital Partners Limited(附註5)	Investment manager/Beneficial owner/ Interest of controlled corporation 投資經理/實益擁有人/受控制法團權益	47,542,000 ordinary shares of HK\$0.10 each 47,542,000股每股面值0.10港元的普通股	9.51%
Mr. Ruan David Ching-chi (Note 6) Ruan David Ching-chi(附註6)	Interest of controlled corporation 受控制法團權益	47,542,000 ordinary shares of HK\$0.10 each 47,542,000股每股面值0.10港元的普通股	9.51%
Asian Equity Special Opportunities Portfolio Master Fund Limited (Note 5) Asian Equity Special Opportunities Portfolio Master Fund Limited(附註5)	Beneficial owner 實益擁有人	46,516,000 ordinary shares of HK\$0.10 each 46,516,000股每股面值0.10港元的普通股	9.30%

Notes:

- All the interests stated above represent long positions. The percentage shown was the number of shares in the Company that the relevant shareholder(s) was/were interested in expressed as a percentage of the number of issued shares in the Company as at 31 December 2019.
- Gorgeous Rich is wholly-owned by Mr. Hu Zheng. By virtue of the SFO, Mr. Hu Zheng was deemed to be interested in the shares held by Gorgeous Rich. Ms. Li Lifan is the spouse of Mr. Hu Zheng. Under the SFO, Ms. Li Lifan was taken to be interested in the same number of shares in which Mr. Hu Zheng was interested.
- Golden Century is wholly-owned by Mr. Hu Hancheng. By virtue of the SFO, Mr. Hu Hancheng was deemed to be interested in the shares held by Golden Century. Ms. Li Siyuan is the spouse of Mr. Hu Hancheng. Under the SFO, Ms. Li Siyuan was taken to be interested in the same number of shares in which Mr. Hu Hancheng was interested.
- Leading Innovation is wholly-owned by Mr. Hu Hanchao. By virtue of the SFO, Mr. Hu Hanchao was deemed to be interested in the shares held by Leading Innovation. Ms. He Lijuan is the spouse of Mr. Hu Hanchao. Under the SFO, Ms. He Lijuan was taken to be interested in the same number of shares in which Mr. Hu Hanchao was interested.

附註：

- 上述所有權益均為好倉。所示百分比為相關股東擁有權益的本公司股份數目，以佔二零一九年十二月三十一日本公司已發行股份數目百分比表示。
- 胡正先生全資擁有Gorgeous Rich。根據證券及期貨條例，胡正先生被視為於Gorgeous Rich所持有的股份擁有權益。李麗芬女士為胡正先生的配偶。根據證券及期貨條例，李麗芬女士被當作於胡正先生擁有權益的相同數目股份中擁有權益。
- 胡漢程先生全資擁有Golden Century。根據證券及期貨條例，胡漢程先生被視為於Golden Century所持有的股份擁有權益。李思媛女士為胡漢程先生的配偶。根據證券及期貨條例，李思媛女士被當作於胡漢程先生擁有權益的相同數目股份中擁有權益。
- 胡漢朝先生全資擁有Leading Innovation。根據證券及期貨條例，胡漢朝先生被視為於Leading Innovation所持有的股份擁有權益。何麗娟女士為胡漢朝先生的配偶。根據證券及期貨條例，何麗娟女士被當作於胡漢朝先生擁有權益的相同數目股份中擁有權益。

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5. Asian Equity Special Opportunities Portfolio Master Fund Limited (“Asian Equity”) is wholly-owned by RAYS Capital Partners Limited. Therefore, RAYS Capital Partners Limited is deemed to be interested in all the Shares held by Asian Equity.
6. The shares in RAYS Capital Partners Limited is held by Ruan David Ching-chi. Therefore, he is deemed interested in all the Shares held by RAYS Capital Partners Limited.

Save as disclosed above, no other interest or short position in the shares or underlying shares in the Company were recorded in the Register.

Share Option Scheme

The Company operates a share option scheme (the “Share Option Scheme”), which was adopted on 3 June 2011 (the “Adoption Date”). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Adoption Date. The major terms of the Share Option Scheme are summarized as follows:

The purpose of the Share Option Scheme is to provide incentives or rewards to selected eligible participants for their contribution to the Group. Under the Share Option Scheme, the Directors of the Company may grant options to any Directors, employees, suppliers, customers, service providers, shareholder, advisors of any member of the Group or any entity in which any member of the Group holds an equity interest and any other person whom the Directors consider, in its discretion, have contributed to the Group.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the share in issue as at the date of listing, unless shareholders' approval has been obtained, and in any event must not in aggregate exceed 30% of the share of the Company in issue from time to time. The total number of share issued and to be issued upon the exercise of the options granted to or to be granted to each participant under the Share Option Scheme in any 12-month period shall not exceed 1% of the share of the Company in issue.

The exercise price for the shares under the Share Option Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the option but the subscription price shall not be less than the highest of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of the Board approving the grant of an option, which must be a business day (“Offer Date”); the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and the nominal value of the Company's shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

5. Asian Equity Special Opportunities Portfolio Master Fund Limited (「Asian Equity」) 由 RAYS Capital Partners Limited 全資擁有。因此，RAYS Capital Partners Limited 視為擁有 Asian Equity 所持股份的全部權益。
6. Ruan David Ching-chi 持有 RAYS Capital Partners Limited 股份。因此，彼等視為擁有 RAYS Capital Partners Limited 所持股份的全部權益。

除上述披露外，概無其他公司或其任何相聯法團的股份、相關股份或債權證的權益或淡倉載於該登記冊內。

購股權計劃

本公司設有一項購股權計劃(「購股權計劃」)，該計劃於二零一一年六月三日(「採納日期」)採納。除非另行取消或修訂，否則購股權計劃將由採納日期起一直有效，為期十年。購股權計劃的主要條款概述如下：

購股權計劃旨在向經甄選合資格參與者提供獎勵或獎賞，以表揚彼等對本集團作出的貢獻。根據購股權計劃，本公司董事可將購股權授予本集團任何成員公司或本集團任何成員公司持有任何權益的任何實體的任何董事、僱員、供應商、客戶、服務提供者、股東、顧問以及董事酌情認為已對本集團作出貢獻的任何其他人士。

因行使根據購股權計劃將予授出的所有購股權而可能發行的股份總數，合共不得超過於本公司股份在聯交所上市日期已發行股份的10%(除非本公司股東批准)，且合共不得超過本公司不時已發行股份的30%。於任何十二個月期間，因行使根據購股權計劃向各參與者授出或將授出的購股權而已發行及將予發行的股份總數，不得超過本公司不時已發行股份的1%。

根據購股權計劃，股份的行使價應為董事會於授出購股權時可全權酌情決定的價格，惟認購價不得少於以下的最高者於董事會批准授出購股權日期(必須為營業日(「授出日期」))，本公司股份在聯交所每日報價表所報的收市價；於緊接授出日期前五個營業日，本公司股份在聯交所每日報價表所報的平均收市價；以及本公司股份的面值。並須於接納授出之購股權時支付1港元之象徵式代價。

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An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

Share Award Scheme

The Company operates a share award scheme (the “**Share Award Scheme**”), which was adopted on 23 April 2019 (the “**Adoption Date**”). Unless otherwise cancelled or amended, the Share Award Scheme will remain in force for 10 years from the Adoption Date.

The Board may, from time to time and at its sole discretion, select any eligible person to participate in the Share Award Scheme and determine the number of Shares to be awarded and the terms and conditions of the awards. Awards shall be satisfied by Shares acquired in the market at the prevailing market price and no new Shares will be allotted and issued under the Share Award Scheme. The trustee of the Share Award Scheme (the “**Trustee**”) shall hold the awarded shares on trust for the award holders until the awarded Shares are vested in the relevant award holders according to the Share Award Scheme rules. Upon vesting, the Trustee shall either transfer the vested awarded Shares at no cost to such award holders or sell the vested awarded Shares at the then prevailing market price by way of market order and remit the net proceeds to the award holders in accordance with the direction given by such award holders.

The Trustee had purchased an aggregate of 4,214,000 Shares on the market during the year to hold on trust for the selected participants pursuant to the terms and conditions of the rules of the Share Award Scheme and the trust deed.

The Board had granted 4,214,000 Awarded Shares to 101 selected participants during the year. Please refer to the Company's announcement dated 26 June 2019 for details.

The Board will constantly review and determine at its absolute discretion such number of Awarded Shares to be awarded to the selected persons under the Share Award Plan with such vesting conditions as the Board may deem appropriate

購股權可根據購股權計劃之條款在董事決定及知會各承授人之期間內隨時行使。此期間可自要約授出購股權當日開始，但於任何情況下不得遲於授出購股權當日起計10年結束，惟須遵守提前終止該等購股權之規定。除非董事另行決定及在向承授人提呈授出購股權要約時表明，否則購股權計劃並無規定在行使前所需持有購股權之最短期限。

股份獎勵計劃

本公司設有一項股份獎勵計劃（「**股份獎勵計劃**」），該計劃於二零一九年四月二十三日（「**採納日期**」）採納。除非另行取消或修訂，否則股份獎勵計劃將由採納日期起一直有效，為期十年。

董事會可不時按其全權酌情決定選擇任何合資格人士參與股份獎勵計劃及釐定將授予的股份數目以及獎勵的條款及條件。獎勵將以按當時市價於市場上購買的股份撥付而概不會根據股份獎勵計劃配發及發行任何新股份。股份獎勵計劃的受託人（「**受託人**」）應以信託方式為獎勵持有人持有獎勵股份，直至獎勵股份根據股份獎勵計劃規則歸屬予有關獎勵持有人為止。於歸屬後，受託人須按照該等獎勵持有人作出的指示，將已歸屬之獎勵股份免費轉讓予該等獎勵持有人，或於市場上按當時現行之市價盤出售已歸屬之獎勵股份並將所得款項淨額匯付予獎勵持有人。

於本年度，受託人已根據股份獎勵計劃規則及信託契約的條款及條件，於市場上購買合共4,214,000股股份，並以信託方式為選定參與者持有該等股份。

於本年度，董事會已向101名選定參與者授出4,214,000股獎勵股份。詳情請參閱本公司日期為二零一九年六月二十六日的公告。

董事會將不斷檢討及全權酌情釐定根據股份獎勵計劃按董事會可能視為合適的有關歸屬條件將向獲選人士授出的有關獎勵股份數目。

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Connected Transactions

Certain related party transactions as disclosed in note 43 to the consolidated financial statements also constituted connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant disclosure had been made by the Company in the announcement dated 28 December 2016.

One-off Connected Transactions

In December 2019, Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited (“**Hung Hing**”), a non-wholly owned subsidiary of the Company and Shanghai Rengo Packaging Decoration Company Limited* (上海聯合包裝裝潢有限公司) (“**Shanghai Rengo**”), a limited company established in the PRC, and Wuxi Rengo Packaging Company Limited* (無錫聯合包裝有限公司) (“**Wuxi Rengo**”), a limited company established in the PRC and owned as to 91% and 9% by Shanghai Rengo and Rengo Company Limited* (レンゴ株式会社一株式会社). Shanghai Rengo and Wuxi Rengo provided an extension of financial guarantees to Hung Hing to secure the banking facilities with an aggregate amount of RMB18,480,000.

Continuing Connected Transactions

The following transactions fall under the de minimis provision set forth in Rule 14A.33 of the Listing Rules and is therefore exempt from reporting, announcement and independent shareholders' approval.

Non-Exempt Continuing Connected Transactions

The following transaction between member of our Group constitute non-exempt continuing connected transaction of our Company under Rule 14A.33 of the Listing Rules by reason of any of the applicable percentage ratios (other than the profits ratio) being greater than 5% on an annual basis or the annual consideration being greater than HK\$1,000,000.

Leasing of Premises

Zheng Ye Packaging (Zhongshan) Company Limited (“**Zheng Ye Packaging (Zhongshan)**”), a wholly-owned subsidiary of the Company and Zheng Ye Leasing entered into three tenancy agreements made between Zheng Ye Leasing as landlord and Zheng Ye Packaging (Zhongshan) as tenant in respect of the letting of the premises as summarized below:

- Date and subject matter of each tenancy agreement:
 - Tenancy agreement dated 28 December 2016 (the “**First Tenancy Agreement**”) in relation to the letting of premises located at Dongcheng Road, Dongshen Town, Zhongshan City, Guangdong Province, the PRC for use as our production site with a total gross floor area of approximately 36,475 sq.m..

* For identification purpose only

關連交易

財務報表附註43所披露的若干關連方交易根據上市規則亦構成關連交易，且須根據上市規則第14A章予以披露。若干關連方(定義見上市規則)與本公司已訂立下列交易及/或若干關連方與本公司訂立的下列交易已持續進行，且本公司已於二零一六年十二月二十八日的公告內作出相關披露。

一次性關連交易

於二零一九年十二月，本公司的非全資附屬公司中山聯合鴻興造紙有限公司(「**鴻興**」)、上海聯合包裝裝潢有限公司(「**上海聯合**」)(於中國成立的有限公司)及無錫聯合包裝有限公司(「**無錫聯合**」)(於中國成立的有限公司，上海聯合及聯合株式会社*(レンゴ株式会社)分別持有91%及9%股份)。上海聯合及無錫聯合向聯合提供延期財務擔保，使鴻興繼續取得金額為人民幣18,480,000元的已抵押銀行授信之財務擔保。

持續關連交易

下列交易符合上市規則第14A.33條的最低豁免規定，因而獲豁免申報、公佈及獨立股東批准。

不獲豁免持續關連交易

根據上市規則第14A.33條，本集團成員公司之間的下列交易由於按年計的任何適用百分比率(溢利比率除外)均高於5%或年度代價高於1,000,000港元，將構成不獲豁免持續關連交易。

租用物業

本公司全資附屬公司正業包裝(中山)有限公司(「**正業包裝(中山)**」)及正業租賃就租賃該等物業而訂立三項租賃協議，正業租賃為業主，正業包裝(中山)為租戶，有關情況如下概述：

- 各租賃協議的日期及要旨：
 - 二零一六年十二月二十八日(「**第一份租賃協議**」)，內容有關租用位於中國廣東省中山市東升鎮東成路的物業，作為我們的生產地點，總建築樓面面積約為36,475平方米。

* 僅供識別

Directors' Report

董事會報告

- Tenancy agreement dated 28 December 2016 (the “**Second Tenancy Agreement**”) in relation to the letting of premises located at No. 126 Dongcheng Road, Dongshen Town, Zhongshan City, Guangdong Province, the PRC for use as our production site with a total gross floor area of approximately 7,844 sq.m..
- Tenancy agreement dated 28 December 2016 (the “**Third Tenancy Agreement**”) in relation to the letting of premises located at Nos. 119 and 126 Dongcheng Road, Dongshen Town, Zhongshan City, Guangdong Province, the PRC for use as our workshop and canteen respective site with total gross floor areas of approximately 2,622 sq.m. and 304 sq.m. respectively.
- Period:
 - The First Tenancy Agreement: for a term of three years from 1 January 2017 to 31 December 2019 with an option on the part of Zheng Ye Packaging (Zhongshan) to renew for a further term of one year by serving not less than 30 days' written notice on Zheng Ye Leasing at the then market rent.
 - The Second Tenancy Agreement: for a term of three years from 1 January 2017 to 31 December 2019 with an option on the part of Zheng Ye Packaging (Zhongshan) to renew for a further term of one year by serving not less than 30 days' written notice on Zheng Ye Leasing at the then market rent.
 - The Third Tenancy Agreement: for a term of three years from 1 January 2017 to 31 December 2019 with an option on the part of Zheng Ye Packaging (Zhongshan) to renew for a further term of one year by serving not less than 30 days' written notice on Zheng Ye Leasing at the then market rent.
- Monthly rental and management fee payable:
 - The First Tenancy Agreement is in amount of RMB459,605.
 - The Second Tenancy Agreement is in amount of RMB98,833.
 - The Third Tenancy Agreement is in amount of RMB36,867.
 - The monthly rent payable for the renewal term under each of the Tenancy Agreements will be the then market rent provided that any upward adjustment to the monthly rent will be subject to a cap of not more than 10% of the monthly rent payable immediately prior to the expiration of the original term.
- 二零一六年十二月二十八日(「**第二份租賃協議**」)，內容有關租用位於中國廣東省中山市東升鎮東成路126號的物業，作為我們的生產地點，總建築樓面面積約為7,844平方米。
- 二零一六年十二月二十八日(「**第三份租賃協議**」)，內容有關租用位於中國廣東省中山市東升鎮東成路119及126號的物業，分別作為我們的車間及餐區，總建築樓面面積分別約為2,622平方米及304平方米。
- 期限：
 - 第一份租賃協議：期限三年，租期由二零一七年一月一日起至二零一九年十二月三十一日止。正業包裝(中山)可選擇向正業租賃發出不少於30日書面通知，按當時市值租金再續約一年。
 - 第二份租賃協議：期限三年，租期由二零一七年一月一日起至二零一九年十二月三十一日止。正業包裝(中山)可選擇向正業租賃發出不少於30日書面通知，按當時市值租金再續約一年。
 - 第三份租賃協議：期限三年，租期由二零一七年一月一日起至二零一九年十二月三十一日止。正業包裝(中山)可選擇向正業租賃發出不少於30日書面通知，按當時市值租金再續約一年。
- 每月應付租金及管理費：
 - 第一份租賃協議及續訂一號租賃協議金額為人民幣459,605元。
 - 第二份租賃協議及續訂二號租賃協議金額為人民幣98,833元。
 - 第三份租賃協議及續訂三號租賃協議金額為人民幣36,867元。
 - 各項租賃協議續約後的每月應付租金，按當時市值租金計算，但每月租金如有調升，將以不超過緊接原期限屆滿之前的每月應付租金10%為限。

Directors' Report

董事會報告

- Rental deposit paid:
 - The First Tenancy Agreement in amount of RMB300,000.
 - The Second Tenancy Agreement in amount of RMB100,000.
 - The Third Tenancy Agreement in amount of RMB50,000.

During the year, the rental and management fee of the premises from Zheng Ye Leasing amounted to VAT inclusive of RMB7,143,660 (2018: RMB6,803,496).

The independent non-executive Directors have reviewed the above continuing connected transactions of the Company and have confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reported to the Directors that during the financial year:

- (i) the above continuing connected transactions have been approved by the board of Directors;
- (ii) the above continuing connected transactions have been entered into in accordance with the terms of the agreements governing such transactions; and
- (iii) the respective cap amounts set out in the relevant agreements referred to above have not been exceeded.

Corporate Governance

Details of the Company's corporate governance practices are set at in the Corporate Governance Report of the annual report.

Mode Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. All the Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2019.

- 已付租金按金：
 - 第一份租賃協議金額為人民幣 300,000 元。
 - 第二份租賃協議金額為人民幣 100,000 元。
 - 第三份租賃協議金額為人民幣 50,000 元。

年內，來自正業集團已包括增值稅的物業租金及管理費為人民幣7,143,660元(二零一八年：人民幣6,803,496元)。

獨立非執行董事已審閱本集團上述持續關連交易，並確認該等交易：

- (i) 在本集團正常及日常業務過程中訂立；
- (ii) 按一般商業條款訂立；及
- (iii) 按對本公司股東屬公平合理且符合其整體利益的條款，根據規管各項交易的相關協議訂立。

本公司核數師已向董事會匯報，於財政年度：

- (i) 上述持續關連交易已經董事會批准；
- (ii) 上述持續關連交易已根據規管該等交易的協議之條款訂立；及
- (iii) 上述有關協議各自的上限並未超越。

企業管治

本公司企業管治常規的詳情載於本年報企業管治報告。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則作為董事進行證券交易的操守守則。經本公司向全體董事作出具體查詢後，彼等均確認截至二零一九年十二月三十一日止年度一直遵守標準守則所載的規定準則。

Directors' Report

董事會報告

Major Customers and Suppliers

In the year under review, 27.58% of the Group's revenue was attributable to the Group's five largest customers and sales to the Group's largest customer accounted for 10.71% of the Group's revenue for the year. 39.62% of the Group's total purchases was attributable to the Group's five largest supplier and purchases from the Group's largest supplier accounted for 13.92% of the Group's total purchases.

None of the Directors, their associates or shareholders, who to the knowledge of the Directors own more than 5% of the Company's share capital, had an interest in these major customers or suppliers.

Directors' Interests in Competing Business

During the year, no Directors of the Company or their respective associates (as defined in the Listing Rules) were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses of which the Directors were authorised to represent the interests of the Company and/or the Group.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float during the year and up to the date of this report under the Listing Rules.

Event after Reporting Period

Details of significant events occurring after the reporting period are set out in note 47 to the consolidated financial statement.

Auditor

The consolidated financial statements have been audited by Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment at the AGM.

By order of the Board

Hu Zheng
Chairman

Hong Kong, 29 April 2020

主要客戶及供應商

於回顧年度，本集團五大客戶應佔本集團收益的27.58%，且向本集團最大客戶作出的銷售額佔本集團於本年度收益的10.71%。本集團五大供應商應佔本集團總採購額的39.62%，且向本集團最大供應商作出的採購額佔本集團總採購額的13.92%。

據董事會所知，本公司的董事、彼等的聯繫人或股東（該等人士擁有本公司股本的逾5%）概無於該等主要客戶或供應商擁有權益。

董事於競爭性業務的權益

於年內，本公司董事或彼等各自聯繫人（定義見上市規則）概無於被視為與本集團業務直接或間接構成或可能構成競爭之業務中擁有權益（本公司董事代表本公司及／或本集團利益獲委任為董事之業務除外）。

足夠公眾持股量

根據本公司可從公開途徑獲得的資料及據董事會所知，截至及直至本報告日期止年度，本公司一直維持上市規則所規定的足夠公眾持股量。

報告期後事項

報告期後發生之重大事項詳情載於綜合財務報表附註47。

核數師

財務報表經由德勤•關黃陳方會計師行審核，其將於股東週年大會上退任，惟符合資格並願意接受續聘。

承董事會命

胡正
董事長

香港，二零二零年四月二十九日

Independent Auditor's Report

獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF
ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED
正業國際控股有限公司
(incorporated in Bermuda with limited liability)

致正業國際控股有限公司股東
(於百慕達註冊成立的有限公司)

Opinion

We have audited the consolidated financial statements of Zhengye International Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as “**the Group**”) set out on pages 78 to 181, 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 (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

意見

吾等已審計正業國際控股有限公司(「**貴公司**」)及其附屬公司(統稱「**貴集團**」)載於第78至181頁的綜合財務報表，當中包括於二零一九年十二月三十一日的綜合財務狀況表，以及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註(包括主要會計政策概要)。

吾等認為，該等綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則真實而公平地反映 貴集團於二零一九年十二月三十一日的綜合財務狀況及截至該日止年度其綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

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。吾等於該等準則項下承擔的責任已在本報告中「核數師就審計綜合財務報表須承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(「**守則**」)，吾等獨立於 貴集團之外，並已根據守則履行吾等的其他專業道德責任。吾等相信，吾等所獲得的審核憑證能充足和適當地為吾等的意見提供基礎。

關鍵審計事項

關鍵審計事項是根據吾等的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。該等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。吾等不會對該等事項提供單獨的意見。

Independent Auditor's Report

獨立核數師報告

Key Audit Matters (Continued)

關鍵審計事項 (續)

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

吾等在審計中如何處理關鍵審計事項

Impairment assessment of trade receivables and contract assets 應收款項及合約資產之減值評估

We identified the impairment assessment of trade receivables not backed by bank bills (“**trade receivables**”) and contract assets as a key audit matter due to the management’s judgement and estimates involved in the determining provision for expected credit losses.

由於管理層對預期信貸虧損的釐定撥備所涉及的判斷及估計，我們將不作銀行票據後盾的應收賬款（「**貿易應收款項**」）及合約資產減值評估確定為關鍵審計事項。

As disclosed in notes 4 and 41 to the consolidated financial statements, the management uses provision matrix to estimate expected credit losses for trade receivable and contract assets, which is assessed individually for each significant trade debtors and contract assets, and collectively for others by grouping of various trade debtors and contract assets that have similar loss patterns as reflected in the debtor’s and contract assets’ ageing profiles. The provision rates applied in the provision matrix is estimated using the historical observed default rates of the debtors and contract assets taking into consideration forward-looking information that is reasonably and supportably available to the directors of the Company without undue costs or effort, and are updated if considered to be required.

誠如綜合財務報表附註4及41所披露，管理層使用預繳模式估計貿易應收款項及合約資產的預期信貸虧損，並就每項重大貿易債務人及合約資產分別作出評估，並按其他人分組評估各種貿易債務人和合同資產，其損失模式類似於債務人和合同資產的老化情況。撥備矩陣中應用的撥備率乃使用債務人及合約資產的歷史觀察違約率估計，並考慮到本公司董事合理及可支持的前瞻性資料，且無須支付不必要的成本或費用，並已更新如果被認為是必需的。

As disclosed in notes 23 & 25 to the consolidated financial statements, the carrying amount of trade receivables and contract assets as at 31 December 2019, are RMB429,804,000 (net of allowance for credit losses of RMB1,912,000) and RMB16,957,000 (net of provision for credit losses of RMB Nil).

誠如綜合財務報表附註23及25所披露，於二零一九年十二月三十一日，貿易應收款項及合約資產的賬面值為人民幣429,804,000元（扣除信貸虧損撥備人民幣1,912,000元）及人民幣16,957,000元（沒有信貸損失準備金淨額）。

Our procedures in relation to the impairment assessment of the trade receivables and contract assets included:

我們有關貿易應收款項及合約資產減值評估的程序包括：

- Obtaining an understanding of management process in assessing the estimated provision for expected credit losses for trade receivables and contract assets;
- 在評估貿易應收款項和合約資產的預期信貸虧損估計準備金時，了解管理程序；
- Evaluating the reasonableness of the groupings of trade receivables and contract assets according to their similarities in historical loss patterns;
- 根據歷史損失模式相似性評估貿易應收款和合約資產分組的合理性；
- Assessing the reasonableness of loss allowance estimates by the management by examining the historical observed default rates of the trade receivables and contract assets and evaluating the reasonableness of the forward-looking information considered by the management;
- 管理層通過檢查貿易應收款項及合約資產的歷史違約率及評估管理層考慮的前瞻性資料的合理性，評估損失準備金估計的合理性；
- Testing the accuracy of the ageing analysis of the trade receivables and contract assets, on a sample basis, to the supporting delivery documents and contract assets recognition supporting documents; and
- 以抽樣方式檢驗貿易應收款項和合約資產的賬齡分析的準確性，以及支持交割文件和合約資產確認支持文件；和
- Checking the accuracy of management’s calculation of expected credit losses for trade receivables and contract assets under provision matrix.
- 檢查管理層根據預繳模式計算貿易應收款項和合約資產的預期信貸虧損的準確性。

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

貴公司董事須對其他資料負責。其他資料包括年報內所載資料，但不包括綜合財務報表及吾等就此作出的核數師報告。

吾等對綜合財務報表的意見並不涵蓋其他資料，吾等亦不對該等其他資料發表任何形式的鑒證結論。

就吾等對綜合財務報表的審核，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存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於吾等已執行的工作，倘吾等認為該其他資料存在重大錯誤陳述，吾等需要報告該事實。在這方面，吾等並無任何報告。

董事及管治層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並在適當情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止營運，或別無其他實際的代替方案。

管治層須負責監督 貴集團的財務報告過程。

Independent Auditor's Report

獨立核數師報告

Auditor's 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 Section 90 of the Bermuda Companies Act, 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.
- 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.

核數師就審核綜合財務報表須承擔的責任

吾等的目標是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等僅按照百慕達公司法第90條向閣下(作為整體)報告吾等的意見，除此之外本報告別無其他目的。吾等不會就本報告的內容對任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，倘合理預期錯誤陳述單獨或匯總起來可能影響使用者依賴綜合財務報表所作出的經濟決定，則有關錯誤陳述被視為重大。

作為根據香港審計準則所進行審計工作的一部分，於審計過程中吾等運用了專業判斷並保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對該等風險，以獲取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高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 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。
- 評估董事所採用會計政策的恰當性及所作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露，或倘有關披露不足，則吾等應當發表非無保留意見。吾等的結論是基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

Independent Auditor's Report

獨立核數師報告

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

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 Wong Yan Wah.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 April 2020

核數師就審核綜合財務報表須承擔的責任 (續)

- 評價綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督和執行。吾等為審計意見承擔全部責任。

除其他事項外，吾等與管治層溝通計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別內部控制的任何重大缺陷。

吾等亦向管治層提交聲明，說明吾等已符合有關獨立性的相關專業道德要求，並與彼等溝通有可能合理被認為會影響吾等獨立性的所有關係及其他事項，以及在適用的情況下，相關的防範措施。

從與管治層溝通的事項中，吾等確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。吾等在核數師報告中描述該等事項，除非法律法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等的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溝通該事項。

出具本獨立核數師報告的審計項目合夥人是黃仁華。

德勤 • 關黃陳方會計師行
執業會計師
香港
二零二零年四月二十九日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

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

		NOTES	2019	2018
		附註	二零一九年 RMB'000 人民幣千元	二零一八年 RMB'000 人民幣千元
Revenue	收入	5	2,367,151	2,848,016
Cost of sales	銷售成本		(1,918,338)	(2,338,314)
Gross profit	毛利		448,813	509,702
Other income	其他收入	7	14,028	9,435
Impairment losses, net of reversal	減值虧損撥回淨值	8	(40)	(350)
Other gains and losses	其他收益及虧損	9	(932)	(1,842)
Distribution and selling expenses	分銷及銷售費用		(72,994)	(74,472)
Administrative expenses	行政開支		(137,858)	(143,656)
Finance costs	融資成本	10	(45,835)	(46,295)
Other expenses	其他開支		(1,032)	(3,269)
Research and development costs	研發開支		(84,970)	(95,239)
Profit before tax	除稅前溢利	12	119,180	154,014
Income tax expense	所得稅開支	11	(18,152)	(23,301)
Profit and total comprehensive income for the year	年內溢利及全面收益總額		101,028	130,713
Profit and total comprehensive income for the year attributable to:	年內應佔全面收益總額：			
Owners of the Company	本公司擁有人		82,184	109,358
Non-controlling interests	非控股權益		18,844	21,355
			101,028	130,713
Earnings per share	每股盈利			
Basic (RMB)	基本(人民幣)	16	0.16	0.22

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2019
於二零一九年十二月三十一日

		NOTES	2019	2018
		附註	二零一九年 RMB'000 人民幣千元	二零一八年 RMB'000 人民幣千元
Non-current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	892,291	891,169
Right of use assets	使用權資產	18	216,194	–
Prepaid lease payments	預付租賃款項	19	–	153,858
Other intangible assets	其他無形資產	20	–	338
Deferred tax assets	遞延稅項資產	33	6,475	4,070
Deposits for acquisition of a subsidiary	收購附屬公司按金	21	5,000	–
Deposits for acquisition of property, plant and equipment	購買物業、廠房及設備按金		6,785	2,771
			1,126,745	1,052,206
Current Assets	流動資產			
Inventories	存貨	22	137,275	161,778
Trade and other receivables	貿易及其他應收款項	23	771,974	951,153
Contract assets	合約資產	25	16,957	19,257
Prepaid lease payments	預付租賃款項	19	–	4,720
Tax recoverable	可回收稅項		607	818
Pledged bank deposits	已抵押銀行存款	26	139,904	108,910
Bank balances and cash	銀行結餘及現金	26	231,089	258,981
			1,297,806	1,505,617
Current Liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	27	307,580	473,686
Tax liabilities	稅項負債		6,452	7,749
Bank borrowings	銀行借款	28	777,488	904,345
Other borrowings	其他借款	28	39,105	47,340
Lease liabilities	租賃負債	29	17,277	–
Obligation under a finance lease	融資租賃應付款項	30	–	394
Contract liabilities	合約負債	31	2,215	2,644
Amounts due to directors	應付董事款項	32	354	2,181
			1,150,471	1,438,339
Net Current Assets	流動資產淨值		147,335	67,278
Total Assets Less Current Liabilities	資產總值減流動負債		1,274,080	1,119,484

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2019
於二零一九年十二月三十一日

		NOTES	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
		附註		
Capital and Reserves	資本及儲備			
Share capital	股本	34	41,655	41,655
Share premium and reserves	股本溢價及儲備		884,254	852,070
Equity attributable to owners of the Company	本公司擁有人應佔權益		925,909	893,725
Non-controlling interests	非控股權益		198,498	179,654
Total Equity	權益總額		1,124,407	1,073,379
Non-current Liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	33	5,629	7,525
Bank borrowings	銀行借款	28	33,250	–
Other borrowings	其他借款	28	23,469	5,786
Lease liabilities	租賃負債	29	48,407	–
Obligation under a finance lease	融資租賃應付款項	30	–	7,052
Deferred income	遞延收入	36	38,918	25,742
			149,673	46,105
			1,274,080	1,119,484

The consolidated financial statements on pages 78 to 181 were approved and authorised for issue by the board of directors on 29 April 2020 and are signed on its behalf by:

董事會於二零二零年四月二十九日批准及授權刊發第78至181頁的綜合財務報表，並由以下人士代為簽署：

Hu Zheng
胡正
DIRECTOR
董事

Hu Hancheng
胡漢程
DIRECTOR
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔					Non-controlling interests		Total
		Share capital 股本	Share premium 股本溢價	Statutory reserve 法定儲備	Other reserve 其他儲備	Retained profits 留存溢利	Sub-total 小計	非控股權益	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元 (note a) (附註a)	RMB'000 人民幣千元 (note b) (附註b)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	41,655	92,968	121,111	(23,389)	606,822	839,167	158,299	997,466
Profit and total comprehensive income for the year	年度溢利及全面收益總額	-	-	-	-	109,358	109,358	21,355	130,713
Dividend paid (note 15)	已付股息(附註15)	-	-	-	-	(54,800)	(54,800)	-	(54,800)
Transfer to statutory reserve	轉撥至法定儲備	-	-	8,370	-	(8,370)	-	-	-
At 31 December 2018	於二零一八年十二月三十一日	41,655	92,968	129,481	(23,389)	653,010	893,725	179,654	1,073,379
Profit and total comprehensive income for the year	年度溢利及全面收益總額	-	-	-	-	82,184	82,184	18,844	101,028
Dividend paid (note 15)	已付股息(附註15)	-	-	-	-	(50,000)	(50,000)	-	(50,000)
Transfer to statutory reserve	轉撥至法定儲備	-	-	5,693	-	(5,693)	-	-	-
At 31 December 2019	於二零一九年十二月三十一日	41,655	92,968	135,174	(23,389)	679,501	925,909	198,498	1,124,407

Notes:

附註：

(a) In accordance with the relevant laws and regulations of the Peoples' Republic of China (the "PRC"), the subsidiaries established in the PRC are required to provide for the PRC statutory reserve, by way of appropriations from their respective statutory net profit (based on the subsidiaries' PRC statutory financial statements) but before dividend distributions.

(a) 根據中華人民共和國(「中國」)有關法律法規，於中國成立的附屬公司須通過撥出彼等各自的法定純利(基於該附屬公司的中國法定財務報表)就股息分派前的中國法定儲備作出撥備。

In accordance with the Articles of Association of certain subsidiaries established in the PRC, those subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve.

根據於中國成立的若干附屬公司的組織章程細則，該等附屬公司須轉撥除稅後溢利的10%予法定儲備。

Certain subsidiaries' appropriations to the funds are made at the discretion of the subsidiaries' board of directors. The board of directors shall decide on the amounts to be appropriated based on the profitability of each subsidiary each year.

若干附屬公司對基金的撥款均由該附屬公司的董事會酌情作出。董事會須根據每年各附屬公司的盈利能力確定將予撥付的金額。

(b) The amount mainly relates to reserve arising from group reorganisation carried out by the Group in preparation for the public listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2011.

(b) 本集團的儲備金額主要來自集團重組就本公司股份於二零一一年在香港聯合交易所有限公司籌備上市有關。

Consolidated Statement of Cash Flows

綜合現金流量表

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

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
OPERATING ACTIVITIES	經營業務		
Profit before tax	除稅前溢利	119,180	154,014
Adjustments for:	就以下各項作出調整：		
Finance costs	融資成本	45,835	46,295
Interest income	利息收入	(6,224)	(2,388)
Impairment losses recognised on trade and other receivables	已確認貿易及其他應收款項減值虧損	40	350
Depreciation of property, plant and equipment	物業、廠房及設備折舊	80,964	75,985
Depreciation of right-of-use assets	使用權資產折舊	20,206	-
Impairment losses on property, plant and equipment	物業、廠房及設備減值虧損	546	-
Amortisation of prepaid lease payments	預付租賃款項攤銷	-	4,720
Amortisation of other intangible assets	其他無形資產攤銷	338	368
(Gain) loss on disposals of property, plant and equipment, net	出售物業、廠房及設備(收益)虧損淨額	(546)	248
Exchange (gain) loss on borrowings	借款產生的匯兌(收益)虧損	(163)	604
Amortisation of government grant relating to non-current assets	有關非流動資產之政府補貼攤銷	(3,325)	(2,138)
Operating cash flows before movements in working capital	營運資本變動前經營現金流量	256,851	278,058
Decrease (increase) in inventories	存貨減少(增加)	24,503	(14,760)
Decrease in trade and other receivables	貿易及其他應收款項減少	178,407	63,568
(Decrease) increase in borrowings relating to discounted bills receivables	有關已貼現應收票據之借款(減少)增加	(64,857)	173,734
Decrease in contract assets	合約資產減少	2,300	308
Decrease in trade and other payables	貿易及其他應付款項減少	(166,073)	(115,157)
Decrease in contract liabilities	合約負債減少	(429)	(6,122)
(Decrease) increase in amounts due to directors	應付董事款項(減少)增加	(1,827)	341
Cash generated from operations	經營業務所得現金	228,875	379,970
Income tax paid	已付所得稅	(23,539)	(33,858)
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	205,336	346,112

Consolidated Statement of Cash Flows

綜合現金流量表

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

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
INVESTING ACTIVITIES	投資業務		
Interest received	已收利息	6,085	2,388
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	1,974	935
Purchases of property, plant and equipment	購買物業、廠房及設備	(86,052)	(54,991)
Deposits paid for acquisition of property, plant and equipment	購買物業、廠房及設備按金	(6,785)	(2,771)
Earnest money received	已收誠意金	-	20,000
Refund of earnest money	已退誠意金	-	(20,000)
Deposit paid for acquisition of a subsidiary	收購附屬公司按金	(5,000)	-
Placement of pledged bank deposits	存入已抵押銀行存款	(302,977)	(233,520)
Withdrawal of pledged bank deposits	取出已抵押銀行存款	271,983	239,219
Receipt of government grant relating to non-current assets	收取有關非流動資產之政府補貼	16,501	7,348
NET CASH USED IN INVESTING ACTIVITIES	投資業務所用現金淨額	(104,271)	(41,392)
FINANCING ACTIVITIES	融資業務		
Interest paid	已付利息	(45,835)	(45,817)
Dividend paid	已付股息	(50,000)	(54,800)
Repayment of bank borrowings	償還銀行借款	(592,199)	(670,630)
Repayment of obligation under a finance lease	償還融資租賃應付款項	-	(850)
Repayments of other borrowings	償還其他借款	(35,452)	(36,673)
Repayments of lease liabilities	償還租賃負債	(13,983)	-
New other borrowings raised	新取得其他借款	44,900	-
New bank borrowings raised	新取得銀行借款	563,612	572,763
NET CASH USED IN FINANCING ACTIVITIES	融資業務所用現金淨額	(128,957)	(236,007)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)增加淨額	(27,892)	68,713
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及現金等價物	258,981	190,268
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash	於十二月三十一日的現金及現金等價物 即銀行結餘及現金	231,089	258,981

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

1. General

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located in the PRC.

The Company acts as an investment holding company. Mr. Hu Zheng, Mr. Hu Hancheng, Mr. Hu Hanchao and Mr. Hu Hanxiang, who collectively own 75% of the Company's share in aggregate and act in concert, are regarded as the controlling shareholders of the Company.

The principal activities of its subsidiaries are mainly engaged in manufacture and sale of paper, paperboard and paper-based packaging products. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate (the "functional currency").

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") New and amendments to HKFRSs that are mandatorily effective of the current year

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

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

Except as described below, in the opinion of the Company's directors, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1. 一般資料

本公司於百慕達註冊成立的獲豁免有限公司，其股份於聯交所上市。本公司註冊辦事處地址為 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda，而其主要營業地點位於中國。

本公司為一家投資控股公司。由胡正先生、胡漢程先生、胡漢朝先生及胡漢祥先生累計共同擁有本公司75%股票及以一致行動進行，被視為本公司控制股東。

本公司的其附屬公司主要從事生產及銷售紙、紙板及紙製包裝產品。本公司及其附屬公司於下文統稱為「本集團」。

綜合財務報表乃以人民幣（「人民幣」）列值，該貨幣（「功能貨幣」）用於本公司的主要附屬公司營運所在的主要經濟環境。

2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用

新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用

本集團於本年度已首次應用以下由香港會計師公會頒佈之新訂及修訂本的香港財務報告準則：

香港財務報告準則16	租賃
香港（國際財務報告詮釋委員會） 一 詮釋23	所得稅處理的不確定性
香港財務報告準則9 （修訂本）	帶有負補償特性之預付款項
香港會計準則19 （修訂本）	計劃修訂、縮減或結算
香港會計準則28 （修訂本）	於聯營及合營企業的長期權益
香港財務報告準則 （修訂本）	香港財務報告準則年度改善的一部份（二零一五年至二零一七年循環）

除如下文外，本公司董事認為，於本年度應用新訂及修訂本的香港財務報告準則不會對本集團現時及過往年度之業績和財務狀況及／或載於該等綜合財務報表之披露造成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

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.

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;

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則 16 租賃

本集團於本年度首次應用香港財務報告準則 16。香港財務報告準則 16 取代香港會計準則 17 租賃(「香港會計準則 17」)及相關詮釋。

租賃之定義

本集團已選擇可行權宜方法，就先前應用香港會計準則 17 及香港(國際財務報告詮釋委員會)–詮釋 4「釐定安排是否包括租賃」識別為租賃的合約應用香港財務報告準則 16，而並無對先前並未識別為包括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。

就於二零一九年一月一日或之後訂立或修改的合約而言，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 16 所載的規定應用租賃的定義。

作為承租人

本集團已應用香港財務報告準則 16，累計影響於首次應用日期(二零一九年一月一日)確認。

於二零一九年一月一日，本集團透過應用香港財務報告準則 16 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(經任何預付或應計租賃款項調整)相同之相關使用權資產。首次應用日期的任何差額於期初留存溢利確認，及並無重列比較資料。

於過渡時應用香港財務報告準則 16 項下的經修訂追溯方法時，本集團按逐項租賃基準就先前根據香港會計準則第 17 分類為經營租賃且與各租賃合約相關的租賃應用以下可行權宜方法：

- i. 通過應用香港會計準則 37「撥備、或然負債及或然資產」作為減值審閱的替代方法，評估租賃是否屬有償；
- ii. 選擇不就租期於首次應用日期起計十二個月內結束的租賃確認使用權資產及租賃負債；
- iii. 於首次應用日期計量使用權資產時撇除初始直接成本；

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties, machinery and equipment in the PRC and Hong Kong was determined on a portfolio basis; and
- v. 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.

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 range from 5.70% to 6.12%.

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則 16 租賃(續)

作為承租人(續)

- iv. 就剩餘租期相近之類似經濟環境的類似級別相關資產的租賃組合應用單一折現率。尤其是，就若干位於中國及香港之物業租賃、機器及設備折現率乃按組合基準釐定；及
- v. 根據於首次應用日期的事實及情況於事後釐定本集團帶有續租及終止選擇權的租賃的租期。

於就先前分類為經營租賃之租賃確認租賃負債時，本集團已應用相關集團實體於首次應用日期的增量借款利率。相關集團實體採用的加權平均增量借款利率為5.70%至6.12%。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則 16 租賃(續)

作為承租人(續)

		At 1 January 2019
		於二零一九年 一月一日
	Note	RMB'000
	附註	人民幣千元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日披露的經營租賃承擔	60,034
Lease liabilities discounted at relevant incremental borrowing rates	按相關漸進借款利率折現之租賃負債	44,004
Add: Extension options reasonably certain to be exercised	加：合理確定行使的續租選擇權	18,787
Less: Recognition exemption — short-term leases	減：確認豁免 — 短期租賃	703
Practical expedient — leases with lease term ending within 12 months from the date of initial application	減：可行權宜方法 — 首次應用日期起計十二個月內租賃期結束的租賃	2,297
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	應用香港財務報告準則 16 時確認的經營租賃相關的租賃負債	59,791
Add: Obligations under finance leases recognised at 31 December 2018	加：於二零一八年十二月三十一日的融資租賃應付款項	7,446
	(b)	
Lease liabilities as at 1 January 2019	於二零一九年一月一日租賃負債	67,237
Analysed as:	分析如下：	
Current	流動	12,426
Non-current	非流動	54,811
		67,237

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

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

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則 16 租賃(續)

作為承租人(續)

二零一九年一月一日的使用權資產賬面值如下：

	Notes 附註	Right-of-use assets 使用權資產 RMB'000 人民幣千元
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	應用香港財務報告準則 16 時確認的與經營租賃有關的使用權資產	59,791
Reclassified from prepaid lease payments	由預付租賃款項重新分配 (a)	158,578
Amounts included in property, plant and equipment as at 31 December 2018	於二零一八年十二月三十一日計入物業、廠房及設備之金額	
— Assets previously under finance leases	— 先前於融資租賃下的資產 (b)	4,730
Adjustments on rental deposits at 1 January 2019	於二零一九年一月一日租賃按金調整 (c)	871
		223,970

Notes:

- (a) Upfront payments for leasehold lands in the PRC for own used properties 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 RMB4,720,000 and RMB153,858,000 respectively were reclassified to right-of-use assets.
- (b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to RMB4,730,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB394,000 and RMB7,052,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

附註：

- (a) 於二零一八年十二月三十一日在中國之自用租賃土地之預付款乃分類為預付租賃款項。當應用香港財務報告準則 16 時，預付租賃款項分別為人民幣 4,720,000 元及人民幣 153,858,000 元之流動及非流動金額乃重新分類至使用權資產。
- (b) 就先前列於融資租賃項下之資產而言，本集團將於二零一九年一月一日仍列於租賃下之相關資產，賬面值為人民幣 4,730,000 元，重新歸類為使用權資產。此外，本集團於二零一九年一月一日將人民幣 394,000 元及人民幣 7,052,000 元之融資租賃承擔分別重新分類為流動及非流動負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

- (c) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. 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, RMB871,000 was adjusted to refundable rental deposits paid and right-of-use assets.

- (d) The Group acts as a seller-lessee.

In accordance with the transition provisions of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale. During the year, the Group entered into sale and leaseback transactions in relation to certain machinery and the transactions do not satisfy the requirements as sale. Accordingly, the Group accounts for the transfer proceeds of RMB44,900,000 as borrowing within the scope of HKFRS 9.

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.

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則 16 租賃(續)

作為承租人(續)

- (c) 應用香港財務報告準則 16 前，本集團採用香港會計準則 17 確認已付之可退回租賃按金的權利及責任。根據香港財務報告準則 16 下租賃款項之定義，該等按金並非與使用相關資產權利有關的款項，已就過渡時之貼現影響作出調整。因此，可退回租賃按金及使用權資產相應調整人民幣 871,000 元。

- (d) 本集團為賣方承租人

根據香港財務報告準則 16 的過渡規定，並沒有重新評估在首次應用日期之前達成的售後回租交易。在應用香港財務報告準則 16 後，本集團應用香港財務報告準則 15 的要求，評估售後回租交易是否構成出售。年內，本集團就若干機器進行了售後回租交易，但該交易不滿足為銷售的要求。因此，本集團在香港財務報告準則 9 的範圍內將轉移所得款項人民幣 44,900,000 元列為借款。

於二零一九年一月一日綜合財務狀況表中確認的金額已作出以下調整。未受有關更改影響的項目並無包括在內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

(Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則 16 租賃(續)

作為承租人(續)

			Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
		Notes	於二零一八年十二月三十一日曾報告賬面值 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	根據香港財務報告 16 於二零一九年一月一日賬面值 RMB'000 人民幣千元
Non-current Assets	非流動資產				
Property, plant and equipment	物業、廠房及設備	(b)	891,169	(4,730)	886,439
Right-of-use assets	使用權資產		–	223,970	223,970
Prepaid lease payments	預付租賃款項	(a)	153,858	(153,858)	–
Current Assets	流動資產				
Trade and other receivables	貿易及其他應收款項	(c)	951,153	(871)	950,282
Prepaid lease payments	預付租賃款項	(a)	4,720	(4,720)	–
Current Liabilities	流動負債				
Obligation under a finance lease	融資租賃應付款項	(b)	394	(394)	–
Lease liabilities	租賃負債	(b)	–	12,426	12,426
Non-current Liabilities	非流動負債				
Obligation under a finance lease	融資租賃應付款項	(b)	7,052	(7,052)	–
Lease liabilities	租賃負債	(b)	–	54,811	54,811

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019
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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	<i>Insurance Contracts</i> ¹
Amendments to HKFRS 3	<i>Definition of a Business</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i> ⁴

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

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

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

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

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

The directors of the Company anticipate the application of other new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

已頒佈惟尚未生效的新訂或經修訂的香港財務報告準則

本集團並無提前應用以下已頒佈惟尚未生效的新訂或經修訂的香港財務報告準則：

香港財務報告準則 17	<i>保險合約</i> ¹
香港財務報告準則 3 (修訂本)	<i>業務之定義</i> ²
香港財務報告準則 10 及 香港會計準則 28 (修訂本)	<i>投資者與其聯營公司或 合營企業之間資產 出售或投入</i> ³
香港會計準則 1 及 香港會計準則 8 (修訂本)	<i>重大之定義</i> ⁴
香港財務報告準則 9、 香港會計準則 39 及 香港財務報告準則 7 (修訂本)	<i>利率基準改革</i> ⁴

¹ 於二零二一年一月一日或之後開始之年度期間生效。

² 適用於收購日期為二零二零年一月一日或以後開始的首個年度期間開始當日或之後進行的業務合併及資產收購。

³ 於待日子或以後開始之年度期間生效。

⁴ 於二零二零年一月一日或之後開始之年度期間生效。

除上述新訂及經修訂之香港財務報告準則，經修訂財務報告概念框架已於二零一八年頒佈。其後續修訂，即*香港財務報告準則概念框架參考(修訂本)*，將於二零二零年一月一日或之後開始的年度期間生效。

本公司董事預期，在可見未來應用已頒佈其他新訂及經修訂香港財務報告準則會對本集團綜合財務報表內不會構成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

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 (“**Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”).

The consolidated financial statements have been prepared on the historical cost basis 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*.

A fair value measurement of a non-financial assets takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. 重大會計政策

綜合財務報表乃根據香港會計師公會所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及香港公司條例所規定的適用披露事項。

綜合財務報表乃按各歷史成本基準於各報告期末編製，詳情載於下文所載會計政策。

歷史成本一般基於交換商品和服務時所考慮的對價的公允值。

公允值乃市場參與者於計量日期於有序交易中出售資產所收取或轉讓負債所支付之價格，而不論該價格為可直接觀察取得或可使用其他估值方法估計。於估計資產或負債的公允值時，倘市場參與者於計量日期對資產或負債定價時將考慮資產或負債之特點，則本集團會考慮該等特點。於該等綜合財務報表中作計量及／或披露用途之公允值乃按此基準釐定，惟於香港財務報告準則2（「以股份支付」）範圍下的以股份支付之交易、按照香港財務報告準則16（自二零一九年一月一日起）或香港會計準則17（應用香港財務報告準則16前）入賬之租賃交易，以及與公允值類似但並非公允值之計量（例如香港會計準則2（「存貨」）之可變現淨值或香港會計準則36（「資產減值」）之使用價值）除外。

非金融資產的公允值計量計及市場參與者透過最大限度使用該資產達致最佳用途、或透過將資產售予將最大限度使用該資產達致最佳用途的另一名市場參與者而產生經濟利益的能力。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. Significant Accounting Policies (Continued)

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.

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. Specially, 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.

3. 重大會計政策 (續)

此外，就財務報告而言，公允值計量可按公允值計量之輸入數據可觀察程度及公允值計量之輸入數據對其整體之重要性劃分為第一、二及三級，詳述如下：

- 第一級輸入數據乃實體於計量日期可於活躍市場就相同資產或負債獲得之報價（未經調整）；
- 第二級輸入數據乃為第一級所載報價以外之輸入數據，而該等數據乃就有關資產或負債可直接或間接觀察之輸入數據；及
- 第三級輸入數據乃資產或負債之不可觀察輸入數據。

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及其附屬公司控制之企業之財務報表。控制是指本公司：

- 可對被投資對象行使之權力；
- 須承擔或享有參與被投資對象可變回報之風險及權力；及
- 可運用其權力以影響其回報。

倘有事實及情況顯示上述三項因素其中一項或以上出現變動，則本集團重新評估其是否對被投資對象存有控制權。

附屬公司乃於本集團取得附屬公司控制權起綜合入賬，並於本集團失去該附屬公司控制權時終止入賬，則停止該附屬公司之綜合入賬。特別是，年內所收購或出售之附屬公司之收入及開支由本集團取得控制權當日起至本集團不再控制該附屬公司之日止計入綜合損益及其他全面收益表。

損益及其他全面收入的各部分歸屬於本公司應佔擁有人及非控股權益。附屬公司的全面收入總額歸屬於本公司應佔擁有人及非控股權益，即使此將導致非控股權益產生虧蝕結餘。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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.

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 attribute 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/HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. 重大會計政策 (續)

綜合基準 (續)

倘有必要，將對附屬公司的財務報表作出調整，以使其會計政策與本集團其他成員公司所採用者保持一致。

本集團成員之間交易之所有集團內公司間資產與負債、權益、收入、開支及現金流量已於綜合時抵銷。

附屬公司的非控股權益與本集團的權益分開呈列，而該等權益代表其持有者於清算時有權按相關附屬公司的淨資產比例分配的現有所有權權益。

當本集團失去附屬公司控制權，收益或虧損以 (i) 已收代價的公允值及任何保留權益之總和；與 (ii) 附屬公司之前的資產（包括商譽）、負債和任何非控股權益的淨值之差額計算，並計入損益。所有有關該附屬公司之前確認為其他全面收入中的金額會以猶如本集團直接出售附屬公司的有關資產或負債的情況入賬（即按適用的香港財務報告準則所指定／允許，重新分類至損益或轉移到另一類權益）。在喪失控制權日仍保留於前附屬公司之任何投資的公允值，會被視為初始確認時的公允值，如適用，即於聯營公司或合資企業投資的初始確認之成本，並後續根據香港財務報告準則9或香港會計準則39記賬。

業務合併

業務收購使用收購法列賬。業務合併所轉讓的代價按公允價值計量，而計算方法為轉讓至本集團的資產、本集團向被收購方之前擁有人產生的負債及本集團為交換被收購方的控制權而發行的股權權益於收購日期的公允價值之總和。有關收購的成本一般於產生時於損益內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. Significant Accounting Policies (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised, and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively.
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

3. 重大會計政策 (續)

業務合併 (續)

於收購日期，已收購的可識別資產及承擔的負債按彼等的公允價值確認，除了：

- 遞延稅項資產或負債以及有關僱員福利安排的資產或負債乃分別根據香港會計準則12所得稅及香港會計準則19僱員福利確認及計量。
- 租賃負債按剩餘租賃付款額(定義見香港財務報告準則16)的現值確認和計量，如同已獲得的租賃在購買日為新租賃一樣，但(a)租賃期限自獲取日期起12個月內結束；或(b)價值低的資產。使用權資產的確認和計量與相關租賃負債的金額相同，並進行調整以反映與市場條款相比租賃的有利或不利條款。

商譽乃按所轉讓的代價、任何非控股權益於被收購方中所佔款項以及收購方以往持有被收購方股權權益的公允價值(如有)之總和，減所收購的可識別資產及所承擔的負債於收購日期的金值後所超出的差額計量。倘經過重估後，所收購的可識別資產與所承擔負債於收購日期的淨額高於所轉讓代價、任何非控股權益於被收購方中所佔款項及收購方以往持有被收購方股權權益的公允價值(如有)之總和，則超出款項即時於損益內確認為議價收購收益。

現時擁有的權益且於清盤時讓彼等的持有人有權按比例分佔實體淨資產的非控股權益，可初步按公允價值或非控股權益應佔被收購方可識別資產淨值的已確認款項比例計量。計量基準視乎每項交易而作出選擇。其他類型的非控股權益乃按其公允價值基準計量。

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綜合財務報表附註

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3. Significant Accounting Policies (Continued)

Revenue from contracts with customers

Under HKFRS 15, 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 and 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.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, 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.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. 重大會計政策(續)

來自客戶合約之收益

根據香港財務報告準則15，本集團於完成履約責任時(或就此)確認收入，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。

履約責任指不同的貨品或服務(或一籃子貨品或服務)或一系列不同的貨品或服務其大致上相同。

經參考相關履約責任的完成進度，當達至下面其中一項時，控制權隨時間的推移而轉移及收入隨時間的推移而確認：

- 客戶同時接收及耗用由本集團執行本集團履約所提供的效益；
- 客戶控制由本集團執行本集團的履約產生及提升的資產；或
- 本集團的履約不會產生對本集團有其他用途的資產及本集團對迄今完成的履約之付款有可執行之權利。

否則，則當客戶取得不同貨品或服務的控制權時按一個時間點確認收入。

合約資產指本集團有權以本集團尚未成為無條件轉移予客戶的貨品或服務以換取代價。此乃根據香港財務報告準則9作評估減值。相反，應收款項指本集團無條件的可收取代價，即到期前只需等待到期支付代價。

合約負債指本集團已從客戶收取代價(或代價金額已到期)而本集團有責任去轉移貨品或服務予客戶。

屬同一合約之合約資產及合約負債按淨額入賬及列示。

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綜合財務報表附註

For the year ended 31 December 2019
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3. Significant Accounting Policies (Continued)

Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

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. 重大會計政策 (續)

來自客戶合約之收益 (續)

隨時間確認收益：計量履約責任的完成進度

完全履行履約義務的進展是基於輸入法計量的，即基於本集團的努力或履行履約義務相對於履約義務的總預期投入的投入來確認收入，最能說明本集團在轉移商品或服務控制方面的表現。

租賃

租賃之定義 (按附註2所載過渡應用香港財務報告準則16)

當合約傳達權利以控制使用一項已識別資產一段時間以換取代價，則該合約乃(或包含)一項租賃。

於初始應用日期或之後訂立或修改或由業務合併引起之合約，本集團根據香港財務報告準則16之定義於初始時，修改日期及或收購日期，倘適用，評估一份合約是否(或包含)一項租賃。除非合約之條款及條件其後改變，此合約將不會再評估。

本集團作為承租人 (按附註2所載過渡應用香港財務報告準則16)

將代價分配至合約成分

就含有租賃成分以及一項或多項額外租賃或非租賃成分的合約而言，本集團將合約代價分配至各租賃成分，基準是租賃成分的相對獨立價格及非租賃成分的總獨立價格；當中獲得包括租賃土地和非租賃建築組成部分在內的財產的所有權權益的合同，除非這種分配不能可靠地進行。

本集團亦採用實際權宜之計，不將由租賃組成部分分開至非租賃組成部分，而是將租賃組成部分和任何相關的非租賃組成部分作為單個租賃組成部分進行會計處理。

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綜合財務報表附註

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3. Significant Accounting Policies (Continued)

Leases (Continued)

The Group as 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 machinery and equipment and properties 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.

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.

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 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. 重大會計政策(續)

租賃(續)

本集團作為承租人(按附註2所載過渡應用香港財務報告準則16)(續)

短期租賃及低值資產租賃

本集團對租約期自開始日期計12個月或更短者且並無包含購買權之機器設備及物業應用短期租賃確認豁免。同時就低值資產租賃也應用確認豁免。短期租賃及低值資產租賃之租賃付款於租約期內按直線法或其他系統基準確認為費用。

使用權資產

使用權資產成本包括：

- 租賃負債初始計量金額；
- 於開始日期或之前作出之任何租賃付款，減去任何已收租賃補助；
- 本集團涉及之任何初始直接成本；及
- 本集團涉及拆卸及遷移相關資產，恢復相關資產所在地點或恢復相關資產按租賃條款及條件要求之狀況之估計成本。

使用權資產按成本減去任何累計折舊和減值損失後的金額進行計量，並針對租賃負債的任何重新計量進行調整。

本集團合理確定於租賃期完結時可獲得相關租賃資產擁有權之使用權資產，從開始日期至可使用年期完結計算折舊。否則，使用權資產按其估計可使用年期及租賃年期較短者，以直線法計算折舊。

本集團之使用權資產於綜合財務狀況表以獨立呈列。

可退回之租金按金

已付之可退回租金按金根據香港財務報告準則9金融工具入賬及以公允值初始計量。就於初始計量之公允值所作之調整乃視為額外租賃付款及包括在使用權資產成本內。

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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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group 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.

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 expected payment under a guaranteed residual value, 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. 重大會計政策 (續)

租賃 (續)

本集團作為承租人 (按附註2所載過渡應用香港財務報告準則16) (續)

租賃負債

於租賃開始日期，本集團以該日未付租賃付款現值確認及計量租賃負債。於計算租賃付款現值時，倘隱含在租賃中之利率未能明顯確定，本集團則採用租賃開始日期之漸進借貸率。

租賃付款包括：

- 固定付款 (包括實質上固定付款) 減去任何應收租賃補助；
- 取決於一項指數或比率之浮動租賃付款，按開始日期之指數或比率初始計量；
- 本集團於剩餘價值擔保之預期應付金額；
- 倘本集團合理確定將會行使購買權之行使價；及
- 倘租期影響本集團行使終止租賃權，終止租賃所支付之罰金。

於開始日期後，租賃負債按利息增長及租賃付款作調整。每當出現下列情況，本集團重新計量租賃負債 (及對相關使用權資產作出對應調整)：

- 租期已變更或行使購買權之評估變更，在此情況下相關租賃負債按於重新計量當日之已修訂折現率將已修訂租賃付款折現來重新計量。
- 租賃付款變更乃由於根據保證剩餘價值之預期付款變更，在此情況下相關租賃負債按初始折現率將已修訂租賃付款折現來重新計量。

本集團將租賃負債於綜合財務狀況表以獨立項目呈列。

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綜合財務報表附註

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3. Significant Accounting Policies (Continued)

Leases (Continued)

The Group as 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 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.

The Group as 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.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

3. 重大會計政策(續)

租賃(續)

本集團作為承租人(按附註2所載過渡應用香港財務報告準則16)(續)

租賃修改

本集團將租賃修改入賬為單獨之租賃，倘：

- 修改增加租賃範圍，加入一項或多項相關資產之使用權；及
- 租賃代價增加與範圍增加的獨立價格相稱，並對該獨立價格進行任何適當之調整以反映特定合同的情況。

就租賃修改並無入賬為獨立租賃而言，本集團按修改租賃之租期以於修改生效日期之修訂折現率將修訂租賃付款折現來重新計量租賃負債。

本集團就重新計量租賃負債以相關使用權資產作出對應調整來入賬。當修改合約包含租賃部分及一項或多項額外租賃或非租賃部分，本集團按租賃部分之相關獨立價格及非租賃部分之合計獨立價格將修改合約之代價分配至各自租賃部分。

本集團作為承租人(二零一九年一月一日前)

凡租賃條款將擁有權的絕大部分風險及回報轉移至承租人的租賃，均列作融資租賃。所有其他租賃則列作經營租賃。

以融資租賃形式持有的資產以其租賃首期的公允價值或以其最低租賃付款額的現值(若為較低者)確認為集團資產。出租者相應的負債則以融資租賃應付款項計入綜合財務狀況表內。

租賃付款額以融資開支及減低租賃應付款項分配，從而達致其負債餘額具有一穩定的利率。融資開支即時於損益確認，惟有關開支與合資格資產直接相關則除外，於此情況下，有關開支按照本集團的借款成本政策(見下文的會計政策)撥充資本。

經營租賃付款(包括根據經營租賃收購土地的成本)在租賃期內按直線法確認為開支。

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3. Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (prior to 1 January 2019) (Continued)

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

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 does not satisfy the requirements as a sale, the Group as a seller-lessee accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

Sale and leaseback transactions (prior to 1 January 2019)

The accounting treatment of a sale and leaseback transaction depends on the type of lease involved. The leaseback may be a finance lease if it meets the condition that substantially all the risks and rewards of ownership remain with the lessee, or it may be an operating lease (in which case, some significant risks and rewards of ownership have been transferred to the purchaser).

The Group as a seller-lessee

For sale and leaseback transactions which are in substance a financing arrangement under HKFRS 9, the Group accounts for the sales proceeds as borrowing within the scope of HKFRS 9.

3. 重大會計政策 (續)

租賃 (續)

本集團作為承租人 (二零一九年一月一日前) (續)

租賃土地及樓宇

當本集團租賃包括土地及樓宇部分作出支付時，本集團根據對附於各部分所有權的絕大部分風險及回報是否已轉移本集團的評估，分別將各部分的分類評定為融資或經營租賃。除非土地及樓宇部分均明確為經營租賃，於此情況下整項租賃分類為經營租賃。具體而言，最低租賃付款額 (包括任何一筆過預付款項) 於租約首次確認時按租賃土地部分及樓宇部分中的租賃權益相對公允值比例於土地與樓宇部分間分配。

倘租金能可靠分配，則以經營租賃列賬的土地租賃權益於綜合財務狀況表中列為「預付租賃款項」，且於租期內按直線法攤銷。

售後租回交易 (自二零一九年一月一日起採用香港財務報告準則 16)

本集團採用香港財務報告準則 15 的規定，以評估售後租回交易是否構成本集團的銷售。

集團作為賣方承租人

對於不滿足銷售要求的轉讓，本集團 (作為賣方承租人) 在香港財務報告準則 9 的範圍內將轉讓收益作為借款入賬。

售後租回交易 (二零一九年一月一日前)

售後租回交易的會計處理方式取決於所涉及的租賃類型。如果回租滿足了所有權的絕大部分風險和報酬均由承租人承擔的條件，則可以為融資租賃，或可以為經營租賃 (在這種情況下，所有權的一些重大風險和報酬已轉移至購買者)。

集團作為賣方承租人

對於實質上根據香港財務報告準則 9 作出融資安排的售後租回交易，本集團在香港財務報告準則 9 的範圍內將銷售所得款項列為借款。

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綜合財務報表附註

For the year ended 31 December 2019
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3. Significant Accounting Policies (Continued)

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 each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

3. 重大會計政策(續)

外幣

編製各集團實體的財務報表時，以非該實體功能貨幣(外幣)進行的交易會按交易日期當日的匯率以相關功能貨幣列賬確認。於報告期末，以外幣計值的貨幣項目均按當日的匯率重新換算。以外幣計值按歷史成本計量之非貨幣項目毋須重新換算。

於結算及重新換算貨幣項目時所產生的匯兌差額，於其產生期間在損益內確認。

借款成本

收購、興建或生產合資格資產(需要大量時間製作以供擬定用途或銷售的資產)應佔的直接借貸成本將會加入該資產的成本，直至該資產大致可作預定用途或銷售。

在相關資產準備用於其預期用途或出售後仍未償還的任何特定借款，計入一般借款池，以計算一般借款的資本化率。在特定借款用於符合條件的資產的支出之前，將其暫時投資所賺取的投資收入從符合資本化條件的借款費用中扣除。

所有其他借貸成本均於產生期間於損益內確認。

政府補貼

當可合理保證本集團符合附帶條件且會收到補貼時，方確認政府補貼。

政府補貼乃就集團確認的有關開支(預期補貼可予抵銷成本開支)期間按系統基準於損益內確認。具體而言，以本集團購買、建造或以其他方式獲得非流動資產為主要條件的政府補貼，作為遞延收入/相關資產賬面值剔除部分於綜合財務狀況表中確認，並於相關資產可使用年期內轉撥至損益。

政府補貼是作為支出或已發生的虧損補償、或是以給予本集團及時的財務支援為目的而獲得的，無未來相關成本在其成為應收款項期間於損益內確認。

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3. Significant Accounting Policies (Continued)

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefits is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring cost.

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 benefit 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

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. The fair value of the cash-settled share-based payments is determined without taking into consideration all non-market vesting conditions.

At the end of each reporting period until the liability is settled, and at the date of settlement, the liability is remeasured to fair value. For cash-settled share-based payments that are already vested, any changes in fair value are recognised in profit or loss for the year. For cash-settled share-based payments which are still subject to non-market vesting conditions, the effects of vesting and non-vesting conditions are accounted on the same basis as equity-settled share-based payments.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

3. 重大會計政策(續)

退休福利成本及福利終止

界定供款退休福利計劃/國家管理退休福利計劃的付款在僱員提供可獲取該等供款的服務時確認為開支。

終止福利之負債於本集團實體不能取消提供該終止福利時及實體確認任何有關重組成本(以較早者為準)確認。

短期僱員福利

短期僱員福利於僱員提供服務時就預計將支付福利的未貼現金額確認。所有短期僱員福利確認為開支，除非另一項香港財務報告準則要求或允許將有關福利納入資產成本，則作別論。

在扣除已經支付的任何金額後，對僱員應得的福利(例如工資及薪金、年假及病假)確認負債。

以股份支付

以現金結算的股份為基礎付款交易

對於以現金結算的股份為基礎付款，購得的商品或服務已確認一項負債，該負債初始以負債的公允價值計量。現金結算的股份支付公允價值是在不考慮所有非市場歸屬條件的情況下確定的。

在每個報告期末，直到負債清償為止，並在結算日，將負債重新計量為公允價值。對於已經歸屬的以現金結算的股份基礎付款，公允價值的任何變動均計入當年損益。對於仍受非市場歸屬條件約束的以現金結算的股份基礎付款，以與以權益結算的股份基礎付款相同的計算歸屬和非歸屬條件的影響。

稅項

所得稅開支指目前應付稅項及遞延稅項的總額。

即期應繳稅項乃按年內應課稅溢利計算。由於於其他年度課稅或可扣稅之收入或開支及永久毋須課稅或不可扣減之項目，故應課稅溢利有別於綜合損益及其他全面收益表內呈報之「除稅前溢利」。本集團之即期稅項負債乃按現行稅率或報告期末時實際確立之稅率計算。

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3. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis 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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax 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 its assets and liabilities.

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

3. 重大會計政策 (續)

稅項 (續)

遞延稅項為就綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基的暫時差額。遞延稅項負債一般就所有應課稅暫時差額確認，而遞延稅項資產一般乃於可能出現應課稅溢利對銷可用的可扣稅暫時差額時確認。倘若暫時差額由商譽或不影響應課稅溢利及會計溢利的交易中首次確認（業務合併除外）的其他資產及負債所產生，則不會確認該等資產及負債。此外，若暫時差額是源自商譽之首次確認，則不確認遞延稅項負債。

與附屬公司的投資相關的應課稅暫時差額確認為遞延稅項負債，惟若本集團可控制暫時差額的回撥而暫時差額於可見將來應不會回撥的情況除外。與該等投資及權益相關的可扣稅暫時差額所產生的遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額的益處且預計於可見將來可以回撥時確認。

遞延稅項資產的賬面值於報告期末作檢討，並撇減至不再可能有足夠應課稅溢利可供收回全部或部分資產時為限。

遞延稅項資產及負債乃按預期於負債獲償還或資產獲變現期間適用的稅率（以報告期末已生效或實質上已生效的稅率（及稅法）為基準）計算。

遞延稅項負債及資產的計算，反映了本集團於報告期末所預期對收回或償還其資產及負債的賬面值的方式所產生的稅務結果。

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而言，本集團首先釐定稅項扣減是否歸因於使用權資產或租賃負債。

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3. Significant Accounting Policies (Continued)

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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 the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, 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 subsequent accumulated impairment losses, if any.

Buildings and machinery 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.

3. 重大會計政策 (續)

稅項 (續)

就稅項扣減歸屬於租賃負債的租賃交易而言，本集團就整體租賃交易應用香港會計準則12所得稅規定。與使用權資產及租賃負債相關的暫時差額按淨額基準評估。使用權資產折舊超出租賃負債租賃部分的租賃付款主要部分導致產生可扣減暫時差額淨額。

當有法定行使權以本期稅項資產抵銷本期稅項負債，及當該些稅項為同一稅務機關所徵收之所得稅，且本集團有意將其本期稅項資產及負債以淨額結算，遞延稅項資產及負債會被抵銷。

當期及遞延稅項於損益中確認，惟倘當期及遞延稅項有關之項目在其他全面收益或直接在權益中確認之情況下，當期及遞延稅項亦分別於其他全面收益或直接或間接於權益中確認。倘當期或遞延稅項因業務合併的初始會計處理而引起時，有關之稅務影響會被納入業務合併的會計處理。

於評估所得稅處理的不確定性時，集團考慮有關稅務機關會否接納個別集團實體填報所得稅時使用或擬使用的不確定稅項處理之可能性。倘有關稅務機關很可能不會接納不確定稅務處理，每項不確定性之影響會使用最大可能金額或預期值反映。

物業、廠房及設備

物業、廠房及設備(包括持有作用於生產或供應貨品或服務的樓宇，或就行政用途，(不包括在建工程，如下文除外))按成本減其後累計折舊及累計減值虧損入賬(如有)。

供生產、供應或行政用途的在建工程按成本減去任何已確認的減值虧損列賬。成本包括專業費用，及就合資格資產而言，根據本集團之會計政策資本化的借貸成本。該等物業於竣工及可供用於擬定用途時分類為物業、廠房及設備的適當類別。此等資產的折舊基準與其他物業資產相同，乃於資產可供用於擬定用途時開始計提。

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3. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than construction in progress) less their residual values 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

Intangible assets

Internally-generated intangible assets — research and development expenditure

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

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. 重大會計政策(續)

物業、廠房及設備(續)

物業、廠房及設備項目(在建工程除外)的折舊乃以直線法確認,以撇銷其估計可使用年期內的成本減剩餘價值。估計使用年期及折舊方法乃於各報告期末檢討,估計變動的影響按預先計提的基準入賬。

根據融資租賃持有的資產按與自置資產相同的基準於其預期可使用年期內計算折舊。然而,倘無法合理確定擁有權將於租期結束時取得,則資產按租期及可使用年期(以較短者為準)折舊。

物業、廠房及設備項目乃於出售後或預期繼續使用該資產不會產生未來經濟利益時終止確認。出售或廢棄物業、廠房及設備項目產生的任何收益或虧損按出售所得款項與資產賬面值間的差額計算,並於損益內確認。

無形資產

內部產生無形資產 — 研發開支

研究活動的開支於其產生期間確認為開支。

僅在出現所有下列情況下,來自開發活動(或來自內部項目開發階段)的內部產生無形資產始予以確認:

- 完成無形資產以使其可供使用或出售的技術可行性;
- 完成無形資產及使用或出售無形資產的意圖;
- 使用或出售無形資產的能力;
- 無形資產如何帶來可能的未來經濟利益;
- 有足夠技術、財務及其他資源以完成開發及使用或出售無形資產;及
- 可靠計量無形資產於開發期間所需開支的能力。

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3. Significant Accounting Policies (Continued)

Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure (Continued)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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 assets, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use 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).

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 cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 cash-generating unit for which the estimates of future cash flows have not been adjusted.

3. 重大會計政策 (續)

無形資產 (續)

內部產生無形資產 — 研發開支 (續)

內部產生無形資產的首次確認金額為無形資產於初步符合上述確認準則日期起產生的開支總和。倘並無內部產生無形資產可予確認，開發開支於其產生期間於損益內確認。

首次確認後，內部產生無形資產按成本減累計攤銷及累計減值虧損(如有)報告，與獨立收購的無形資產基準相同。

無形資產於出售時或預期使用或出售有關資產不會產生未來經濟利益時取消確認。任何因取消確認無形資產而產生的收益及虧損將獲計算為出售所得款項淨額與資產賬面值之間的差額，並於有關資產獲取取消確認時於損益內確認。

物業、廠房及機器、使用權資產減值

於報告期末，本集團會檢討其物業、廠房及機器、使用權資產的賬面值，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款額，以確定減值虧損(如有)的程度。

物業、廠房及機器、使用權資產及無形資產的可收回金額會個別估計。倘不能個別估計資產的可收回金額，則本集團會估計其資產所屬現金產生單位的可收回金額。

此外，本集團評估是否有跡象表明公司資產可能發生減值。倘存在這種跡象，公司資產也將分配給各個現金產生單位，當可識別分配基準屬合理及貫徹一致時，企業資產亦會被分配到個別的現金產生單位，否則或會被分配到可識別分配基準屬合理及貫徹一致的最小的現金產生單位中。

可收回金額為公允價值減去銷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，該貼現率能反映當前市場所評估的貨幣時間值及資產特定風險(就此而言，未來現金流量估計尚未作出調整)。

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綜合財務報表附註

For the year ended 31 December 2019
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3. Significant Accounting Policies (Continued) Impairment on property, plant and equipment and right-of-use assets (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 cash-generating units. 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 cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit or a group of cash-generating units) 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 a cash generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a 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.

3. 重大會計政策(續) 物業、廠房及機器、使用權資產減值(續)

倘估計資產(或現金產生單位)之可收回金額將少於其賬面值,則資產(或現金產生單位)之賬面值將調減至其可收回金額。就未能按合理一致的基準分配至現金產生單位的企業資產或部分企業資產,本集團會比較一個組別的現金產生單位賬面值(包括已分配至該組現金產生單位的企業資產或部分企業資產的賬面值)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各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允價值減出售成本(如可計量)、其使用價值(如可釐定)及零之中的最高值。已另行分配至資產之減值虧損數額按比例分配至該單位其他資產。減值虧損已在損益內即時確認。

倘減值虧損其後撥回,則增加資產的賬面值(或現金產生單位)至其可收回數額的修訂後估計金額,惟增加後的賬面值不能超過倘於過往年度並無確認該資產(或現金產生單位)的減值虧損而應確定的賬面值。減值虧損的撥回即時確認為收入。

存貨

存貨乃按成本及可變現淨值的較低者入賬,而存貨成本按加權平均法釐定。可變現淨值指存貨的估計售價減去所有估計完工成本及成功出售所需的成本。

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綜合財務報表附註

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3. Significant Accounting Policies (Continued)

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 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost if doing so eliminates or significantly reduces an accounting mismatch.

3. 重大會計政策 (續)

金融工具

當集團實體成為工具合約條文的訂約方時，金融資產及金融負債會被確認。

金融資產及金融負債乃按公允值作初始計量，惟來自客戶合約而產生的應收貿易賬款則自二零一八年一月一日起根據香港財務報告準則15作初始計量。因收購或發行金融資產及金融負債(按公允值計入損益之金融資產及金融負債除外)而直接應佔之交易成本於初始確認時，按適用情況加入或扣自該項金融資產或金融負債之公允值。因收購按公允值計入損益之金融資產及金融負債而直接應佔之交易成本即時於損益確認。

實際利息法為計算金融資產攤銷成本及於有關期間內分配利息收入的方法，實際利率為在債務工具估計年期或較短期間(如適用)內貼現估計未來現金收入(包括實際利率組成部分而支付或收取的全部費用、交易成本及其他溢價或折讓)至首次確認時的賬面淨值的確實利率。

金融資產

金融資產的分類及其後計量

金融資產當符合至以下情況時則其後以攤銷成本計量：

- 金融資產由以收取合約現金流量為目的之業務模式持有；及
- 合約條款導致於特定日期僅按未清償本金金額支付本金及利息之現金流量。

此外，倘可對銷或顯著減少一項會計錯配，本集團可能不可撤銷地指定一項須按攤銷成本計量。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, pledged bank deposits and bank balance) and contract assets 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 contract assets and trade receivables. Customers are assessed for ECL categorising into receivables fully backed by bank bills and not backed by bank bills. The ECL on contract assets and trade receivables not backed by bank bills are assessed individually for debtors and contract assets with significant balances and/or collectively using a provision matrix with appropriate groupings based primarily on the debtors’ ageing profiles. The ECL for debtors with trade receivables backed by bank bills are assessed individually taking into consideration of credit rating and reputation of the banks issuing the bills.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及其後計量 (續)

攤銷成本及利息收入

利息收入就其後按攤銷成本計量之金融資產以實際利率法確認。利息收入對金融資產賬面總值應用實際利率法計算，除非該金融資產其後轉變為信貸減值(見下文)。就金融資產其後轉變為信貸減值，利息收入按該金融資產下一報告期間之攤銷成本應用實際利率法確認。若信貸減值的金融工具之信貸風險改善而該金融資產再毋須信貸減值，利息收入對金融資產於自釐定該資產再毋須信貸減值之報告期間開始對金融資產賬面總值採用實際利率法確認。

金融資產減值

本集團根據預期信貸虧損模型對根據香港財務報告準則9受到減值的金融資產(包括貿易及其他應收款項、已抵押銀行存款和銀行結餘)和合同資產進行減值評估。預期信貸虧損的金額已更新以反映自初始確認以來信用風險的變化。

終身預期信貸虧損指由所有可能違約事件超出相關工具預期壽命將引致之預期信貸虧損。相反，12個月預期信貸虧損(「12個月預期信貸虧損」)指終身預期信貸虧損預期從可能於報告日期後12個月內的違約事件引致之部分。所作評估基於本集團過往信貸虧損記錄，並調整債務人的特定因素，普遍經濟狀況及同時對於報告日期之現況及預測未來狀況之評估。

本集團通常就合約資產及應收貿易賬款確認終身預期信貸虧損。客戶將按預期信貸虧損進行評估，分類為完全由銀行票據為後盾及不作銀行票據後盾的應收賬款。不作銀行票據為後盾的合約資產及貿易應收款項的預期信貸虧損會按債務人及具有重大結餘的合約資產單獨評估及/或使用主要基於債務人賬齡資料的適當分組的撥備矩陣集體評估。具有銀行票據支持的貿易應收賬款的債務人的預期信貸虧損將根據信用評級和發行票據的銀行的聲譽進行單獨評估。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

就所有其他工具，本集團以相等於12個月預期信貸虧損計量虧損撥備，除非自初始確認後信貸風險顯著增加，本集團則確認終身預期信貸虧損。評估是否應確認終身預期信貸虧損乃基於自初始確認後發生違約的可能性或風險是否顯著增加。

(i) 信貸風險顯著增加

於評估自初始確認後信貸風險是否顯著增加時，本集團將於報告日期金融工具發生違約之風險與於初始確認日期金融工具發生違約之風險作比較。作出評估時，本集團同時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不必要的成本或費力而可得之前瞻性資料。

具體而言，以下為評估信貸風險是否顯著增加所考慮的資料：

- 金融工具之外部(如有)或內部信貸評級實質上或預期顯著惡化；
- 信貸風險的外部市場指標顯著惡化，例如信用利差、債務人信用違約掉期價格顯著增加；
- 現行或預測業務的不利逆轉，財政或經濟狀況預期會導致債務人顯著減低其履行債務責任的能力；
- 債務人經營業績實質上或預期顯著惡化；
- 債務人於法規、經濟、或技術環境實質或預期的重大不利逆轉導致債務人顯著減低其履行債務責任的能力。

無論上述評估之結果如何，當合約付款逾期超過90天，本集團即假定信貸風險自初始確認以來顯著增加，除非本集團有合理及有理據的資料另作證明。

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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 or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

- (iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- (a) significant financial difficulty of the issuer or the borrower;
 - (b) a breach of contract, such as a default or past due event;
 - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
 - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
 - (e) the disappearance of an active market for that financial asset because of financial difficulties.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

- (i) 信貸風險顯著增加 (續)
本集團定期監控用作識別是否出現信貸風險顯著增加的標準之有效性及當適用時修訂標準以確保該標準乃於金額逾期前可識別信貸風險的顯著增加。

- (ii) 違約的定義
就內部信貸風險管理，當內部開發資料或取得外部資料顯示債務人不太可能全數支付其債權人，包括本集團（並未考慮本集團持有任何抵押品），本集團認為發生違約事件。

不管上述情況如何，當金融資產逾期超過90天，本集團認為已發生違約事件，除非本集團具合理及有理據資料顯示滯後違約標準更為合適。

- (iii) 信貸減值金融資產
當一項及多項違約事件發生令該金融資產估計未來現金流量具不利影響，金融資產則信貸減值。金融資產減值的證據包括以下事件之可觀察數據：
- (a) 發行人或借款人存在嚴重財政困難；
 - (b) 違約，即如違約或過期事件；
 - (c) 借款人之貸款人，就有關借款人財政困難之經濟或合約原因，給予借款人一般貸款人不會考慮的讓步；
 - (d) 借款人有可能面臨破產或其他財務重組；或
 - (e) 因財政困難該金融資產已消失於活躍市場。

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綜合財務報表附註

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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 two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. 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.

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 below basis:

- Nature of financial instruments;
- Ageing status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

(iv) 撇銷政策

當有資料顯示對手方存在嚴重財政困難及並無實際把握收回款項，例如，當對手方已進行清盤或已進入破產程序，或如為應收貿易賬款，當金額乃逾期超過兩年，以較早者為準，本集團撇銷金融資產。金融資產的撇銷可能仍須根據本集團回收程序的執行方式，當適用時考慮法律建議。撇銷構成剔除確認事項。任何其後撥撥於損益確認。

(v) 預期信貸虧損的計量及確認

預期信貸虧損計量具違約可能性，默認虧損（即違約的損失幅度）及違約曝光的功能。違約可能性及默認虧損的評估乃基於過往數據經前瞻性資料作調整。預期信貸虧損的估計反映不偏倚及概率加權金額乃按發生違約相關風險的比重來釐定。

一般而言，預期信貸虧損為根據合約所有應欠本集團合約現金流量與本集團於初始確認時預期收到，按實際利率折現的現金流量的差額。

當預期信貸虧損按共同基準計量，或適用於個別工具級別的證據可能尚未提供的情況下，金融工具將按以下基準組合：

- 金融工具的性質；
- 賬齡狀況；
- 債務人之性質、規模及行業；及
- 當適用時之外部信貸評級。

管理層定期審視組別情況以確保每一組別裡面繼續具備類似的信貸風險特徵。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

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.

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 and contract assets where the corresponding adjustment is recognised through a loss allowance account.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity 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.

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.

3. 重大會計政策 (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)

利息收入按金融資產賬面總值計算，而已作信貸減值之金融資產則除外，在此情況下，利息收入則按金融資產之攤銷成本計算。

本集團就所有金融工具經調整其賬面值於損益賬確認減值收益或虧損，而應收貿易賬款則除外，其相關調整乃通過虧損撥備賬確認。

剔除確認金融資產

倘從資產收取現金流量之合約權利已屆滿，或本集團轉讓金融資產及已將其於資產擁有權之絕大部分風險及回報轉移予另一實體，本集團方會剔除確認金融資產。倘本集團既無轉移亦無保留絕大部分風險及回報及繼續控制已轉移資產，本集團於資產確認其留存權益及就可能須支付金額確認聯營負債。倘本集團保留已轉移資產之絕大部分風險及回報，本集團繼續確認該金融資產並就已收取款項確認抵押借貸。

於剔除確認一項以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之差額，將於損益中確認。

金融負債及權益工具

分類為債務或權益

債務及權益工具按所訂立之合約安排性質，以及金融負債及權益工具之定義而分類為金融負債或權益。

權益工具

權益工具為證明一實體經扣除其所有負債後的資產剩餘權益之任何合約。本公司發行的權益工具按收取所得款項減直接發行成本確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities (including trade and other payables, amounts due to directors and bank and other borrowings) are subsequently measured at amortised cost using the 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.

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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if 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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. 重大會計政策 (續)

金融工具 (續)

金融負債及權益工具 (續)

金融負債

所有金融負債(包括貿易及其他應付款項、應付董事款項及銀行及其他借款)是其後以實際利率法按攤銷成本計量。

終止確認金融負債

當且僅當本集團的責任被解除，取消或已到期時，本集團終止確認金融負債。終止確認之金融負債賬面值與已付及應付代價之間的差額於損益中確認。

4. 估計不明朗因素的主要來源

於採用附註3所述的本集團會計政策時，本公司董事須對尚無法從其他渠道確認的資產及負債賬面值作出多項判斷、估計及假設。該等估計及相關假設乃基於過往經驗及其他視作相關的因素作出。實際結果或會有別於該等估計。

本公司會持續檢討該等估計及相關假設。倘就會計估計的修訂只影響修訂估計的期間，則有關修訂會在該期間確認；倘有關修訂影響即期及未來期間，則有關修訂會在修訂期間及未來期間確認。

以下為於報告期末所作出有關未來的主要假設及估計不確定因素的其他主要來源，並具有相當風險而可能導致須於下個財政年度就資產及負債的賬面值作出重大調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. Key Sources of Estimation Uncertainty (Continued)

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables not backed by bank bills and contract assets, which is assessed individually for each significant trade debtors and contract assets and collectively for others by grouping of various trade debtors and contract assets that have similar loss patterns as reflected in the ageing profiles.

The provision rates applied in the provision matrix is estimated based on the historical observed default rates of the debtors taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and updated if required after considering the forward-looking information that available to the directors of the Company. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables not backed by bank bills for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables not backed by bank bills and the contract assets on the same basis. In determining the impairment allowance, the directors of the Company also consider the credit enhancement under insurance coverage.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 41.

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual or expected useful lives of property, plant and equipment is less than the original estimate useful lives or revision of estimated useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period. At 31 December 2019, the carrying amounts of property, plant and equipment was RMB892,291,000 (2018: RMB891,169,000).

4. 估計不明朗因素的主要來源(續)

貿易應收款項及合約資產預期信貸虧損撥備

本集團就不以銀行票據為後盾的貿易應收款項及合約資產採用預繳模式計算預期信貸虧損，該等貿易應收款項乃就各重大貿易債務人及合約資產個別評估，並按其他人的貿易債務人及合約資產分組進行集體評估。類似的損失模式反映在其賬齡資料。

預繳模式中適用的撥備率是根據債務人的歷史觀察違約率估算的，並考慮到合理且可支持的前瞻性信息，而無需不必要的費用或工夫。在每個報告期末，本公司董事考慮了可用的前瞻性信息後，如果需要，將重新評估和更新歷史觀察到的違約率。合約資產與未開單的半成品有關，並且與相同類型合約的以銀行票據為後盾的貿易應收款項具有大致相同的風險特徵。因此，本集團用同一基準估計以銀行票據為後盾的貿易應收款項及合約資產的預期損失率。在釐定減值準備時，本公司董事亦會考慮保險範圍內的信貸增級。

預期信貸虧損撥備對估計的變化相當敏感。有關預期信貸虧損及本集團應收貿易賬款的資料於附註41披露。

物業、廠房及設備的可使用年期

於採用有關物業、廠房及設備折舊的會計政策時，管理層乃根據物業、廠房及設備用途的行業經驗並參考有關行業規範來估計各種物業、廠房及設備的可使用年期。倘物業、廠房及設備的實際可使用年期，由於商業及技術環境改變以致少於原本估計的可使用年期，有關差額將影響於餘下期間的折舊開支。於二零一九年十二月三十一日，物業、廠房及設備的賬面值為人民幣892,291,000元(二零一八年：人民幣891,169,000元)。

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綜合財務報表附註

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

5. Revenue

For the year ended 31 December 2019

(a) Disaggregation of revenue from contracts with customers

5. 收入

截至二零一九年十二月三十一日止年度

(a) 來自客戶合約的收入分析

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Types of goods or service	貨品或服務類別			
Sales of corrugated medium paper products	銷售瓦楞芯紙產品			
Corrugated medium paper AA grade	AA級瓦楞芯紙	1,559,861	–	1,559,861
Sales of paper-based packaging products	銷售紙製包裝產品			
Brown Box	咖啡色紙箱	–	495,384	495,384
Colour Box	彩色紙箱	–	139,221	139,221
Honeycomb Paper	蜂窩紙製品	–	172,685	172,685
		–	807,290	807,290
Total	總計	1,559,861	807,290	2,367,151
Timing of revenue recognition	收入確認之時間			
A point in time	一個時間點	1,559,861	–	1,559,861
Over time	一段時間內轉移	–	807,290	807,290
		1,559,861	807,290	2,367,151

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

5. Revenue (Continued)

For the year ended 31 December 2019 (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Segment revenue	Adjustment and elimination	Consolidated
	分部收入	調整及抵銷	綜合
	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元
Sales of corrugated medium paper products 銷售瓦楞芯紙產品	1,693,124	(133,263)	1,559,861
Sales of paper-based packaging products 銷售紙製包裝產品	807,290	-	807,290
Revenue from contracts with customers 來自客戶合約的收入	2,500,414	(133,263)	2,367,151

(b) Performance obligations for contracts with customers

(1) Sales of corrugated medium paper (revenue recognised at a point in time)

For sales of corrugated medium paper products, revenue is recognised when control of goods has transferred, being when the goods have been shipped to the customer's specific location. The normal credit term is 30 days.

The Group requires certain customers to provide deposits. When the Group receives a deposit before delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

(2) Sales of paper-based packaging (revenue recognised over time)

The Group's contracts with customers for the manufacture and sale of paper-based packaging products are tailor-made based on customers' specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in PRC, some of the contracts provide the Group enforceable right to payment for performance completed to date and revenue is recognised over time based on the stage of completion of the contract using input method.

Please refer to note 25 for the detail on recognition of contract assets.

5. 收入(續)

截至二零一九年十二月三十一日止年度(續)

(a) 來自客戶合約的收入分析(續)

以下列出的是與客戶合同的收入與分部信息中披露的金額的對賬。

	Segment revenue	Adjustment and elimination	Consolidated
	分部收入	調整及抵銷	綜合
	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元
Sales of corrugated medium paper products 銷售瓦楞芯紙產品	1,693,124	(133,263)	1,559,861
Sales of paper-based packaging products 銷售紙製包裝產品	807,290	-	807,290
Revenue from contracts with customers 來自客戶合約的收入	2,500,414	(133,263)	2,367,151

(b) 客戶合約的履約責任

(1) 瓦楞芯紙產品銷售(收入在一個時間點確認)

對於瓦楞芯紙產品的銷售，收入在貨物控制轉移時確認，即貨物已運至客戶的特定地點時。正常信用期為30天。

本集團要求若干客戶提供訂金。當本集團在交付貨物之前收到存款時，這將在合同開始時產生合約負債，直到特定合同確認的收入超過訂金額為止。

(2) 紙製包裝銷售(收入在一段時間內轉移確認)

本集團與客戶訂立的紙製包裝產品製造及銷售合約乃根據客戶的規格量身定製，本集團無其他用途。考慮到合約條款、中國的法律及監管環境，部分合約為本集團提供可執行的可支付權利，而該等權益已於截至目前已完成，而收入乃根據合約完成階段使用輸入法確認。

有關合約資產確認的詳情，請參閱附註25。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

5. Revenue (Continued)

For the year ended 31 December 2019 (Continued)

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

The performance obligation under the contract for the sales of corrugated medium paper and paper-based packaging products has original expected duration of less than one year and as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contract is not disclosed.

For the year ended 31 December 2018

(a) Disaggregation of revenue from contracts with customers

Types of goods or service	貨品或服務類別	Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Sales of corrugated medium paper products	銷售瓦楞芯紙產品			
Corrugated medium paper AA grade	AA級瓦楞芯紙	1,842,803	–	1,842,803
Sales of paper-based packaging products	銷售紙製包裝產品			
Brown Box	咖啡色紙箱	–	627,663	627,663
Colour Box	彩色紙箱	–	149,165	149,165
Honeycomb Paper	蜂窩紙製品	–	228,385	228,385
		–	1,005,213	1,005,213
Total	總計	1,842,803	1,005,213	2,848,016
Timing of revenue recognition	收入確認之時間			
A point in time	一個時間點	1,842,803	–	1,842,803
Over time	一段時間內轉移	–	1,005,213	1,005,213
		1,842,803	1,005,213	2,848,016

5. 收入(續)

截至二零一九年十二月三十一日止年度(續)

(c) 交易價格分配給與客戶簽訂合同的剩餘履約義務

瓦楞芯紙及紙製包裝產品銷售合約的履約義務原先預期持續時間少於一年，而根據香港財務報告準則15准許，分配至該等未獲滿足合約的交易價格並未披露。

截至二零一八年十二月三十一日止年度

(a) 來自客戶合約的收入分析

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

5. Revenue (Continued)

For the year ended 31 December 2018 (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

		Segment revenue	Adjustment and elimination	Consolidated
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Sales of corrugated medium paper products	銷售瓦楞芯紙產品	1,999,169	(156,366)	1,842,803
Sales of paper-based packaging products	銷售紙製包裝產品	1,005,213	–	1,005,213
Revenue from contracts with customers	來自客戶合約的收入	3,004,382	(156,366)	2,848,016

(b) Performance obligations for contracts with customers

(1) Sales of corrugated medium paper (revenue recognised at a point in time)

For sales of corrugated medium paper products, revenue is recognised when control of goods has transferred, being when the goods have been shipped to the customer's specific location. The normal credit term is 30 days.

The Group requires certain customers to provide deposits. When the Group receives a deposit before delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

(2) Sales of paper-based packaging (revenue recognised over time)

The Group's contracts with customers for the manufacture and sale of paper-based packaging products are tailor-made based on customers' specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in PRC, some of the contracts provide the Group enforceable right to payment for performance completed to date and revenue is recognised over time based on the stage of completion of the contract using input method.

Please refer to note 25 for the detail on recognition of contract assets.

5. 收入(續)

截至二零一八年十二月三十一日止年度(續)

(a) 來自客戶合約的收入分析(續)

以下列出的是與客戶合同的收入與分部信息中披露的金額的對賬。

	Segment revenue	Adjustment and elimination	Consolidated
	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元
Sales of corrugated medium paper products	1,999,169	(156,366)	1,842,803
Sales of paper-based packaging products	1,005,213	–	1,005,213
Revenue from contracts with customers	3,004,382	(156,366)	2,848,016

(b) 客戶合約的履約責任

(1) 瓦楞芯紙產品銷售(收入在一個時間點確認)

對於瓦楞芯紙產品的銷售，收入在貨物控制轉移時確認，即貨物已運至客戶的特定地點時。正常信用期為30天。

本集團要求若干客戶提供訂金。當本集團在交付貨物之前收到存款時，這將在合同開始時產生合約負債，直到特定合同確認的收入超過訂金額為止。

(2) 紙製包裝銷售(收入在一段時間內轉移確認)

本集團與客戶訂立的紙製包裝產品製造及銷售合約乃根據客戶的規格量身定制，本集團無其他用途。考慮到合約條款、中國的法律及監管環境，部分合約為本集團提供可執行的可支付權利，而該等權益已於截至目前已完成，而收入乃根據合約完成階段使用輸入法確認。

有關合約資產確認的詳情，請參閱附註25。

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綜合財務報表附註

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

5. Revenue (Continued)

For the year ended 31 December 2018 (Continued)

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

The performance obligation under the contract for the sales of corrugated medium paper and paper-based packaging products has original expected duration of less than one year and as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contract is not disclosed.

6. Segment Information

The Group is principally engaged in supply of corrugated medium paper and paper-based packaging products.

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their products, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's reportable segments under HKFRS 8 are identified as two main operations:

1. Corrugated medium paper: this segment produces and sells corrugated medium paper.
2. Paper-based packaging: this segment produces and sells paper-based packaging products.

5. 收入(續)

截至二零一八年十二月三十一日止年度(續)

(c) 交易價格分配給與客戶簽訂合同的剩餘履約義務

瓦楞芯紙及紙製包裝產品銷售合約的履約義務原先預期持續時間少於一年，而根據香港財務報告準則15准許，分配至該等未獲滿足合約的交易價格並未披露。

6. 分部資料

本集團主要從事供應瓦楞芯紙及紙製包裝產品。

本集團按主要營運決策者(即本集團管理層)定期審閱以就各分部間進行資源分配及評估各分部表現的本集團內部報告，作為釐定其營運分部的基準。

本集團按其產品劃分經營單位，並編製經營單位的資料，呈報本集團主要營運決策者，作為資源分配及表現評估之用。本集團在香港財務報告準則8下的可申報分部主要分為兩類：

1. 瓦楞芯紙：此分部生產及銷售瓦楞芯紙。
2. 紙製包裝：此分部生產及銷售紙製包裝產品。

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綜合財務報表附註

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

6. Segment Information (Continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2019

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
REVENUE	收入			
External sales	外部銷售	1,559,861	807,290	2,367,151
Inter-segment sales	分部間銷售	133,263	-	133,263
Segment revenue	分部收入	1,693,124	807,290	2,500,414
Eliminations	抵銷			(133,263)
Group revenue	集團收入			2,367,151
Segment profit	分部溢利	104,570	18,661	123,231
Eliminations	抵銷			82
Unallocated corporate expenses, net	未分配企業開支淨額			(4,133)
Profit before tax	除稅前溢利			119,180

6. 分部資料(續)

(a) 分部收入及業績

本集團按可申報及經營分部劃分的收入及業績分析如下。

截至二零一九年十二月三十一日止年度

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綜合財務報表附註

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

6. Segment Information (Continued)

(a) Segment revenue and results (Continued)

Other segment information included in the measurement of segment results:

6. 分部資料(續)

(a) 分部收入及業績(續)

包括於分部業績之計算的其他分部資料：

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Depreciation on property, plant and equipment	物業、廠房及設備折舊	59,189	21,775	80,964
Depreciation on right-of-use assets	使用權資產折舊	7,780	12,426	20,206
Amortisation	攤銷	338	–	338
Less: Amount capitalised in inventories	減：存貨的資本化金額	(44,668)	–	(44,668)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	–	(17,874)	(17,874)
Total depreciation and amortisation	折舊及攤銷總計	22,639	16,327	38,966
Impairment losses recognised (reversed) on trade and other receivables	已確認(回撥)貿易及其他 應收款項減值	104	(64)	40

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

6. Segment Information (Continued)

(a) Segment revenue and results (Continued)

For the year ended 31 December 2018

6. 分部資料(續)

(a) 分部收入及業績(續)

截至二零一八年十二月三十一日止年度

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
REVENUE	收入			
External sales	外部銷售	1,842,803	1,005,213	2,848,016
Inter-segment sales	分部間銷售	156,366	–	156,366
Segment revenue	分部收入	1,999,169	1,005,213	3,004,382
Eliminations	抵銷			(156,366)
Group revenue	集團收入			2,848,016
Segment profit	分部溢利	92,323	62,237	154,560
Eliminations	抵銷			1,277
Unallocated corporate expenses, net	未分配企業開支淨額			155,837 (1,823)
Profit before tax	除稅前溢利			154,014

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綜合財務報表附註

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

6. Segment Information (Continued)

(a) Segment revenue and results (Continued)

Other segment information included in the measurement of segment results:

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Depreciation	折舊	52,673	23,312	75,985
Amortisation	攤銷	4,922	166	5,088
Less: Amount capitalised in inventories	減：存貨的資本化金額	(42,503)	–	(42,503)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	–	(17,789)	(17,789)
Total depreciation and amortisation	折舊及攤銷總計	15,092	5,689	20,781
Impairment losses recognised on trade and other receivables	已確認貿易及其他 應收款項減值	–	350	350

The accounting policies of the reporting and operating segments are the same as the Group's accounting policies described in note 3. Segment results represented the profit earned by each segment without allocation of legal and professional fee, bank interest income and other corporate income and expenses.

No reconciliation of reportable and operating segment revenues is provided as the total revenues for reportable and operating segments excluded inter-segment revenue is the same as the Group's revenue.

(b) Information about products

The following is analysis of the Group's revenue from its major products:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Corrugated medium paper AA grade	AA級瓦楞芯紙	1,559,861	1,842,803
Brown Box	咖啡色紙箱	495,384	627,663
Colour Box	彩色紙箱	139,221	149,165
Honeycomb Paper	蜂窩紙製品	172,685	228,385
		2,367,151	2,848,016

6. 分部資料(續)

(a) 分部收入及業績(續)

包括於分部業績之計算的其他分部資料：

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Depreciation	折舊	52,673	23,312	75,985
Amortisation	攤銷	4,922	166	5,088
Less: Amount capitalised in inventories	減：存貨的資本化金額	(42,503)	–	(42,503)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	–	(17,789)	(17,789)
Total depreciation and amortisation	折舊及攤銷總計	15,092	5,689	20,781
Impairment losses recognised on trade and other receivables	已確認貿易及其他 應收款項減值	–	350	350

營運分部的會計政策與附註3所述本集團會計政策相同。分部業績指各分部賺取的溢利，未扣除法律及專業費用、銀行利息收入以及其他企業收入及開支。

因可申報分部的總收入(剔除分部間收入)與本集團的收入相同，故並無提供可申報分部收入的對賬。

(b) 有關產品資料

載列於本集團主要產品收入分析：

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截至二零一九年十二月三十一日止年度

6. Segment Information (Continued)

(c) Geographic information

The Group's operations are all located in the PRC.

(d) Information about major customers

Revenue from customers of the corresponding years over 10% of the total revenue of the Group is as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Customer A ¹	客戶甲 ¹	253,424	376,038

¹ Revenue from paper-based packaging.

(e) Segment assets and liabilities

Information of the reporting and operating segments of the Group reported to the chief operating decision maker for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

7. Other Income

6. 分部資料(續)

(c) 地區資料

本集團的營運均位於中國。

(d) 有關主要客戶的資料

相應年度的來自客戶個別的收入佔本集團總收入逾10%者如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Customer A ¹	客戶甲 ¹	253,424	376,038

¹ 來自紙製包裝的收入。

(e) 分部資產及負債

供主要營運決策者作資源分配及表現評估之用的本集團營運分部資料並無計入任何資產及負債。因此，並無呈列分部資產及負債。

7. 其他收入

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest income from bank deposits	銀行存款利息收入	6,085	2,388
Interest income from rental deposits	租賃按金利息收入	139	-
Management fee income	管理費收入	73	149
Sales of scrap materials	銷售廢料	806	548
Government grants related to income (note)	有關收入的政府補貼(附註)	1,937	3,962
Government grants amortised from deferred income (note 36)	由遞延收入攤銷的政府補貼(附註36)	3,325	2,138
Sundry income	雜項收入	1,663	250
Total	總計	14,028	9,435

Note: Government grants received by the Group's PRC subsidiaries as financial incentives for local economic and environmental development contributions. No other conditions are attached to the financial incentives.

附註：本集團於中國成立的附屬公司收到當地政府對於經濟及環境發展貢獻財政鼓勵的政府補貼。此財政鼓勵不附加任何其他條件。

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8. Impairment Losses, Net of Reversal

8. 減值虧損撥回淨值

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Impairment losses recognised on trade and other receivables	已確認貿易及其他應收款項之減值虧損	(40)	(350)

9. Other Gains and Losses

9. 其他收益及虧損

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Exchange loss, net	匯兌虧損淨額	(932)	(1,594)
Gain (loss) on disposals of property, plant and equipment, net	出售物業、廠房及設備收益(虧損)淨額	546	(248)
Impairment losses recognised on property, plant and equipment	已確認物業、廠房及設備之減值虧損	(546)	-
		(932)	(1,842)

10. Finance Costs

10. 融資成本

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest on:	以下項目的利息：		
Bank borrowings	銀行借款	37,965	41,142
Other borrowings	其他借款	4,062	4,675
Finance lease	融資租賃	-	478
Lease liabilities	租賃負債	3,808	-
		45,835	46,295

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11. Income Tax Expense

11. 所得稅開支

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
PRC Enterprise Income Tax:	中國企業所得稅：		
Current tax	即期稅項	16,468	18,126
(Over) under provision in prior years	以前年度(過度)不足撥備	(1,303)	914
		15,165	19,040
Withholding Tax	預扣所得稅	7,288	7,542
Deferred tax (note 33):	遞延稅項(附註33)：	(4,301)	(3,281)
		18,152	23,301

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%. 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%.

Accordingly, the Hong Kong profit 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 profit above HK\$ 2 million.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. Certain PRC subsidiaries approved as advanced-technology enterprises by the relevant government authorities are subject to a preferential rate of 15%. During the year, four PRC subsidiaries were approved as “small and low-profit enterprises” by the relevant government authorities are subject to a two-tiered preferential rate. The first RMB1 million of taxable profit of the qualifying group entities will be taxed at 5%, and taxable profit above RMB1 million will be taxed at 10%.

於二零一八年三月二十一日，香港立法會通過二零一七年稅務(修訂)(第七號)條例草案(「條例草案」)，其引入兩級制利得稅率制度。條例草案於二零一八年三月二十八日簽署成為法律並於翌日刊登憲報。根據兩級制利得稅率制度，合資格集團實體的首兩百萬港元溢利將按8.25%的稅率徵稅，而超過兩百萬港元的溢利將按16.5%的稅率徵稅。並不符合兩級制利得稅率制度的集團實體溢利將繼續按16.5%的劃一稅率徵稅。

因此，香港利得稅估計應課稅溢利的首兩百萬港元將按8.25%計算，而超過兩百萬港元的估計應課稅溢利則按16.5%的計算。

本集團於兩年年均無在香港產生應課稅溢利，故並無就香港利得稅作出撥備。

按中華人民共和國企業所得稅法(「企業所得稅法」)及其實施條例規定，中國附屬公司的稅率兩個年度均為25%。若干中國附屬公司得到相關政府部門批准為高新技術企業，優惠稅率為15%。於本年內，四家附屬公司獲相關政府部門批准為「小型微利企業」，並享有兩級制優惠。合資格的實體組合，其首人民幣一百萬元應納稅所得利潤按稅率5%計算，而超過人民幣一百萬元應納稅所得利潤則按稅率10%計算。

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11. Income Tax Expense (Continued)

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

11. 所得稅開支(續)

其他司法管轄區產生的稅項則按個別司法管轄區適用之稅率計算。

由於本集團的收入既不產生自，也不來自香港，故並無就香港利得稅作出撥備。

本年度稅項開支與綜合損益及其他全面收益表內除稅前溢利的對賬如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	119,180	154,014
PRC Enterprise Income Tax at 25%	中國企業所得稅25%	29,795	38,504
Tax effect of income tax credit granted to subsidiaries for research and development costs	向附屬公司授出的研發成本所得稅抵免的稅務影響	(13,520)	(17,168)
Tax effect of expenses not deductible for tax purpose	就稅項而言不可扣稅開支的稅務影響	814	3,306
Effect of tax exemption on concessionary rates granted to the PRC subsidiaries	稅項豁免對中國附屬公司獲授優惠稅率的稅務影響	(6,310)	(4,740)
Tax effect of tax losses/deductible temporary differences not recognised	未確認稅務虧損/可扣減暫時性差異之稅務影響	3,176	-
Utilisation of tax losses/deductible temporary differences previously not recognised	動用先前未確認之稅務虧損/可扣減暫時性差異	-	(4,788)
(Over) under provision in respect of prior years	於以前年度撥備(過度)不足	(1,303)	914
Decrease in opening deferred tax assets resulting from a decrease in applicable tax rate	因適用稅率下降導致的期初遞延稅項資產減少	-	773
Withholding tax on undistributed profits of the PRC subsidiaries (note)	中國附屬公司不可分派溢利的預扣稅(附註)	5,500	6,500
Tax charge for the year	本年度稅項開支	18,152	23,301

Note: In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from 1 January 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or place of business in the PRC. The withholding income tax represents the withholding income tax provided on the profits arisen during the year ended 31 December 2019 of the PRC subsidiaries of the Company which was available for distribution amounting to RMB55,000,000 (2018: RMB65,000,000).

附註：根據於二零零八年一月一日生效的中國稅務通函(國稅函[2008]第112號)，稅率為10%的中國預扣所得稅適用於應付「非居民」(其在中國並無設立機構或營運地點)投資者的股息。該數額指就本公司的中國附屬公司截至二零一九年十二月三十一日止年度所產生溢利而撥備的預扣所得稅，其可供分派達人民幣55,000,000元(二零一八年：人民幣65,000,000元)。

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For the year ended 31 December 2019
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12. Profit for The Year

Profit before tax for the year has been arrived at after charging (crediting):

12. 本年度溢利

於本年度除稅前溢利已扣除(計入)下列各項：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Depreciation of property, plant and equipment	物業、廠房及設備折舊	80,964	75,985
Depreciation of right-of-use assets	使用權資產折舊	20,206	-
Amortisation of other intangible assets	其他無形資產攤銷	338	368
Amortisation of prepaid lease payments	預付租賃款項攤銷	-	4,720
Less: Amount capitalised in inventories	減：存貨的資本化金額	(44,668)	(42,503)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	(17,874)	(17,789)
Total depreciation and amortisation	折舊及攤銷總額	38,966	20,781
Auditor's remuneration	核數師酬金	1,748	1,714
Cost of inventories recognised as expense	已確認之貨存成本支出	1,777,080	2,197,435
Staff costs	員工成本		
— directors' and chief executive's emoluments (note 13)	— 董事及行政總裁酬金(附註13)	3,831	7,642
— salaries and other benefits costs	— 薪金及其他福利成本	220,224	233,353
— retirement benefits scheme contribution	— 退休福利計劃供款	15,856	20,927
Less: Amount capitalised in inventories	減：存貨的資本化金額	(42,317)	(45,259)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	(77,768)	(82,763)
Total staff costs	員工成本總額	119,826	133,900

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13. Directors' and Chief Executive's Emoluments

The emoluments paid or payable to each of the 10 (2018: 7) directors and the chief executive were as follows:

13. 董事及行政總裁酬金

已付或應付十名董事(二零一八年：七名)及行政總裁的酬金如下：

		Fee	Salary	Performance related bonus	Retirement benefits contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
For the year ended 31 December 2019	截至二零一九年十二月三十一日止年度					
Executive directors	執行董事					
— Hu Zheng	— 胡正	-	1,000	-	-	1,000
— Hu Hanchao	— 胡漢朝	-	1,000	-	-	1,000
— Hu Hancheng	— 胡漢程	-	1,033	-	5	1,038
Non-executive directors	非執行董事					
— Hu Hanxiang	— 胡漢祥	-	150	-	-	150
— Chen Riyue	— 陳日月	210	-	-	-	210
Independent non-executive directors	獨立非執行董事					
— Wu Youjun	— 吳友俊	35	-	-	-	35
— Zhu Hongwei	— 朱宏偉	35	-	-	-	35
— Chung Kwok Mo John	— 鍾國武	177	-	-	-	177
— Shin Yick Fabian	— 冼易	93	-	-	-	93
— Liew Fui Kiang	— 劉懷鏡	93	-	-	-	93
		643	3,183	-	5	3,831

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13. Directors' and Chief Executive's Emoluments (Continued)

13. 董事及行政總裁酬金(續)

		Fee	Salary	Performance related bonus	Retirement benefits scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
For the year ended 31 December 2018	截至二零一八年十二月三十一日止年度					
Executive directors	執行董事					
— Hu Zheng	— 胡正	—	2,500	—	14	2,514
— Hu Hanchao	— 胡漢朝	—	2,200	—	—	2,200
— Hu Hancheng	— 胡漢程	—	2,200	—	27	2,227
Non-executive director	非執行董事					
— Hu Hanxiang	— 胡漢祥	360	—	—	—	360
Independent non-executive directors	獨立非執行董事					
— Wu Youjun	— 吳友俊	85	—	—	—	85
— Zhu Hongwei	— 朱宏偉	85	—	—	—	85
— Chung Kwok Mo John	— 鍾國武	171	—	—	—	171
		701	6,900	—	41	7,642

Note:

Mr. Hu Hancheng and Mr. Hu Zheng are also the Chief Executives of the Company and their emolument disclosed above include those for services rendered by them as the Chief Executives. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of non-executive director and independent non-executive directors shown above were for their services as the directors of the Company.

Mr. Hu Hanxiang retired as a Non-executive director of the Company on 31 May 2019, Mr. Chen Riyue appointed as a non-executive director of the Company on 31 May 2019. Mr. Wu Youjun and Mr. Zhu Hongwei resigned as independent non-executive directors of the Company on 31 May 2019, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian appointed as independent non-executive directors of the Company on 31 May 2019.

Neither the chief executive nor any of the directors waived any emoluments during the years ended 31 December 2019 and 2018.

附註：

胡漢程先生及胡正先生同時為本公司主要行政人員，他們以上酬金的披露乃包括他們在擔任主要行政人員時收取。上述執行董事之酬金結合了他們為本公司及本集團管理事務的服務。上述非執行董事及獨立非執行董事之酬金是他們為本公司的服務。

胡漢祥先生於二零一九年五月三十一日退任本公司非執行董事，陳日月先生於二零一九年五月三十一日委任本公司非執行董事。吳友俊先生及朱宏偉先生於二零一九年五月三十一日退任本公司獨立非執行董事，劉懷鏡先生及冼易先生於二零一九年五月三十一日委任本公司獨立非執行董事。

截至二零一九年及二零一八年十二月三十一日止年度內，並無行政總裁或任何董事放棄任何酬金。

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14. Five Highest Paid Employees

The five highest paid employees of the Group during the year included three directors (2018: three directors), details of whose remuneration are set out in note 13 above. Details of the remunerations for the year of remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries	薪金	1,692	1,229
Performance related bonus	有關表現獎金	910	1,915
Retirement benefits scheme	退休福利計劃	15	21
		2,617	3,165

Their emoluments were within the following bands:

他們酬金介乎下列組別：

		Number of employees 員工人數	
		2019 二零一九年	2018 二零一八年
HKD1,000,001 to HKD1,500,000	港幣 1,000,001 元至港幣 1,500,000 元	1	–
HKD1,500,001 to HKD2,000,000	港幣 1,500,001 元至港幣 2,000,000 元	1	2
		2	2

During the year, no emoluments of the five highest paid individuals (including directors and other employees) were incurred as inducement to join the Group or compensation for loss of office.

年內，五名最高薪酬人士(包括董事及其他僱員)並無出任任何酬金作為加入本集團的獎勵或離職補償。

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15. Dividend

Dividend for ordinary shareholders of the Company recognised as distribution during the year:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
2018 Final — RMB0.10 (2018: 2017 final — RMB0.1096) per share	二零一八年度末期 — 每股人民幣 10.00 分 (二零一八年：二零一七年度末期 — 每股人民幣 10.96 分)	50,000	54,800

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of RMB0.03 (2018: final dividend in respect of the year ended 31 December 2018 of RMB0.10) per ordinary share, in an aggregate amount of RMB15,000,000 (2018: RMB50,000,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

16. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	用以計算每股基本盈利即本公司擁有人應佔年內利潤	82,184	109,358
Number of shares	股份數目		
Number of ordinary shares for the purposes of basic earnings per share	用於計算每股基本盈利的普通股股數	500,000,000	500,000,000

No diluted earnings per share for the years ended 31 December 2019 and 2018 were presented as there were no potential ordinary shares in issue for the years ended 31 December 2019 and 2018.

15. 股息

本年度確認為分派予本公司普通股股東之股息：

於報告期末後，本公司董事建議派付截至二零一九年十二月三十一日止年度末期股息每股人民幣 3.00 分(二零一八年：二零一八年十二月三十一日止年度：末期股息每股人民幣 10.00 分)，合計人民幣 15,000,000 元(二零一八年：人民幣 50,000,000 元)，惟須獲股東於應屆股東週年大會批准。

16. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利按以下數據計算：

截至二零一九年及二零一八年十二月三十一日止年度沒有發行潛在普通股，故截至二零一九年及二零一八年十二月三十一日止年度，每股攤薄盈利並無出現。

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17. Property, Plant and Equipment

17. 物業、廠房及設備

		Buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles	Plant and machinery	Construction in progress	Total
		樓宇	租賃物業裝修	傢俬及固定裝置	汽車	廠房及機器	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
COST	成本							
At 1 January 2018	於二零一八年一月一日	186,684	9,885	22,993	18,854	1,061,076	23,213	1,322,705
Additions	添置	1,426	20	1,893	2,864	1,338	68,443	75,984
Disposals	出售	(118)	-	(528)	(602)	(3,874)	-	(5,122)
Transfer from construction in progress	由在建工程轉撥	1,018	1,404	5,525	-	71,783	(79,730)	-
At 31 December 2018	於二零一八年十二月三十一日	189,010	11,309	29,883	21,116	1,130,323	11,926	1,393,567
Adjustment upon application of HKFRS 16	應用香港財務報告準則16後作出調整	-	-	-	-	(11,028)	-	(11,028)
At 1 January 2019 (restated)	於二零一九年一月一日(經重列)	189,010	11,309	29,883	21,116	1,119,295	11,926	1,382,539
Additions	添置	-	-	775	1,080	149	86,786	88,790
Disposals	出售	-	-	(347)	(1,243)	(2,809)	(177)	(4,576)
Transfer from construction in progress	由在建工程轉撥	456	-	11,295	-	44,834	(56,585)	-
Transfer to construction in progress	轉撥至在建工程	-	-	-	-	(17,659)	16,083	(1,576)
At 31 December 2019	於二零一九年十二月三十一日	189,466	11,309	41,606	20,953	1,143,810	58,033	1,465,177
DEPRECIATION AND IMPAIRMENT	折舊及減值							
At 1 January 2018	於二零一八年一月一日	75,203	7,219	16,534	14,403	316,993	-	430,352
Provided for the year	年內撥備	8,793	1,241	1,879	2,369	61,703	-	75,985
Eliminated on disposals	出售時對銷	(105)	-	(464)	(538)	(2,832)	-	(3,939)
At 31 December 2018	於二零一八年十二月三十一日	83,891	8,460	17,949	16,234	375,864	-	502,398
Adjustment upon application of HKFRS 16	應用香港財務報告準則16後作出調整	-	-	-	-	(6,298)	-	(6,298)
At 1 January 2019 (restated)	於二零一九年一月一日(經重列)	83,891	8,460	17,949	16,234	369,566	-	496,100
Provided for the year	年內撥備	9,065	1,079	2,174	2,410	66,236	-	80,964
Eliminated on disposals	出售時對銷	-	-	(312)	(1,043)	(1,793)	-	(3,148)
Transfer to construction in progress	轉撥至在建工程	-	-	-	-	(1,576)	-	(1,576)
Impairment loss recognised in profit or loss	已在損益確認減值虧損	-	-	-	-	546	-	546
At 31 December 2019	於二零一九年十二月三十一日	92,956	9,539	19,811	17,601	432,979	-	572,886
CARRYING VALUES	賬面值							
At 31 December 2019	於二零一九年十二月三十一日	96,510	1,770	21,795	3,352	710,831	58,033	892,291
At 31 December 2018	於二零一八年十二月三十一日	105,119	2,849	11,934	4,882	754,459	11,926	891,169

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17. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment, except for construction in progress are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimated residual value at the following rates per annum:

Buildings	4.50%–18%
Leasehold improvements	Over the shorter of the term of the lease, or 20%–50%
Furniture and fixtures	11.25%–18%
Motor vehicles	18%
Plant and machinery	4.50%–18%

The buildings are situated in the PRC and are held under medium term lease.

Plant and machinery with carrying amounted to RMB4,730,000 were held under a finance lease as at 31 December 2018.

Details of property, plant and equipment pledged are set out in note 39.

17. 物業、廠房及設備(續)

物業、廠房及設備(在建工程除外)項目在計及估計餘值後，以直線法於估計可使用年期內按下列年度比率計提折舊：

樓宇	4.50%–18%
租賃物業裝修	在較短的租約期限內，或20%–50%
傢俬及固定裝置	11.25%–18%
汽車	18%
廠房及機器	4.50%–18%

樓宇位於中國，以中期租約持有。

於二零一八年十二月三十一日，賬面值的人民幣4,730,000元為廠房及機器以根據融資租賃持有。

已抵押物業、廠房及設備詳情載於附註39。

18. Right-of-Use Assets

18. 使用權資產

		Leasehold lands 租賃土地 RMB'000 人民幣千元	Leased properties 物業租賃 RMB'000 人民幣千元	Machinery and vehicles 機器及車輛 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2019 Carrying Amount	於二零一九年一月一日 賬面值	176,236	37,945	9,789	223,970
As at 31 December 2019 Carrying Amount	於二零一九年 十二月三十一日 賬面值	170,504	37,321	8,369	216,194
For the year ended 31 December 2019 Depreciation charge	二零一九年 十二月三十一日止年度 折舊計提	5,732	12,097	2,377	20,206
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	短期租賃及租期於初始應用香港財務報告準則16日期12個月內完結之其他租賃之相關費用				4,933
Total cash outflow for leases	租賃之現金流出合計				24,542

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18. Right-of-Use Assets (Continued)

For both years, the Group leases various offices, warehouses, machinery for its operations. Lease contracts are entered into for fixed term of 12 months to 22 years, but may have extension and termination options as described below. Certain leases of equipment were accounted for as finance leases during the year ended 31 December 2018 and carried interest at 6.12%. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Extension and termination options

The Group has extension in a number of leases for properties. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options.

18. 使用權資產(續)

於兩個年度，本集團就各個營運辦公室、貨倉、機器訂立租賃。租賃以固定租期12個月至22年訂立合約，但如下所述可具有延長和終止選擇權。截至二零一八年十二月三十一日止年度，若干設備租賃被列為融資租賃，其利息為6.12%。租賃條款乃按個別基準磋商，並包含廣泛的不同條款及條件。於釐定租期及評估不可撤銷期限年期時，本集團應用合約之定義及釐定可行使合約之期間。

此外，本集團擁有數個其主要生產設施所在之工業樓宇及辦公室樓宇。本集團乃此等物業權益(包括相關租賃土地)之登記持有人。購入此等物業權益時作出一次性預付款。僅當所支付款項能夠可靠地分配時，此等持有物業之租賃土地部分方會獨立列示。

延期及終止選擇權

本集團已就數個物業租賃延期。該等乃用於盡量提高管理使用資產營運方面的經營靈活性。所持有的大部份延期及終止選擇權僅可由本集團行使，而不得由有關出租人行使。

本集團於租賃開始日期評估是否合理確定行使延期選擇權或不行使終止選擇權。

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18. Right-of-Use Assets (Continued)

Extension and termination options (Continued)

The following table summarised the additional lease liabilities recognised during the year ended 31 December 2019 as a result of exercising extension option that the Group was not reasonably certain to exercise:

		Extension option exercisable during the year ended 31 December 2019 可在截至二零一九年十二月三十一日止年度內行使延期選擇權 No. of leases 租賃數量	Extension option exercised 延期選擇權已行使 No. of leases 租賃數量	Termination option exercisable during the year ended 31 December 2019 可在截至二零一九年十二月三十一日止年度內行使終止選擇權 No. of leases 租賃數量	Termination option not exercised 終止選擇權尚未行使 No. of leases 租賃數量
Properties	物業	3	3	nil 無	nil 無
Additional lease liabilities recognised during the year ended 31 December 2019 (RMB'000)	截至二零一九年十二月三十一日止年度確認的額外租賃負債(人民幣千元)		18,787		nil 無

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2019, there is no such triggering event.

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December 2019, the Group has raised RMB44,900,000 borrowings in respect of such sale and leaseback arrangements.

Details of the lease maturity analysis of lease liabilities are set out in notes 29 and 41.

18. 使用權資產(續)

延期及終止選擇權(續)

下表總結了截至二零一九年十二月三十一日止年度因行使延期選擇權而導致本集團無法合理確定行使的額外租賃負債：

此外，當發生重大事件或承租人控制範圍內的情況發生重大變化時，本集團會重新評估是否合理地確定行使延期選擇權。截至二零一九年十二月三十一日止年度，概無任何觸發該事件。

售後租回交易 — 賣方承租人

為了更好地管理本集團的資本結構和融資需求，本集團有時會就機械租賃訂立銷售回租安排。該等合法轉讓不符合香港財務報告準則15(作為機器銷售入賬)的規定。截至二零一九年十二月三十一日止年度，本集團就有關出售及回租安排籌集了人民幣44,900,000元的借款。

租賃負債的租賃成熟度分析的詳細信息在附註29和41中列出。

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For the year ended 31 December 2019
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19. Prepaid Lease Payments

19. 預付租賃款項

		2018 二零一八年 RMB'000 人民幣千元
Analysed for reporting purposes as:	就報告目的分析如下：	
Current asset	流動資產	4,720
Non-current asset	非流動資產	153,858
		158,578
Leasehold land in the PRC	在中國持有的租賃土地	
Medium term lease	中期租約	158,578

The balance represented prepayment of rentals for land use rights situated in the PRC for a period of 38 to 50 years under operating leases.

結餘是指根據經營租賃在位於中國的土地使用權的租金預付，租期為38至50年。

Details of land use rights pledged are set out in note 39.

已抵押土地使用權詳情載於附註39。

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綜合財務報表附註

For the year ended 31 December 2019
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20. Other Intangible Assets

20. 其他無形資產

		Development costs 開發成本 RMB'000 人民幣千元
COST	成本	
At 1 January 2018, 31 December 2018 and 31 December 2019	於二零一八年一月一日、二零一八年十二月三十一日及二零一九年十二月三十一日	8,563
AMORTISATION	攤銷	
At 1 January 2018	二零一八年一月一日	7,857
Charge for the year	年內計提	368
At 31 December 2018	二零一八年十二月三十一日	8,225
Charge for the year	年內計提	338
At 31 December 2019	二零一九年十二月三十一日	8,563
CARRYING VALUES	賬面值	
At 31 December 2019	二零一九年十二月三十一日	-
At 31 December 2018	二零一八年十二月三十一日	338

Development costs are internally generated.

開發成本源自內部。

The above intangible asset has finite useful lives. Such intangible asset is amortised on a straight-line basis over 5 years.

上述無形資產可使用年期有限。而該無形資產按直線法分5年攤銷。

21. Deposits for Acquisition of A Subsidiary

At 10 December 2019, the Group enter into a Letter of Intent with Jiangxi Shengjing Technology Company Limited for the acquisition of 80% of equity interest in Yudu County Zhengyi Paper Products and Paper Industry Company Limited. Deposits amounted to RMB2,000,000 and RMB3,000,000 were paid on 4 December 2019 and 12 December 2019, respectively.

21. 收購附屬公司按金

於二零一九年十二月十日，本集團與江西盛璟科技有限公司訂立收購于都縣正億紙品紙業有限公司80%股權，並分別在二零一九年十二月四日及二零一九年十二月十二日分別支付人民幣2,000,000元及人民幣3,000,000元為按金。

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22. Inventories

22. 存貨

		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw material and consumables	原材料及消耗品	110,811	146,990
Finished goods	成品	26,464	14,788
		137,275	161,778

Details of inventories pledged are set out in note 39.

已抵押存貨詳情載於附註39。

23. Trade and other Receivables

23. 貿易及其他應收款項

		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	貿易應收款項	431,716	504,144
Less: allowance for credit losses	減：信貸虧損	(1,912)	(1,872)
		429,804	502,272
Trade receivables backed by bank bills	以銀行票據為後盾的貿易應收款項	298,640	423,006
		728,444	925,278
Advances to suppliers	墊付供應商款項	25,693	5,721
Prepayments	預付款項	5,304	6,271
Other receivables	其他應收款項	12,533	13,883
		43,530	25,875
Total trade and other receivables	貿易及其他應收款項總額	771,974	951,153

As at 31 December 2019 and 31 December 2018, gross amount of trade receivables from contracts with customers amounted to RMB730,356,000 and RMB927,150,000 respectively.

於二零一九年十二月三十一日及二零一八年十二月三十一日，與客戶的合約應收貿易賬款總額分別為人民幣730,356,000元及人民幣927,150,000元。

The Group allows an average credit period of 30 to 120 days from the invoice date to its trade customers except for the customers newly accepted of which payment is made when goods are delivered. For customers with good credit quality, the Group also allows them to provide bank bills before the due date of trade receivables. Those bills have maturity ranging from 60 to 180 days guaranteed by bank.

本集團由發票開具日期起計算，向貿易客戶提供30天至120天的信用期，惟承接的客戶須於貨品交付時付款。對於信譽良好的客戶，本集團亦允許其於應收貿易賬款到期日前提供銀行票據。這些賬單的到期日為60至180天，由銀行擔保。

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For the year ended 31 December 2019
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23. Trade and other Receivables (Continued)

As at 31 December 2019, total bills received amounting to RMB298,640,000 (31 December 2018: RMB423,006,000) are held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note 24. All bills received by the Group are with a maturity period of less than one year.

The following is an aged analysis of trade receivables not backed by bank bills presented based on dates of delivery of goods, at the end of the reporting period:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
0-60 days	0-60天	307,211	390,587
61-90 days	61-90天	40,519	60,685
91-180 days	91-180天	59,461	47,342
Over 180 days	180天以上	22,613	3,658
		429,804	502,272

The aged analysis of trade receivables backed by bank bills based on dates of delivery of goods or recognition date of the gross trade receivables, at the end of the reporting period are analysed as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
0-60 days	0-60天	65,413	38,190
61-90 days	61-90天	35,514	89,297
91-180 days	91-180天	148,813	202,622
Over 180 days	180天以上	48,900	92,897
Total	總計	298,640	423,006

23. 貿易及其他應收款項(續)

於二零一九年十二月三十一日，本集團持有未來結算貿易應收款項的賬面總額為人民幣298,640,000元(二零一八年十二月三十一日：人民幣423,006,000元)，其中若干票據進一步貼現／認可本集團。本集團於報告期末繼續確認其全部賬面值，詳情載於本附註24。本集團收到的所有賬單的到期日均不足一年。

列載於報告期末按照貨品發送日期為基準呈列的貿易應收款項不受銀行票據支持的賬齡分析：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
0-60 days	0-60天	307,211	390,587
61-90 days	61-90天	40,519	60,685
91-180 days	91-180天	59,461	47,342
Over 180 days	180天以上	22,613	3,658
		429,804	502,272

列載於報告期末按照貨品發送日期或貿易應收款項總額確認日期以銀行票據支持呈列的票據應收賬齡分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
0-60 days	0-60天	65,413	38,190
61-90 days	61-90天	35,514	89,297
91-180 days	91-180天	148,813	202,622
Over 180 days	180天以上	48,900	92,897
Total	總計	298,640	423,006

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

23. Trade and other Receivables(Continued)

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB103,049,000 (2018: RMB100,410,000) which are past due as at the reporting date. Out of the past due balances, RMB28,460,000 (2018: RMB12,754,000) has been past due 90 days or more and is not considered as in default after taking into account the repayment histories and financial position of debtors. For trade receivables in which customers have provided bank bills for settlement are not considered as past due nor in default. Other than bills received, the Group does not hold any collateral over these balances.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

As at 31 December 2019, in determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The customers with balances that are neither past due nor impaired have good repayment histories and no impairment is considered necessary.

Details of trade receivables and bills receivables pledged as set out in note 39.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2019 are set out in note 41.

During the year ended 31 December 2019, the Group discounted bills receivable of external customers with recourse in aggregated amounts of RMB608,488,000 (2018: RMB674,349,000) to banks for short term financing of which the associated borrowings amounting to RMB521,048,000 (2018: RMB663,617,000) and the relevant cash flows relating to external customers are presented as operating cash flows in the consolidated statement of cash flows for the year then ended as the management considers the cash flows are, in substance, the receipts from trade debtors.

23. 貿易及其他應收款項(續)

於二零一九年十二月三十一日，本集團的貿易應收款項結餘包括總賬面值人民幣103,049,000元(二零一八年：人民幣100,410,000元)的債務人，於報告日期已到期。過往到期結餘中，人民幣28,460,000元(二零一八年：人民幣12,754,000元)已逾期90天或以上，並在考慮到報告期末後的結算，償還歷史及債務人的財務狀況後不被視為違約。對於客戶提供結算銀行票據的貿易應收款項，不視為逾期或違約。除收到的票據外，本集團並未就該等結餘持有任何抵押品。

在承接任何新客戶前，本集團先評估潛在客戶的信用質量及釐定客戶信用限額。

於二零一九年十二月三十一日，在釐定貿易應收款項是否可予收回時，本集團考慮由初次授出信用當日起至報告日期止期間貿易應收款項的信用質量的任何變動。客戶擁有良好還款記錄，並無逾期亦無減值，因此沒有作出減值之需要。

已抵押貿易應收款項及應收票據詳情載於附註39。

截至二零一九年十二月三十一日止年度的貿易及其他應收款項之減值評估詳情載於附註41。

截至二零一九年十二月三十一日止年度期間，本集團累計由外部客戶的附帶追索權之已貼現應收票據金額為人民幣608,488,000元(二零一八年：人民幣674,349,000元)予銀行作為短期融資的關聯借貸金額為人民幣521,048,000元(二零一八年：人民幣663,617,000元)，及相關現金流呈列在截至該日止年度綜合現金流量表中的經營現金流。管理層考慮該現金流實際上是從貿易應收中得到收益。

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24. Transfers of Financial Assets

The following were the Group's bills receivables as at 31 December 2019 and 2018 that were transferred to banks or suppliers by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and the related trade payables and has recognised the cash received from banks on the transfer as a secured borrowings (see note 28).

Bills receivables of external customers are carried at amortised cost. Bills receivables arising from intra-group transactions in which the relevant group entities discounted or transferred the bills to banks or suppliers, such bills receivables and related intra-group payables have been eliminated in the Group's consolidated statement of financial position.

As at 31 December 2019

		Bills receivables discounted to banks with full recourse	Bills receivables endorsed to suppliers with full recourse	Total
		全面追索權之 應收貼現票據 RMB'000 人民幣千元	已背書給 供應商票據 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Carrying amount of bills receivables	應收票據賬面值	296,278	10,482	306,760
— external customers	— 外部顧客	213,978	10,482	224,460
— intra-group customers	— 集團內部顧客	82,300	—	82,300
Carrying amount of trade payables	貿易應付款項賬面值	—	(10,482)	(10,482)
Carrying amount of bank loans	銀行借款賬面值	(296,278)	—	(296,278)

As at 31 December 2018

		Bills receivables discounted to banks with full recourse	Bills receivables endorsed to suppliers with full recourse	Total
		全面追索權之 應收貼現票據 RMB'000 人民幣千元	已背書給 供應商票據 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Carrying amount of bills receivables	應收票據賬面值	361,135	105,754	466,889
— external customers	— 外部顧客	353,728	72,040	425,768
— intra-group customers	— 集團內部顧客	7,407	33,714	41,121
Carrying amount of trade payables	貿易應付款項賬面值	—	(105,754)	(105,754)
Carrying amount of bank loans	銀行借款賬面值	(361,135)	—	(361,135)

24. 轉讓金融資產

列載於二零一九年及二零一八年十二月三十一日本集團金融資產的應收票據透過按全面追索基準貼現該等應收款項而轉移予銀行或供應商。由於本集團並無轉移與該等應收票據有關的重大風險及回報，其會繼續悉數確認應收款項的賬面值，並已確認轉移所收取的現金作為有抵押借貸（見附註28）。

外部顧客的應收票據按成本攤銷。於集團內部產生的應收票據交易，其相關集團實體的票據已貼現或轉移至銀行及供應商，該應收票據及有關集團內部應付款項已在本集團的綜合財務狀況表內抵銷。

於二零一九年十二月三十一日

		Bills receivables discounted to banks with full recourse	Bills receivables endorsed to suppliers with full recourse	Total
		全面追索權之 應收貼現票據 RMB'000 人民幣千元	已背書給 供應商票據 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Carrying amount of bills receivables	應收票據賬面值	296,278	10,482	306,760
— external customers	— 外部顧客	213,978	10,482	224,460
— intra-group customers	— 集團內部顧客	82,300	—	82,300
Carrying amount of trade payables	貿易應付款項賬面值	—	(10,482)	(10,482)
Carrying amount of bank loans	銀行借款賬面值	(296,278)	—	(296,278)

於二零一八年十二月三十一日

		Bills receivables discounted to banks with full recourse	Bills receivables endorsed to suppliers with full recourse	Total
		全面追索權之 應收貼現票據 RMB'000 人民幣千元	已背書給 供應商票據 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Carrying amount of bills receivables	應收票據賬面值	361,135	105,754	466,889
— external customers	— 外部顧客	353,728	72,040	425,768
— intra-group customers	— 集團內部顧客	7,407	33,714	41,121
Carrying amount of trade payables	貿易應付款項賬面值	—	(105,754)	(105,754)
Carrying amount of bank loans	銀行借款賬面值	(361,135)	—	(361,135)

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截至二零一九年十二月三十一日止年度

25. Contract Assets

25. 合約資產

		31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Made-to-order paper-based packaging products	按訂單生產的紙製包裝產品	16,957	19,257
Current	當前	16,957	19,257

As at 1 January 2018 contract assets amounted to RMB19,565,000.

合約資產於二零一八年一月一日的金額為人民幣19,565,000元。

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

合約資產主要與本集團考慮完成而非開票之權利有關，因為該等權利以本集團未來表現為條件。當權利成為無條件時，合約資產轉移至貿易應收款項。

Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.

合約資產預期不會在本集團的正常營運週期內結算，會按預期結算日期分類為流動及非流動。

Typical payment terms which impact on the amount of contract assets recognised are as follows:

影響已確認合約資產金額的典型付款條款如下：

Made-to-order paper-based packaging products

The Group typically does not require a deposit on acceptance of order. The consideration is payable on the earlier of the delivery and acceptance of the finished goods by customers or notice from the customer to cancel the order. If the customer cancels the order then the Group is entitled to receive payment for work done to date pursuant to legal and regulatory environment in the PRC. The Group typically issue bills to customers when the finished goods are delivered to customers and acknowledged by customers. The credit term is ranging from 30 to 120 days.

按訂單生產的紙製包裝產品

本集團通常接受訂單時不需收取訂金。代價應在客戶交付和接受成品之前或客戶取消訂單的通知中支付。如果客戶取消訂單，則本集團有權根據中國的法律和監管環境收到迄今為止所完成工作的付款。當成品交付給客戶並得到客戶的認可時，本集團通常會向客戶發出賬單。信用期為30至120天。

Details of the impairment assessment are set out in note 41.

減值評估詳情載於附註41。

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26. Pledged Bank Deposits and Bank Balances and Cash

Bank balances carry interest at market rates within range from 0.01% to 0.35% (2018: 0.01% to 0.35%) per annum. The pledged deposits carry interest rates which range from 0.30% to 1.65% (2018: 0.35% to 2.75%) per annum.

Pledged bank deposits represent deposit pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB139,904,000 (31 December 2018: RMB108,910,000) have been pledged to secure the short-term bank borrowings and bills payables repayable within three to six months and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

27. Trade and Other Payables

Trade payables	貿易應付款項	156,003	205,383
Bills payables — secured	應付票據 — 有抵押	68,572	165,928
Other tax payables (note)	其他應付稅項(附註)	30,800	47,052
Payroll and welfare payables	應付薪酬及福利費	30,901	34,170
Construction payables	應付工程款項	3,918	3,951
Others	其他	17,386	17,202

Note: Included in other tax payables is RMB28,880,000 (2018: RMB43,384,000) provision of value-added tax.

The following is an aged analysis of trade payables presented based on the dates of receipt of goods at the end of the reporting period.

0–60 days	0–60天	131,759	140,238
61–90 days	61–90天	11,822	17,670
91–180 days	91–180天	4,181	35,279
Over 180 days	180天以上	8,241	12,196

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

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

附註：其他應付稅項中的增值稅撥備佔人民幣28,880,000元（二零一八年：人民幣43,384,000元）。

載列於報告期末按照貨品收取日期呈列的貿易應付款項賬齡分析：

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

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

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27. Trade and Other Payables (Continued)

The aged analysis of bills payables based on the dates of receipt of goods at the end of the reporting period are analysed as follows:

27. 貿易及其他應付款項(續)

列載於報告期末按照貨品收取日期呈列的票據應付賬齡分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
0-60 days	0-60天	20,538	40,597
61-90 days	61-90天	13,744	20,064
91-180 days	91-180天	34,290	17,167
Over 180 days	180天以上	-	88,100
		68,572	165,928

The credit period on purchase of material is 30 to 120 days. The Group has financial risk management policies in place to monitor the settlement.

購買材料的平均信用期介乎30至120天。本集團設有財務風險管理政策以監控償還情況。

28. Bank and Other Borrowings Bank Borrowings

28. 銀行及其他借款 銀行借款

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Secured	有抵押	758,918	881,202
Unsecured	無抵押	51,820	23,143
		810,738	904,345
Carrying amount repayable:	須於以下期間償還的賬面值：		
Within one year	一年內	777,488	891,202
Within in a period of more than one year but not exceeding two years	一年以上但不超過兩年	19,000	-
Within in a period of more than two years but not exceeding five years	兩年以上但不超過五年	14,250	-
		810,738	891,202
Carrying amount of bank loans that contain a repayment on demand repayable:	償還包含應要求一年內償還面值		
Within one year	銀行借款賬	-	13,143
		810,738	904,345
Less: Amounts due within one year shown under current liabilities	減：列在流動負債下之一年內償還款項	(777,488)	(904,345)
Amounts shown under non-current liabilities	非流動負債下之償還款項	33,250	-

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28. Bank and Other Borrowings (Continued)

Bank Borrowings (Continued)

The Group's borrowings that are denominated in the following currencies other than the functional currency of the relevant entities are set out below:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
HKD	港元	51,820	13,143

Bank borrowings as at year end were secured by the pledge of assets as set out in note 39.

誠如附註39所載，年末銀行借款以資產抵押作抵押。

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

本集團借貸的實際利率(該亦相等於已訂約利率)的幅度如下：

	2019 二零一九年	2018 二零一八年
Effective interest rate: 實際利率：		
Fixed rate borrowings 浮息借款	2.50% to 5.44% per annum 年利率 2.50% 至 5.44%	3.50% to 6.31% per annum 年利率 3.50% 至 6.31%
Variable rate borrowings 浮息借款	3.85% to 5.66% per annum 年利率 3.85% 至 5.66%	4.35% to 6.18% per annum 年利率 4.35% 至 6.18%

Benchmark interest rate is quoted by the People's Bank of China.

基準利率由中國人民銀行提供。

At 31 December 2019, variable-rate bank borrowings are amounting to RMB289,471,000 (2018: RMB293,721,000). The borrowings are arranged at the interest rate based on benchmark interest rate from the People's Bank of China ("Benchmark Rate") plus, if applicable, a premium and expose the Group to cash flow interest rate risk. At 31 December 2019, fixed rate bank borrowings are amounting to RMB521,267,000 (2018: RMB610,624,000).

於二零一九年十二月三十一日，銀行浮息借款金額為人民幣289,471,000元(二零一八年：人民幣293,721,000元)。借貸利率乃按中國人民銀行安排的基準年利率(「基準年利率」)，再加上(如適用)，溢價及令本集團面臨現金流量利率風險。於二零一九年十二月三十一日，銀行定息借款金額為人民幣521,267,000元(二零一八年：人民幣610,624,000元)。

As at 31 December 2019, secured bank borrowings include the discounting of (i) bills receivables from external trade customers amounting to RMB213,978,000 (2018: RMB353,728,000), and (ii) intra-group bills receivables amounting to RMB82,300,000 (2018: RMB7,407,000), to banks with recourse.

於二零一九年十二月三十一日，已向銀行追索基準貼現的有抵押銀行借貸包括(i)外間貿易客戶應收票據金額為人民幣213,978,000元(二零一八年：人民幣353,728,000元)；及(ii)分部間應收票據金額為人民幣82,300,000元(二零一八年：人民幣7,407,000元)。

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28. Bank and Other Borrowings (Continued) Other Borrowings

28. 銀行及其他借款(續) 其他借款

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Secured (note 1)	已抵押(附註1)	44,094	26,306
Unsecured (note 2)	無抵押(附註2)	18,480	26,820
		62,574	53,126
Carrying amount repayable:	須於以下期間償還的賬面值：		
Within one year	一年內	39,105	47,340
Within a period of more than one year but not exceeding two years	一年以上但不超過兩年	16,576	5,786
Within a period of more than two years but not exceeding five years	兩年以上但不超過五年	6,893	-
		62,574	53,126
Less: Amount due within one year shown under current liabilities	減：列在流動負債下之一年內償還款項	(39,105)	(47,340)
Amounts shown under non-current liabilities	非流動負債下之償還款項	23,469	5,786

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28. Bank and Other Borrowings (Continued) Other Borrowings (Continued)

Notes:

- (1) In 2017, the Group entered into agreements (the “**Agreements A**”) with a PRC financial institution (“**Financial Institution A**”) whereby the Group drew down RMB43,599,000 from the Financial Institution A (included in other borrowings) which are to be repayable within 3 years from the date of draw down at variable rates based on Benchmark Rate plus a premium. The effective interest rate of the borrowings as at 31 December 2019 are 9.24% (2018: ranging from 9.24% to 9.41%).

In 2019, the Group entered into agreements (the “**Agreements B**”) with a PRC financial institution (“**Financial Institution B**”) whereby the Group drew down RMB44,900,000 from the Financial Institution B (included in other borrowings) which are to be repayable within 3 years from the date of draw down at variable rates based on Benchmark Rate plus a premium. The effective interest rate of the borrowings as at 31 December 2019 are ranging from 11.71% to 11.72%.

As collaterals for the above financing, the Group transferred the ownership title of the related machineries to the Financial Institution A and Financial Institution B.

Upon discharging all the Group’s obligations under the Agreements A and Agreements B, the Financial Institution A and Financial Institution B will return the ownership title of the machineries to the Group for nominal amount of RMB100. Despite the Agreements involve a legal form of a lease, the Group accounted for the Agreements A and Agreements B, as collateralised borrowings at amortised cost using effective interest method in accordance with the actual substance of the Agreements A and Agreements B.

- (2) Loans of RMB18,480,000 (2018: RMB26,820,000) are included in other borrowings in the consolidated statement of financial position at 31 December 2019, which are obtained from two companies (2018: two companies) controlled by a non-controlling equity owner of a subsidiary. The loans are arranged as entrusted loans through banks, which are to be repayable within one year at fixed interest rate of 3.50% per annum (2018: 3.50%). During the year, loans of RMB8,340,000 has been repaid and the repayment of remaining loans amount of RMB18,480,000 has been extended for one year with interest rate revised to 3.50% per annum.

28. 銀行及其他借款(續) 其他借款(續)

附註:

- (1) 於二零一七年，本集團與一間中國金融機構(「**金融機構甲**」)訂立協議(「**協議甲**」)，據此，大致上為本集團可自金融機構甲獲取人民幣43,599,000元借款(包括其他借款)，而該資金將在三年內償還，於二零一九年十二月三十一日，其利息乃按浮息基準利率加溢價每年介乎9.24%(二零一八年：介乎9.24%至9.41%之間)計算。

於二零一九年，本集團於與一間中國金融機構(「**金融機構乙**」)訂立協議(「**協議乙**」)，據此，大致上為本集團可自金融機構乙獲取人民幣44,900,000元借款(包括其他借款)，而該資金將在三年內償還，於二零一九年十二月三十一日，其利息乃按浮息基準利率加溢價每年介乎11.71%至11.72%計算。

作為上述融資之抵押，本集團已將相關機器之擁有權轉讓予該金融機構甲及金融機構乙。

於解除本集團在協議甲及協議乙下所有責任後，金融機構甲及金融機構乙將會按名義值人民幣100元將該機器之擁有權歸還予本集團。儘管協議以法律形式進行之租賃，本集團乃按協議甲及協議乙實質內容，使用實際利率法將協議甲及協議乙作攤銷成本的抵押品借款來入賬。

- (2) 在獲取由附屬公司非控制權益擁有人所控制的兩家公司(二零一八年：兩家公司)共人民幣18,480,000元(二零一八年：人民幣26,820,000元)的貸款已記錄於二零一九年十二月三十一日綜合財務狀況表中的其他借款內。該貸款透過銀行安排的委託貸款，而該貸款均須於一年內以固定年利率3.50%(二零一八年：3.50%)償還。於年內已償還貸款8,340,000元，餘下貸款人民幣18,480,000元已延長一年，其年利率修訂為3.50%。

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29. Lease Liabilities

29. 租賃負債

		2019 二零一九年 RMB'000 人民幣千元
Lease liabilities payable:	應付租賃負債：	
Within one year	一年內	17,277
Within a period of more than one year but not more than two years	一年以上但不超過兩年	16,495
Within a period of more than two years but not more than five years	兩年以上但不超過五年	16,193
Within a period of more than five years	五年以上	15,719
		65,684
Less: Amount due for settlement with 12 months shown under current liabilities	減：流動負債顯示在十二個月內應償還款項	17,277
Amount due for settlement after 12 months shown under non-current liabilities	非流動負債顯示在十二個月後應償還款項	48,407
Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:	下列是以相關集團實體的功能貨幣以外貨幣列值之租賃承擔：	
		HKD 港元 RMB'000 人民幣千元
As at 31 December 2019	於二零一九年十二月三十一日	663

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30. Obligation Under a Finance Lease

30. 融資租賃應付款項

2018
二零一八年
RMB'000
人民幣千元

Analysed for reporting purposes as:	就報告目的分析如下：	
Current liabilities	流動負債	394
Non-current liabilities	非流動負債	7,052
		7,446

The Group had leased certain of its plant and machinery under a finance lease at fixed interest rate of 6.12% per annum as at 31 December 2018. The lease term was 20 years.

於二零一八年十二月三十一日，本集團根據融資租賃以固定年利率6.12%租用若干廠房及機器。租期為20年。

		Minimum lease payments 最低租金款項 2018 二零一八年 RMB'000 人民幣千元	Present value of minimum lease payments 最低租金款項現值 2018 二零一八年 RMB'000 人民幣千元
Obligation under a finance lease payable:	融資租賃下應付款項：		
Within one year	一年內	850	394
Within a period of more than one year but not exceeding two years	一年以上但不超過兩年	850	418
Within a period of more than two years but not more than five years	兩年以上但不超過五年	2,550	1,415
Within a period of more than five years	五年以上	5,633	5,219
		9,883	7,446
Less: future finance charges	減：未來融資費用	(2,437)	N/A 不適用
Present value of lease obligation	租賃應付款項現值	7,446	7,446
Less: Amounts due for settlement within one year (shown under current liabilities)	減：須於一年內清還款項(列在流動負債下)		(394)
Amounts due for settlement after one year	須於一年後清還款項		7,052

The Group's obligation under a finance lease was secured by the lessor's charge over the leased assets.

出租人押記租賃資產，以擔保本集團的融資租賃應付款項。

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31. Contract Liabilities

31. 合約負債

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Corrugated medium paper products	瓦楞芯紙產品	2,215	2,644
Current	當前	2,215	2,644

As at 1 January 2018 contract liabilities amounted RMB8,766,000.

合約負債於二零一八年一月一日的金額為人民幣8,766,000元。

The amount of contract liabilities includes the revenue to be recognised and the related value-added tax. The contract liabilities balance varies in accordance with the number of contracts outstanding at the end of reporting period. The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

合約負債金額包括待確認收入和相關增值稅。合約負債餘額根據報告期末未完成的合同數量而變化。下表顯示了本年度確認的收入中有多少與結轉合約負債有關，以及與以前期間滿足的履約義務有多大關係。

		Corrugated medium paper products 瓦楞芯紙產品 RMB'000 人民幣千元
For the year ended 31 December 2019	二零一九年十二月三十一日止年度	
Revenue recognised that was included in the contract liability balance at the beginning of the year	年初已確認包含合同負債收入的金額	2,644
For the year ended 31 December 2018	二零一八年十二月三十一日止年度	
Revenue recognised that was included in the contract liability balance at the beginning of the year	年初已確認包含合同負債收入的金額	7,492

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

影響已確認合約負債金額的典型付款條款如下：

Sales of corrugated medium paper products

The Group requires a deposit on acceptance of orders from some of the customers. When the Group receives a deposit before the delivery of corrugated medium paper products, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

瓦楞芯紙產品銷售

本集團要求接受部分客戶的訂單收取訂金。當本集團在交付瓦楞芯紙產品前收到訂金時，這將在合約開始時產生合約負債，直至有關合約確認的收入超過存款金額為止。

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32. Amounts Due to Directors

The amounts due to directors are unsecured, interest free and repayable on demand.

33. 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:

32. 應付董事款項

應付董事款項為無抵押、免息及應要求償還。

33. 遞延稅項

為作呈列之用，若干遞延稅項資產及負債已於綜合財務狀況表內對銷。為作財務呈報之用，遞延稅項結餘分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Deferred tax assets	遞延稅項資產	(6,475)	(4,070)
Deferred tax liabilities	遞延稅項負債	5,629	7,525
		(846)	3,455

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the current and prior years:

以下為於本年度及過往年度主要已確認遞延稅項(資產)/負債及其變動：

		Right of use assets	Lease liabilities	Contract assets	Provision for inventory	Deferred income	Impairment on receivables	Depreciation differences	Undistributed profit of subsidiaries	Total
		使用權資產	租賃負債	合約資產	存貨撥備	遞延收入	應收款項減值	折舊差額	不可分派溢利	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	-	-	720	-	(3,853)	(198)	1,741	8,326	6,736
Credit for the year	年內回撥	-	-	(56)	(1,924)	(782)	(83)	(167)	(1,042)	(4,054)
Effect of change in tax rate	稅率變化之影響	-	-	-	-	773	-	-	-	773
At 31 December 2018	於二零一八年十二月三十一日	-	-	664	(1,924)	(3,862)	(281)	1,574	7,284	3,455
Adjustments (note 2)	調整(附註2)	9,603	(9,603)	-	-	-	-	-	-	-
At 1 January 2019	於二零一九年一月一日	9,603	(9,603)	664	(1,924)	(3,862)	(281)	1,574	7,284	3,455
(Credit) charge for the year	年內(回撥)計提	(1,426)	1,274	(154)	(62)	(1,977)	(6)	(166)	(1,784)	(4,301)
At 31 December 2019	於二零一九年十二月三十一日	8,177	(8,329)	510	(1,986)	(5,839)	(287)	1,408	5,500	(846)

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33. Deferred Taxation (Continued)

At the end of the reporting period, the Group has unused tax losses of RMB3,789,000 (2018: RMB nil) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses of RMB3,789,000 (2018: RMB nil) due to the unpredictability of future profit streams. The unrecognised tax losses at the end of reporting period will be expired in the following years:

33. 遞延稅項 (續)

在此報告期末內，本集團未動用稅項虧損為人民幣3,789,000元(二零一八年：無)的可用於抵銷未來利潤。本年度沒有遞延稅項資產已確認為損失。由於無法預測其未來的盈利來源，本年遞延稅項資產尚未確認為人民幣3,789,000元(二零一八年：無)。在此報告期末內未確認稅務虧損將在以下年度到期：

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
2024	3,789	-

Under the EIT law of the PRC, withholding tax is imposed on 10% of dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. The aggregate amount of temporary differences associated with undistributed earnings of the PRC subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB588,783,000 (2018: RMB510,860,000). No deferred tax liabilities have been recognised in respect of these difference because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such difference will not reverse in the foreseeable future.

中國企業所得稅法規定，就中國附屬公司所賺取溢利中宣派的股息徵收百分之十為預扣稅，自二零零八年一月一日起生效尚未確認遞延稅項負債的附屬公司未分派盈利相關暫時差額，合共約為人民幣588,783,000元(二零一八年：人民幣510,860,000元)。由於本集團能控制暫時差額的回撥時間，且該等差額在可見將來可能不會回撥，故並無就該等差額確認遞延稅項負債。

34. Share Capital

34. 股本

		Number of shares 股份數目	Nominal value 票面值 HK\$ 港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股		
Authorised:	法定：		
At 1 January 2018, 31 December 2018, and 31 December 2019	於二零一八一月一日、二零一八年十二月三十一日及二零一九年十二月三十一日	1,000,000,000	100,000,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2018, 31 December 2018, and 31 December 2019	於二零一八一月一日、二零一八年十二月三十一日及二零一九年十二月三十一日	500,000,000	50,000,000
			RMB'000 人民幣千元
Presented as at 31 December 2018 and 2019	呈列為於二零一八年及二零一九年十二月三十一日		41,655

There were no changes in the Company's authorised, issued and fully paid share capital during the both years.

於兩年度，本公司的法定、已發行及繳足股本均沒有改變。

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35. Retirement Benefits Schemes

The Group operates a mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of a trustee. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees but subject to a maximum amount of HK\$1,500 per month (2018: HK\$1,500 per month) for each employee.

The employees of the Company's subsidiaries established in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specific contributions.

The total cost charged to income of RMB15,861,000 (2018: RMB20,968,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

36. Deferred Income

In 2019, the Group received government subsidies of RMB16,501,000 (2018: RMB7,348,000) for the cost of constructions of its paper-based package and corrugated medium paper plant and the replacement of machineries. The amounts were treated as deferred income at 31 December 2019 and 2018. The amounts are transferred to income over the useful lives of the relevant assets and the amounts transferred to income during the current year is RMB3,325,000 (2018: RMB2,138,000). As at 31 December 2019, an amount of RMB38,918,000 (2018: RMB25,742,000) remains to be amortised.

35. 退休福利計劃

本集團為所有香港合資格僱員加入強積金計劃。強積金計劃之資產與本集團之資產分開，由信託人控制之基金持有。本集團及僱員均按相關入息的5%向強積金計劃供款，但上限為每名每月1,500港元（二零一八年：1,500港元）。

本公司中國附屬公司之僱員均為中國政府所管理之國家退休福利計劃之成員。附屬公司須按僱員薪金若干百分比向退休福利計劃供款以推行有關福利。本集團在退休福利計劃之下之唯一責任為根據該計劃作出指定供款。

於收除扣除的總成本約人民幣15,861,000元（二零一八年：人民幣20,968,000元）乃代表本集團於本會計期間就上述計劃已付及應付的供款。

36. 遞延收入

於二零一九年，本集團收到關於紙製包裝及瓦楞芯紙廠房建築成本及機器更換的政府補貼，金額為人民幣16,501,000元（二零一八年：人民幣7,348,000元）。此金額在二零一九年及二零一八年十二月三十一日已確認為遞延收入。此金額將按相關資產使用年期轉撥至收入。此金額於本期內已轉至為收入，金額為人民幣3,325,000元（二零一八年：人民幣2,138,000元）。於二零一九年十二月三十一日，尚待攤銷的金額為人民幣38,918,000元（二零一八年：人民幣25,742,000元）。

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37. Operating Leases

The Group as lessee

Minimum lease payments under operating leases during the year:

		2018 二零一八年 RMB'000 人民幣千元
Factory and office premises	工廠及辦公物業	20,158
Vehicles	車輛	1,664
		21,822

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

37. 經營租賃

本集團作為承租人

年內經營租賃下的最低租金款項：

	2018 二零一八年 RMB'000 人民幣千元
Within one year	19,310
In the second to fifth year inclusive	22,464
Over five years	18,260
	60,034

本集團租賃物業根據不可撤銷經營租賃的到期未來最低租金款項如下：

38. Capital Commitments

Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements

新物業、廠房及設備
已訂約但未於綜合財務報表撥備的
資本開支

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
23,275	12,855

38. 資本承諾

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39. Pledge of Assets

The following assets were pledged to secure certain banking and other facilities (including properties, plant and equipment under a finance lease) granted to the Group at the end of the reporting period:

		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Buildings and construction in progress	樓宇及在建工程	61,361	68,197
Plant and machinery	廠房及機器	134,378	132,018
Land use rights — prepaid lease payment	土地使用權 — 預付租賃款項	106,269	154,554
Trade receivables	貿易應收款項	80,000	80,000
Bills receivables	應收票據	213,978	353,728
Pledged bank deposits	已抵押銀行存款	139,904	108,910
Inventories	存貨	53,657	38,970
		789,547	936,377

In addition to the pledge of assets above, bank borrowings of RMB82,300,000 (2018: RMB7,407,000) are secured by the discounted intra-group bills receivables as at 31 December 2019.

40. Capital Risk Management

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while 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 net debts, which includes bank borrowings and other borrowings as disclosed in note 28, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure periodically. As part of the review, the directors consider the cost of capital and the risks associates with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues as well as the issue of the new debt or the redemption of existing debt.

39. 資產抵押

以下為於報告期末本集團已抵押資產，作為授予本集團若干銀行及其他融資的擔保（包括融資下的物業、廠房及設備）：

	2019	2018
	二零一九年	二零一八年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Buildings and construction in progress	61,361	68,197
Plant and machinery	134,378	132,018
Land use rights — prepaid lease payment	106,269	154,554
Trade receivables	80,000	80,000
Bills receivables	213,978	353,728
Pledged bank deposits	139,904	108,910
Inventories	53,657	38,970
	789,547	936,377

同時，就以上資產抵押，於二零一九年十二月三十一日，已向銀行追索基準貼現的有抵押銀行借款的分部間應收票據金額為人民幣82,300,000元（二零一八年：人民幣7,407,000元）。

40. 資產風險管理

本集團管理其資金，確保本集團內各實體能夠以持續經營方式營運，同時通過維持債務與股本之間的最佳平衡來為股東爭取最大回報。本集團的整體策略與去年維持不變。

本集團的資本構架包括債務（包括附註28所披露的銀行及其他借款），扣除現金及現金等價物，以及本公司擁有人應佔的權益（包括股份及儲備）。

本公司董事會定期檢討資本架構。作為檢討的一部分，董事考慮資本成本及資本相關風險。本集團會根據董事推薦建議，通過派付股息、發行新股，以及發行新債務或償還現有負債來平衡整體資本架構。

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41. Financial Instruments

a. Categories of financial instruments

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Financial assets	金融資產		
Amortised cost	攤銷成本	1,111,971	1,304,318
Financial liabilities	金融負債		
Amortised cost	攤銷成本	1,183,618	1,347,703

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to directors, bank and other borrowings, lease liabilities and obligation under a finance lease. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency and interest rate risk), credit risk and liquidity risk. 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.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates and currency rates.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

41. 金融工具

a. 金融工具の種類

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Financial assets	金融資產		
Amortised cost	攤銷成本	1,111,971	1,304,318
Financial liabilities	金融負債		
Amortised cost	攤銷成本	1,183,618	1,347,703

b. 金融風險管理目標及政策

本集團的主要金融工具包括貿易及其他應收款項、已抵押銀行存款、銀行結餘及現金、貿易及其他應付款項、應付董事款項、銀行及其他借款、租賃負債以及融資租賃應付款項。有關該等金融工具的詳情已於相關附註披露。與該等金融工具有關的風險包括市場風險(貨幣及利率風險)、信用風險及流動資金風險。下文載列如何降低該等風險的政策。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。

市場風險

集團的業務主要承受利率及外幣匯率變動的市場風險。

集團承受的市場風險或其管理及計量該等風險的方法概無重大變動。

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41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(i) Currency risk

The Group collects most of its revenue and incurs most of the expenditures in RMB.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arise.

The carrying amount of the Group's foreign currency denominated monetary assets (mainly including bank balances and cash, pledged bank deposits and trade and other receivables) and monetary liabilities (mainly including trade and other payable and bank borrowings) at the reporting date are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Assets	資產		
USD	美元	638	622
HKD	港元	12,860	2,225
JPY	日元	83	74
Liabilities	負債		
HKD	港元	51,849	14,895

Sensitivity analysis

The Group mainly exposes to the currency of USD, HKD and JPY relative to RMB.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險

集團的大部分收入及開支均以人民幣計值。

本集團進行若干以外幣計值的交易，因此承受匯率波動風險。本集團現時並無外幣對沖政策。然而，管理層監督外匯風險並於有需要時會考慮對沖重大外匯風險。

集團於報告日期以外幣計值的貨幣資產(主要包括銀行結餘及現金、已抵押銀行存款以及貿易及其他應收款項)及貨幣負債(主要包括貿易及其他應付款項以及銀行借款)的賬面值如下：

敏感度分析

本集團就人民幣相對主要承受美元、港元及日元的風險。

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41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The following table details the Group's sensitivity to a 10% (2018: 10%) increase and decrease in RMB against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2018: 10%) change in foreign currency rates. The sensitivity analysis includes trade and other payables, bank borrowings, trade and other receivables as well as bank balances denominated in foreign currencies. A positive number below indicates an increase in post-tax profit and other equity where the RMB strengthens 10% (2018: 10%) against the relevant currency. For a 10% weakening of RMB against the relevant currency, they would be an equal and opposite impact on the profit and other equity and balances below would be negative.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

下表詳述本集團對人民幣兌相關外幣匯率增加及減少10%(二零一八年: 10%)的敏感度。10%為用於向主要管理層人員報告內部外幣風險,並代表管理層對匯率的合理可能變動的評估。敏感度分析僅包括未折算的外幣計值貨幣項目,並於報告期末調整其兌換以反映匯率的10%(二零一八年: 10%)變動。敏感度分析包括以貨幣計值的銀行借貸及銀行結餘。正數反映稅前溢利增加,其中人民幣兌相關外幣匯率上升10%(二零一八年: 10%)。倘人民幣兌相關外幣的匯率減弱10%,則對稅前溢利帶來同等的負面影響。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
USD	美元		
Profit or loss	溢利或虧損	(84)	(53)
HKD	港元		
Profit or loss	溢利或虧損	3,230	1,049
JPY	日元		
Profit or loss	溢利或虧損	(8)	(7)

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41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, and bank and other borrowings which carry at prevailing deposit interest rates and variable rate based on the interest rates quoted by the People's Bank of China respectively.

The Group's fair value interest rate risk relates primarily to its fixed rate pledged bank deposits, bank and other borrowings. The Group currently does not use any interest rate hedging policy to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

Sensitivity analysis on bank balances is not presented as the management considers that the Group's exposure to interest rate fluctuation is insignificant.

The sensitivity analyses below have been determined based on the exposure to interest rates for the variable-rate bank and other borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis points (2018: 50 basis points) increase or decrease for variable bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rates in respect of bank and other borrowings.

If interest rates had been 50 basis points (2018: 50 basis points) higher/lower and all other variable were held constant, the Group's post-tax profit for the year ended 31 December 2019 would have decreased/increased by RMB1,457,000 (2018: RMB1,359,000).

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險

由於銀行存款以及銀行及其他借款(按現行存款利率及根據中國人民銀行所報利率計算的浮息計息)的現行市場利率波動,因此本集團須承受現金流量利率風險。

本集團的公允值利率風險主要有關其定息已抵押銀行存款、銀行及其他借款。本集團現時並無利用任何衍生工具合約對沖其承擔的利率風險。然而,管理層於有需要時將考慮對沖重大利率風險。

本集團須承受與金融負債有關的利率風險,詳情載於本附註流動資金風險管理一節。

敏感度分析

由於管理層認為本集團承受利率波動風險不大,銀行結餘的敏感度分析並無呈列。

下列敏感度分析乃根據報告期末的浮息銀行及其他借款利率風險以及財政年度開始時的規定改變並於整個年度保持不變而釐定。公司內部向主要管理人員匯報利率風險時會以升跌50個基點(二零一八年:50個基點)(就浮息銀行及其他借款而言)為基準,即管理人員分別評估銀行及其他借款利率的合理可能變動。

倘利率上升/下降50個基點(二零一八年:50個基點),而所有其他變數維持不變,則本集團截至二零一九年十二月三十一日止年度的除稅後溢利會減少/增加人民幣1,457,000元(二零一八年:人民幣1,359,000元)。

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41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment

As at 31 December 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

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 trade receivables is partially mitigated because settlement of certain trade receivables are backed by bank bills issued by reputable financial institutions and the Group has purchased insurance policy for covering certain percentage of credit loss on its trade receivables arisen from its contracts with customers for the sales of corrugated medium paper products and paper-based packaging products.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit assessment system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. The Group may require a deposit to be received from certain customers of corrugated medium paper products before acceptance of orders. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group has also purchase insurance to cover certain portion of the credit loss arisen from the trade receivables. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. Customers are assessed for ECL by categorising into receivables fully backed by bank bills and not backed by bank bills. Debtors with trade receivables backed by bank bills are assessed individually taking into consideration of the credit rating and reputation of the banks issuing the bills. The Group assessed the ECL on trade receivables not backed by bank bills and contract assets individually for debtors and contract assets with significant balance and/or collectively based on provision matrix with appropriate groupings based primarily on the debtors' and contract assets' ageing profiles. In determining the amount of impairment allowance, the directors of the Company may consider the credit enhancement under the insurance coverage as mentioned above. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估

於二零一九年十二月三十一日，因對手方未能履行責任而對本集團造成財務損失的最大信用風險為綜合財務狀況表內所列各項已確認金融資產的賬面值。

本集團並無持有任何抵押品或其他信貸增強措施以彌補其與其金融資產相關的信貸風險，惟與貿易應收款項相關的信貸風險已部分減輕，因為若干以銀行票據為後盾的貿易應收款項的結算由信譽良好的金融機構發出及本集團已購買保險保單，以涵蓋其與客戶簽訂的貿易應收款項的信貸虧損若干百分比，以銷售瓦楞芯紙產品及紙製包裝產品。

為盡量減低信貸風險，本集團管理層已委派團隊負責釐定信貸限額及信貸審批。在接納任何新客戶之前，本集團使用內部信用評估系統評估潛在客戶的信用質量並定義客戶的信用額度。定期審查歸因於客戶的限制。在接受訂單前，本集團可能要求從瓦楞芯紙中的某些客戶收到押金。已製定其他監督程序，以確保採取後續行動收回逾期債務。本集團亦購買保險以彌補貿易應收款項產生的部分信貸損失。此外，本集團於個別或按撥備矩陣應用香港財務報告準則9時按預期信貸虧損模式進行減值評估。客戶通過分類為完全由銀行票據支持但不受銀行票據支持的應收賬款進行預期信用損失評估。具有銀行票據支持的貿易應收款項的債務人將根據發行票據的銀行的信用評級和聲譽進行單獨評估。本集團對債務人和合約資產單獨的銀行票據和合約資產單獨支持的貿易應收賬款的預期信用損失進行了評估，其中債務人和合約資產具有重大餘額和/或集中基於提供模式，並基於債務人和合約資產的老化概況進行適當分組。在釐定減值撥備金額時，本公司董事可考慮上述保險範圍內的信貸增級。就此而言，本公司董事認為本集團的信貸風險已大幅減少。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment (Continued)

The credit risks on bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

Other receivables are assessed individually and not included in provision matrix. The credit quality of other receivables have been assessed with reference to the historical information about the past due information, default rate and the financial position of counterparties. The directors of the Company consider that the credit risk of other receivables is low in view of the good collection history.

The Group has concentration of credit risk as 34% (2018: 30%) of total trade receivables represented amounts due from the Group's largest three (2018: three) trade debtors as at 31 December 2019. The management is of the view that these trade debtors of the Group have good trade record without default history and consider that the trade receivable from these customers is recoverable.

Other than those described above, the Group has no significant concentration of credit risk.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估(續)

銀行結餘的信貸風險有限，因為交易對手是國際信貸評級機構指定的信用評級較高的銀行/金融機構。

其他應收款項以單獨評估，不包括在預繳模式中。其他應收款項的信貸質素已參考有關過往信息，違約率及交易對手財務狀況的歷史資料進行評估。鑑於良好的收款記錄，本公司董事認為其他應收款項的信貸風險較低。

於二零一九年十二月三十一日，本集團三名貿易款項債務人(二零一八年：三名)佔本集團貿易應收款項總額34%(二零一八年：30%)，因此本集團存在信用風險集中的情況。管理層認為，上述本集團的貿易款項債務人擁有良好的交易記錄，以往從未拖欠，因此認為該等客戶結欠的貿易應收款項可予收回。

除上文所述者外，由於風險分散於大量對手方及客戶。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

2019	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount		
				RMB'000	RMB'000	
二零一九年	附註	內部信貸評級	十二個月或終身預期信貸風險	總賬面值		
				人民幣千元	人民幣千元	
Pledged bank deposits	已抵押銀行存款	26	(note i) (附註 i)	12-m ECL 十二個月預期信貸虧損	139,904	139,904
Bank balances	銀行結餘	26	(note i) (附註 i)	12-m ECL 十二個月預期信貸虧損	231,089	231,089
Other receivables	其他應收款項	23	(note ii) (附註 ii)	12-m ECL 十二個月預期信貸虧損	12,533	12,533
Trade receivables — goods and services	貿易應收款項 — 貨品及服務	23	(note iii) (附註 iii)	Lifetime ECL (not credit-impaired) 終身預期信貸虧損 (非信貸減值)	728,584	
			(note iii) (附註 iii)	Credit-impaired 信貸減值	1,772	730,356
Contract assets	合約資產	25	(note iii) (附註 iii)	Lifetime ECL (not credit-impaired) 終身預期信貸虧損 (非信貸減值)	16,957	16,957

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估(續)

下表詳列本集團金融資產及合約資產的信貸風險，並須遵守預期信貸虧損評估：

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment (Continued)

Notes:

- (i) For the purpose of internal credit risk management, the Group has made reference to the external credit rating for its major bank balances.
- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2019, the Group has no past due other receivables.
- (iii) For trade receivables not backed by bank bills and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances amounted to RMB187,993,000 or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix as mentioned above.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估(續)

附註：

- (i) 就內部信貸風險管理而言，本集團已參考其主要銀行結餘的外部信貸評級。
- (ii) 就內部信貸風險管理而言，本集團使用逾期信息評估自初步確認後信貸風險是否顯著增加。於二零一九年十二月三十一日，本集團並無逾期其他應收款項。
- (iii) 就作銀行票據為後盾的貿易應收款項及合約資產而言，本集團已採用香港財務報告準則9的簡化方法計量終身預期信貸虧損的損失準備。除具有重大未結餘額的人民幣187,993,000元或信貸減值的債務人外，本集團採用上述撥備矩陣確定該等項目的預期信貸虧損。

2018 二零一八年	Notes 附註	Internal credit rating 內部信貸評級	12-month or lifetime ECL 十二個月或終身預期信貸風險	Gross carrying amount 總賬面值		
				RMB'000 人民幣千元	RMB'000 人民幣千元	
Pledged bank deposits	已抵押銀行存款	26	(note i) (附註 i)	12-m ECL 十二個月預期信貸虧損	108,910	108,910
Bank balances	銀行結餘	26	(note i) (附註 i)	12-m ECL 十二個月預期信貸虧損	231,089	231,089
Other receivables	其他應收款項	23	(note ii) (附註 ii)	12-m ECL 十二個月預期信貸虧損	11,149	11,149
Trade receivables — goods and services	貿易應收款項 — 貨品及服務	23	(note iii) (附註 iii)	Lifetime ECL (not credit-impaired) 終身預期信貸虧損 (非信貸減值)	925,278	
			(note iii) (附註 iii)	Credit-impaired 信貸減值	1,872	927,150
Contract assets	合約資產	25	(note iii) (附註 iii)	Lifetime ECL (not credit-impaired) 終身預期信貸虧損 (非信貸減值)	19,257	19,257

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

41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment (Continued)

Notes:

- (i) For the purpose of internal credit risk management, the Group has made reference to the external credit rating for its major bank balances.
- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2018, the Group has no past due other receivables.
- (iii) For trade receivables not backed by bank bills and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances amounted to RMB226,054,000 or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix as mentioned above.

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.

During the year ended 31 December 2019, impairment allowance of RMB40,000 (2018: RMB350,000) were made on debtors with credit-impaired debtors.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估(續)

附註：

- (i) 就內部信貸風險管理而言，本集團已參考其主要銀行結餘的外部信貸評級。
- (ii) 就內部信貸風險管理而言，本集團使用逾期信息評估自初步確認後信貸風險是否顯著增加。於二零一八年十二月三十一日，本集團並無逾期其他應收款項。
- (iii) 就作銀行票據為後盾的貿易應收款項及合約資產而言，本集團已採用香港財務報告準則9的簡化方法計量終身預期信貸虧損的損失準備。除具有重大未結餘額的人民幣226,054,000元或信貸減值的債務人外，本集團採用上述撥備矩陣確定該等項目的預期信貸虧損。

估計損失率是根據債務人預期壽命內的歷史觀察違約率估算的，並根據可獲得的前瞻性信息進行調整，無需過多的成本或工夫。管理層定期審查分組，以確保更新有關特定債務人的相關信息。

截至二零一九年十二月三十一日止年度，對有信貸減值債務人的債務人作出減值撥備為人民幣40,000元(二零一八年：人民幣350,000元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估(續)

下表顯示了根據簡化方法已確認的貿易應收款項的終生預期信貸虧損。

		Life-time ECL (credit- impaired) 終身預期 信貸虧損 (信貸減值) RMB'000 人民幣千元
As at 31 December 2017 and 1 January 2018 under HKAS 39	根據香港會計準則39於二零一七年十二月三十一日及二零一八年一月一日	1,522
Changes due to financial instruments recognised as at 1 January:	一月一日確認的金融工具變更：	
— Impairment losses recognised	— 已確認減值虧損	350
As at 31 December 2018	於二零一八年十二月三十一日	1,872
Changes due to financial instruments recognised as at 1 January:	一月一日確認的金融工具變更：	
— Impairment losses recognised	— 已確認減值虧損	40
As at 31 December 2019	於二零一九年十二月三十一日	1,912

For trade receivables backed by bank bills, no allowance for impairment has made since the directors of the Company consider the probability of default is negligible taking into consideration of the credit rating and reputation of the banks issuing the bills.

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 two years past due, whichever occurs earlier. The Group has taken legal action against the debtors to recover the amount due.

作銀行票據為後盾的貿易應收款項而言，由於本公司董事認為違約概率可忽略不計，並考慮到發行票據的銀行的信貸評級及聲譽，因此並無減值撥備。

當有資料顯示債務人處於嚴重的財務困難且沒有現實的複蘇前景時，本集團會撇賬貿易應收款項，例如：當債務人已被清盤或已進入破產程序，或當貿易應收款項逾期兩年以上時(以先發生者為準)。本集團已對債務人採取法律行動以收回應付金額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings.

The following table details the Group's contractual maturity for its financial liabilities. The table has 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, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other 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 year of the reporting period.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

流動資金風險

在管理流動資金風險時，本集團監控及維持管理層認為充足的現金及現金等價物，以為本集團的營運提供資金，並減低現金流量波動的影響。管理層監督銀行借款的使用。

下表詳列本集團金融負債的合約到期日。該表乃根據本集團須付款的最早日期按照金融負債的未貼現現金流量編製。尤其是，含有須按要求償還條款之銀行貸款乃計入最早時間段，而不論銀行是否可能選擇行使彼等之權利。其他金融負債之到期日分析乃根據預定之償還日期編製。

該表包括利息及本金現金流量。倘利率為浮動利率，則未貼現金額按報告期年度的利率計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

41. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Liquidity table

		Weighted average interest rate	On demand or less than 6 months	6 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows 未貼現 現金流動總額	Carrying amounts 賬面值
		加權平均利率 %	於六個月或以內 RMB'000 人民幣千元	六個月至一年 RMB'000 人民幣千元	一至五年 RMB'000 人民幣千元	五年以上 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
2019	二零一九年							
Trade and other payables	貿易及其他應付款項	N/A 不適用	244,268	-	-	-	244,268	244,268
Amounts due to directors	應付董事款項	N/A 不適用	354	-	-	-	354	354
Bank borrowings	銀行借款							
— fixed rate	— 定息	4.01	336,820	143,053	56,463	-	536,336	521,267
— variable interest rate	— 浮息	4.83	162,250	134,527	-	-	296,777	289,471
Lease liabilities	租賃負債	5.78	10,333	10,332	38,190	23,697	82,552	65,684
Other borrowings	其他借款							
— fixed rate	— 定息	3.5	327	18,807	-	-	19,134	18,480
— variable interest rate	— 浮息	11.39	15,083	9,180	18,360	7,098	49,721	44,094
			769,435	315,899	113,013	30,795	1,229,142	1,183,618
2018	二零一八年							
Trade and other payables	貿易及其他應付款項	N/A 不適用	388,051	-	-	-	388,051	388,051
Amounts due to directors	應付董事款項	N/A 不適用	2,181	-	-	-	2,181	2,181
Bank borrowings	銀行借款							
— fixed rate	— 定息	4.90	363,745	258,003	-	-	621,748	610,624
— variable interest rate	— 浮息	5.27	159,547	141,372	-	-	300,919	293,721
Obligation under a finance lease	融資租賃應付款項							
— fixed rate	— 定息	6.12	425	425	3,400	5,633	9,883	7,446
Other borrowings	其他借款							
— fixed rate	— 定息	3.50	472	27,295	-	-	27,767	26,820
— variable interest rate	— 浮息	9.28	12,220	9,741	5,903	-	27,864	26,306
			926,641	436,836	9,303	5,633	1,378,413	1,355,149

The amounts included above for variable interest rate instrument for non-derivative financial liabilities is subject to change if changes in variable interest rates defer to those estimates of interest rates determined at the end of the reporting period.

倘浮息的變動有別於報告期末所釐訂的估計利率，則計入上表的非衍生金融負債中浮息工具的金額亦會有變。

41. 金融工具 (續)

b. 金融風險管理目標及政策 (續)

流動資金表

		Weighted average interest rate	On demand or less than 6 months	6 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows 未貼現 現金流動總額	Carrying amounts 賬面值
		加權平均利率 %	於六個月或以內 RMB'000 人民幣千元	六個月至一年 RMB'000 人民幣千元	一至五年 RMB'000 人民幣千元	五年以上 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
2019	二零一九年							
Trade and other payables	貿易及其他應付款項	N/A 不適用	244,268	-	-	-	244,268	244,268
Amounts due to directors	應付董事款項	N/A 不適用	354	-	-	-	354	354
Bank borrowings	銀行借款							
— fixed rate	— 定息	4.01	336,820	143,053	56,463	-	536,336	521,267
— variable interest rate	— 浮息	4.83	162,250	134,527	-	-	296,777	289,471
Lease liabilities	租賃負債	5.78	10,333	10,332	38,190	23,697	82,552	65,684
Other borrowings	其他借款							
— fixed rate	— 定息	3.5	327	18,807	-	-	19,134	18,480
— variable interest rate	— 浮息	11.39	15,083	9,180	18,360	7,098	49,721	44,094
			769,435	315,899	113,013	30,795	1,229,142	1,183,618
2018	二零一八年							
Trade and other payables	貿易及其他應付款項	N/A 不適用	388,051	-	-	-	388,051	388,051
Amounts due to directors	應付董事款項	N/A 不適用	2,181	-	-	-	2,181	2,181
Bank borrowings	銀行借款							
— fixed rate	— 定息	4.90	363,745	258,003	-	-	621,748	610,624
— variable interest rate	— 浮息	5.27	159,547	141,372	-	-	300,919	293,721
Obligation under a finance lease	融資租賃應付款項							
— fixed rate	— 定息	6.12	425	425	3,400	5,633	9,883	7,446
Other borrowings	其他借款							
— fixed rate	— 定息	3.50	472	27,295	-	-	27,767	26,820
— variable interest rate	— 浮息	9.28	12,220	9,741	5,903	-	27,864	26,306
			926,641	436,836	9,303	5,633	1,378,413	1,355,149

The amounts included above for variable interest rate instrument for non-derivative financial liabilities is subject to change if changes in variable interest rates defer to those estimates of interest rates determined at the end of the reporting period.

倘浮息的變動有別於報告期末所釐訂的估計利率，則計入上表的非衍生金融負債中浮息工具的金額亦會有變。

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41. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity table (Continued)

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 6 months” time band in the above maturity analysis. As at 31 December 2019, the aggregate carrying amounts of these bank borrowings amounted to RMB nil (2018: RMB13,143,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid 6 months after 31 December 2018 in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity analysis — bank borrowings with a repayment on demand clause based on scheduled repayments:

		Less than 6 months	6 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows 未貼現 現金流動總額	Carrying amounts 賬面值
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
31 December 2019	二零一九年十二月三十一日	-	-	-	-	-	-
31 December 2018	二零一八年十二月三十一日	301	13,158	-	-	13,459	13,143

c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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.

41. 金融工具(續)

b. 金融風險管理目標及政策(續)

流動資金表(續)

附帶應要求還款條款之銀行借款按上述到期日分析計入「應要求還款或少於六個月」之期間。於二零一九年十二月三十一日內沒有該銀行借款之累計賬面值的金總額(二零一八年：人民幣13,143,000元)。考慮到本集團之財務狀況，董事相信，銀行不大可能行使酌情權，要求本集團即時還款。董事相信，該銀行借款將於二零一八年十二月三十一日後六個月，根據借款協議所載之既定還款日期償還。

成熟度分析 — 根據預定還款計劃的須按要求償還條款之銀行借款如下：

c. 公允值

經常性方式的金融資產和金融負債，是按公允值計量，乃根據公認的定價模式及採用現金流量值法而釐定。

本集團管理層認為，於綜合財務報表內按攤銷成本列賬的金融資產及金融負債的賬面值與其公允值相若。

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42. 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.

42. 核對融資活動產生的負債

下表詳細列出本集團由融資活動產生的負債變動，包括現金及非現金變動。融資活動產生的負債是指現金流量或未來現金流量被分類在本集團之綜合現金流量表內融資活動所得之現金流量。

		Bank borrowings	Other borrowings	Lease liabilities/Obligation under a finance lease 租賃負債／融資租賃 應付款項	Interest payables	Dividend payable	Total
		銀行借款 RMB'000 人民幣千元	其他借款 RMB'000 人民幣千元	應付款項 RMB'000 人民幣千元	應付利息 RMB'000 人民幣千元	應付股息 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	827,874	89,799	7,818	-	-	925,491
Financing cash flows	融資現金流量	(97,867)	(36,673)	(850)	(45,817)	(54,800)	(236,007)
Foreign exchange translation	外幣兌換	604	-	-	-	-	604
Interest expense	利息支出	-	-	478	45,817	-	46,295
Dividend	股息	-	-	-	-	54,800	54,800
Gross amount of bills receivable from external customers discounted with recourse	收取由外部客戶的附帶追索權之已貼現應收票據總額	674,349	-	-	-	-	674,349
Non-cash settlement of discounted bills receivable	已貼現應收票據之非現金結算	(500,615)	-	-	-	-	(500,615)
At 31 December 2018	於二零一八年十二月三十一日	904,345	53,126	7,446	-	-	964,917
Adjustment upon application of HKFRS 16	應用香港財務報告準則16之調整	-	-	59,791	-	-	59,791
As at 1 January 2019 (restated)	於二零一九年一月一日 (經重列)	904,345	53,126	67,237	-	-	1,024,708
Financing cash flows	融資現金流量	(28,587)	9,448	(13,983)	(45,835)	(50,000)	(128,957)
Foreign exchange translation	外幣兌換	(162)	-	-	-	-	(162)
Interest expense	利息支出	-	-	-	45,835	-	45,835
Dividend	股息	-	-	-	-	50,000	50,000
Gross amount of bills receivable from external customers discounted with recourse	收取由外部客戶的附帶追索權之已貼現應收票據總額	608,488	-	-	-	-	608,488
Non-cash settlement of discounted bills receivable	已貼現應收票據之非現金結算	(673,346)	-	-	-	-	(673,346)
Increase in lease liabilities	租賃負債增加	-	-	12,430	-	-	12,430
At 31 December 2019	於二零一九年十二月三十一日	810,738	62,574	65,684	-	-	938,996

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43. RELATED PARTIES TRANSACTIONS

(a) Name and relationship

Name 名稱	Relationship 關係
Zhongshan City Zheng Ye Leasing Company Limited ("Zheng Ye Leasing") 中山市正業租賃有限公司(「正業租賃」)	Controlled by the controlling shareholders of the Company 由本公司控股股東控制

(b) Related parties transactions

During the year, the Group entered into the following transactions with related parties:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Zheng Ye Leasing — Rental expenses of property — Interest on lease liabilities — Lease liabilities	正業租賃 — 物業租金開支 — 租賃負債利息 — 租賃負債	N/A 不適用 1,282 18,787	6,480 N/A 不適用 N/A 不適用

As at 31 December 2017, Zheng Ye Leasing also provided financial guarantees to the Group to secure the banking facilities with an aggregate amount of RMB149,060,000 obtained by the Group. As at 31 December 2017, the amount of utilised facilities was RMB149,060,000. During the year ended 31 December 2018, the financial guarantees was terminated and the guarantee fee charged to the Group for the year by Zheng Ye Leasing was RMB315,000.

- (c) Rental deposit of RMB450,000 (2018: RMB450,000) paid to Zheng Ye Leasing has been included in trade and other receivables in the consolidated statement of financial position at 31 December 2019.

(d) Related parties balances

Amounts due to directors are disclosed on note 32.

43. 關連人士交易

(a) 名稱及關係

(b) 關連人士交易

於年內，本集團與關連人士訂立以下交易：

於二零一七年十二月三十一日，正業租賃同時向本集團提供，以獲取累計金額為人民幣149,060,000元已抵押銀行授信之財務擔保。於二零一七年十二月三十一日，已使用了金額人民幣149,060,000元之授信。於二零一八年十二月三十一日止年度，該財務擔保已終止，而本集團支付正業租賃人民幣315,000元為相關的擔保費用。

- (c) 已付正業租賃的人民幣450,000元(二零一八年：人民幣450,000元)租賃按金已載入於二零一九年十二月三十一日綜合財務狀況表中的貿易及其他應收款項。

(d) 關連人士結餘

應付董事款項於附註32披露。

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43. RELATED PARTIES TRANSACTIONS (Continued)

(e) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	19,151	24,188
Retirement benefits scheme contributions	退休福利計劃供款	215	329
		19,366	24,517

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

In 2015 and 2017, Zheng Ye Packaging (Zhongshan) sold properties to key managements amounted to RMB1,516,000 and RMB500,000 respectively. The outstanding balance at 31 December 2019 amounted to RMB nil (2018:RMB250,000) which had been included in trade and other receivables in the consolidated statement of financial position.

44. SHARE-BASED PAYMENT TRANSACTIONS

Cash-settled share-based payments

On 23 April 2019, an employees' share award scheme ("the Scheme") was adopted by the Company. Pursuant to the Scheme, the Company would subsidise some employees of the Group (the "Selected Participants") a portion of funds to purchase issued shares of the Company by a trustee through on-market transactions. Up to 26 June 2019, a total of 4,214,000 shares of the Company had been purchased and vested to the Selected Participants. The Group recognised the total expense of RMB1,467,000 for the year ended 31 December 2019 in relation to its contribution in the Scheme.

43. 關連人士交易(續)

(e) 主要管理人員的薪酬

以下是董事及主要管理層其他成員於年內的薪酬：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	19,151	24,188
Retirement benefits scheme contributions	退休福利計劃供款	215	329
		19,366	24,517

董事及主要行政人員的薪酬由薪酬委員會經考慮個人表現及市場趨勢後釐定。

於二零一五年及二零一七年，正業包裝(中山)出售物業，金額為分別為人民幣1,516,000元及人民幣500,000元予主要管理人員。於二零一九年十二月三十一日已沒有償未收到的金額(二零一八年：人民幣250,000元)將記錄的綜合財務狀況表中的貿易及其他應收款項內。

44. 以股份支付交易

以現金結算的股份為基礎付款

於二零一九年四月二十三日，本公司採納了僱員股份獎勵計劃(「該計劃」)。根據該計劃，本公司補貼本集團的某些僱員(「特定參與者」)一部分資金，以由受託人通過市場交易購買本公司的已發行股票。截至二零一九年六月二十六日，已購買合計4,214,000股本公司股份並歸屬於選定參與者。截至二零一九年十二月三十一日止年度，本集團就其對計劃的供款確認總支出人民幣1,467,000元。

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45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

45. 本公司附屬公司的詳情

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operations 成立/註冊/ 運作地點	Paid up issued/ registered capital 已繳發行/ 註冊股本	Class of shares hold 本公司持有的 持有股份類別	Proportion ownership interest held by the Company 本公司持有的 所有權權益比率 At 31 December 於十二月三十一日		Proportion of voting power held by the Company 所有投票權比率		Principal activities 主要業務
				2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	
TYAZ International Limited ("Zheng Ye (BVI)")	British Virgin Islands ("the BVI") 英屬處女群島	Authorised US\$50,000 US\$20,000 * 法定： 50,000美元 20,000美元*	Ordinary 普通股	100%	100%	100%	100%	Investment holding 投資控股
Zheng Ye International Company Limited ("Zheng Ye International") 正業國際有限公司	Hong Kong 香港	HK\$10,000 10,000港元	Ordinary 普通股	100%	100%	100%	100%	Investment holding 投資控股
Zheng Ye Investments Limited ("Zheng Ye Investments") 正業投資有限公司	Hong Kong 香港	HK\$1 1港元	Ordinary 普通股	100%	100%	100%	100%	Investment holding 投資控股
Shing Yip (Hong Kong) Investment Enterprises Limited ("Shing Yip (Hong Kong)") 誠業(香港)投資實業有限公司	Hong Kong 香港	HK\$10,000 10,000港元	Ordinary 普通股	100%	100%	100%	100%	Investment holding 投資控股
Zheng Ye Packaging (Zhongshan) Company Limited ("Zheng Ye Packaging (Zhongshan)") 正業包裝(中山)有限公司 (「正業包裝(中山)」)	the PRC 中國	HK\$102,000,000 102,000,000港元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and operating of paper-based packaging products, packaging related business and printing of decorative packaging products 生產及經營紙製包裝產品、 包裝相關業務及包裝裝潢 印刷品印刷
Zhongshan Yong Fa Paper Industry Company Limited ("Zhongshan Yong Fa Paper") 中山永發紙業有限公司(「中山永發紙業」)	the PRC 中國	HK\$106,500,000 106,500,000港元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-and paperboard 生產和銷售紙和紙板
Zhuhai Zheng Ye Packing Company Limited ("Zheng Ye Packaging (Zhuhai)") 珠海正業包裝有限公司 (「正業包裝(珠海)」)	the PRC 中國	HK\$12,000,000 12,000,000港元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-based packaging products and related packaging service 生產和銷售紙製包裝產品及 相關包裝服務

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45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

45. 本公司附屬公司的詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operations 成立/註冊/ 運作地點	Paid up issued/ registered capital 已繳發行/ 註冊股本	Class of shares hold 本公司持有的 持有股份類別	Proportion ownership interest held by the Company 本公司持有的 所有權權益比率 At 31 December 於十二月三十一日		Proportion of voting power held by the Company 所有投票權比率		Principal activities 主要業務
				2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	
Zhengzhou Zheng Ye Packaging Company Limited ("Zheng Ye Packaging (Zhengzhou)") 鄭州正業包裝有限公司 ([「正業包裝(鄭州)」])	the PRC 中國	RMB20,000,000 (2018: RMB40,000,000) 人民幣20,000,000元 (二零一八年: 人民幣40,000,000元)	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-based packaging products and printing of decorative packaging products 生產和銷售紙製包裝產品及包裝裝潢印刷品印刷
Shijiazhuang Zheng Ye Packaging Company Limited ("Zheng Ye Packaging (Shijiazhuang)") 石家莊正業包裝有限公司 ([「正業包裝(石家莊)」])	the PRC 中國	RMB20,000,000 人民幣20,000,000元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-based packaging products and printing of decorative packaging products 生產和銷售紙製包裝產品及包裝裝潢印刷品印刷
Wuhan Zheng Ye Alliance Packaging Company Limited ("Zheng Ye Packaging (Wuhan)") 武漢正業聯合包裝有限公司 ([「正業包裝(武漢)」])	the PRC 中國	RMB35,000,000 人民幣35,000,000元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-based packaging products and printing of decorative packaging products 生產和銷售紙製包裝產品及包裝裝潢印刷品印刷
Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited ("Hung Hing") 中山聯合鴻興造紙有限公司([「鴻興」])	the PRC 中國	USD53,660,000 53,660,000美元	Ordinary 普通股	58.7%	58.7%	58.7%	58.7%	Manufacturing and sale of paper and paper board 生產和銷售紙和紙板
Zhongshan Lianfa Transportation Company Limited 中山市聯發運輸有限公司	the PRC 中國	RMB5,000,000 人民幣5,000,000元	Ordinary 普通股	100%	100%	100%	100%	Transportation 運輸
Zhongshan Zhengye Transportation Company Limited 中山市正業運輸有限公司	the PRC 中國	RMB3,000,000 人民幣3,000,000元	Ordinary 普通股	100%	100%	100%	100%	Transportation 運輸

* Except for Zheng Ye (BVI), the issued capital of all other companies is fully paid and indirectly held by the Company.

* 除TYAZ外，所有其他公司的已發行股本均已繳足，並由本公司間接持有。

All subsidiaries established in the PRC are wholly foreign owned enterprises.

所有在中國成立之附屬公司均為外商獨資企業。

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

於年內或年內任何時間，附屬公司概無任何未償還債務證券。

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46. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS

46. 擁有重大非控股權益之非全資附屬公司詳情

Name of subsidiary 附屬公司名稱	Place of incorporation and principal place of business 註冊成立地點及日期	Proportion of ownership interests held by non-controlling interests 本公司持有的所有權權益比率		Profit allocated to non-controlling interests 非控制權益獲分配之溢利		Accumulated non-controlling interests 累計非控制權益	
		31/12/2019 二零一九年 十二月三十一日	31/12/2018 二零一八年 十二月三十一日	31/12/2019 二零一九年 十二月三十一日	31/12/2018 二零一八年 十二月三十一日	31/12/2019 二零一九年 十二月三十一日	31/12/2018 二零一八年 十二月三十一日
				RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Hung Hing 鴻興	Zhongshan, the PRC 中國中山市	41.3%	41.3%	18,844	21,355	198,498	179,654
						2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current assets	流動資產					226,040	284,608
Non-current assets	非流動資產					430,743	411,528
Current liabilities	流動負債					(118,189)	(247,878)
Non-current liabilities	非流動負債					(57,969)	(13,261)
Equity attributable to owners of the Company	本公司擁有人應佔權益					(282,127)	(255,343)
Non-controlling interests of Hung Hing	鴻興之非控制權益					(198,498)	(179,654)

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46. DETAILS OF A NON-WHOLLY OWNED SUBSIDIARY THAT HAS MATERIAL NON-CONTROLLING INTERESTS (Continued)

46. 擁有重大非控股權益之非全資附屬公司詳情(續)

		Year ended 31 December 2019 截至 二零一九年 十二月三十一日 止年度 RMB'000 人民幣千元	Year ended 31 December 2018 截至 二零一八年 十二月三十一日 止年度 RMB'000 人民幣千元
Revenue	收入	712,035	908,982
Expenses	開支	(666,407)	(857,275)
Profit and total comprehensive income for the year	年內溢利及全面收益	45,628	51,707
Profit and total comprehensive income attributable to owners of the Company	本公司擁有人應佔溢利及全面收益總額	26,784	30,352
Profit and total comprehensive income attributable to the non-controlling interests of Hung Hing	鴻興之非控制權益應佔溢利及全面收益總額	18,844	21,355
Net cash inflows from operating activities	經營業務所得現金淨額	98,020	76,734
Net cash used in investing activities	投資業務所用現金淨額	(39,291)	(15,252)
Net cash used in financing activities	融資業務所用現金淨額	(61,486)	(40,733)
Net cash (outflows) inflows	(流出)所得現金淨額	(2,757)	20,749

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47. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition

Subsequent to 31 December 2019, the Group completed its negotiations with Jiangxi Shengjing Technology Company Limited and entered in an agreement for the acquisition of 80% of equity interest in Yudu County Zhengyi Paper Products and Paper Industry Company Limited at 3 January 2020. The transaction was completed on 1 March 2020. Details of the acquisition are set out in the Group's circular dated 3 January 2020.

(b) The outbreak of coronavirus disease ("the COVID-19")

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had a severe negative impact on the operations of the Group, as most of the Group's operations are located in Mainland China. One of the subsidiary of the Group is in Wuhan City. The Group had to stop its manufacturing activities since late January 2020 due to mandatory government quarantine measures in an effort to contain the spread of the epidemic.

Even though the Group had resumed its manufacturing activities since February and March except for the subsidiary in Wuhan City, which is remain suspended until April. They are still not operating at normal capacity.

In addition, the operations of certain of the Group's customers, suppliers are also located in Wuhan or other cities in Mainland China, the outbreak of COVID-19 is expected to have negative effect to these counterparties in different aspects, which in turn, may affect the recoverability of Group's trade receivables and other financial assets that are subject to ECL assessment.

The Directors of the Company will continue to closely monitor the development of the epidemic and work to mitigate the adverse effects, and will adopt various measures to make up for the production shortfall. As the situation remains fluid at the date these financial statements are authorized for issue, the directors of the Company considered that the financial effects of the COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated. Nevertheless, the COVID-19 outbreak is expected to affect the consolidated results for the first half and full year of 2020.

47. 報告期後事項

(a) 收購

於二零一九年十二月三十一日後，本集團與江西盛璟科技有限公司完成磋商，並於二零二零年一月三日訂立協議收購于都縣正億紙品紙業有限公司80%的股權。該交易已於二零二零年三月一日完成。該收購的詳細信息載於本集團日期為二零二零年一月三日的公告中。

(b) 冠狀病毒疾病的爆發（「新型冠狀肺炎」）

新型冠狀肺炎的爆發以及隨後的隔離措施以及許多國家／地區施加的旅行限制；因為本集團的大部分業務都位於中國大陸，使本集團的運營造成了嚴重的負面影響。本集團的其中一家附屬公司位於武漢市。由於政府採取了強制性檢疫措施，本集團自二零二零年一月下旬起應政府強制隔離導致產活動需要停止，以遏制疫情的蔓延。

除位於武漢市的附屬公司外，儘管本集團自二月和三月起恢復了生產活動，武漢市附屬公司一直停業至四月。它們仍未以正常情況下運行。

此外，本集團某些客戶、供應商的業務也位於武漢或中國內地其他城市，新型冠狀肺炎的爆發預計將在不同方面對這些交易方產生負面影響，進而從預期信貸虧損評估中，可能影響本集團就應收賬款及其他金融資產的可收回性。

本公司董事將繼續密切監察疫情的發展，並努力減輕不利影響，並將採取各種措施來彌補生產短缺。由於在批准發佈此財務報表之日時情況仍然不穩定，本公司董事認為無法合理估計新型冠狀肺炎對本集團合併財務報表的財務影響。儘管如此，預期新型冠狀肺炎爆發將影響二零二零年上半年和全年的綜合業績。

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48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

48. 本公司財務狀況表

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Non-current Assets	非流動資產		
Unlisted investment in a subsidiary	於一家非上市附屬公司的投資	230,979	230,979
Amounts due from subsidiaries (note)	應收附屬公司款項(附註)	-	-
		230,979	230,979
Current Assets	流動資產		
Bank balances and cash	銀行及現金結餘	5,153	440
Other receivables	其他應收款項	354	128
Amounts due from subsidiaries (note)	應收附屬公司款項(附註)	28,633	58,739
		34,140	59,307
Current Liabilities	流動負債		
Other payables	其他應付款項	215	253
Amounts due to subsidiaries	應付附屬公司款項(附註)	14,215	-
Amount due to directors	應付董事款項	28	86
		14,458	339
Net Current Assets	流動資產淨值	19,682	58,968
Total Assets less Current Liabilities	資產總值減流動負債	250,661	289,947
Capital and Reserves	資本及儲備		
Share capital	股本	41,655	41,655
Share premium	股本溢價	92,968	92,968
Reserves	儲備	116,038	155,324
Total Equity	權益總額	250,661	289,947

Note: The amounts due from subsidiaries shown as current and non-current assets are based on the directors of the Company's expectation on the timing of settlement at the respective period end date.

附註：應收附屬公司的應收款項為流動及非流動資產乃根據本公司董事對各期末結算時間的預期而定。

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綜合財務報表附註

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

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movement in the Company's reserves

48. 本公司財務狀況表(續)

本公司儲備之變動

		Share premium 股本溢價 RMB'000 人民幣千元	Merger reserves 合併儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	92,968	97,559	58,776	249,303
Profit and total comprehensive income for the year	年內溢利及全面收益 總額	-	-	53,789	53,789
Dividend paid	已付股息	-	-	(54,800)	(54,800)
At 31 December 2018	於二零一八年十二月三十一日	92,968	97,559	57,765	248,292
Profit and total comprehensive income for the year	年內溢利及全面收益 總額	-	-	10,714	10,714
Dividend paid	已付股息	-	-	(50,000)	(50,000)
At 31 December 2019	於二零一九年十二月三十一日	92,968	97,559	18,479	209,006

Financial Summary

財務摘要

Consolidated results

綜合業績

		For the year ended 31 December					
		截至十二月三十一日止年度					
		2015	2016	2017	2018	2019	
		二零一五年	二零一六年	二零一七年	二零一八年	二零一九年	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Revenue	收入	1,807,765	2,074,090	2,414,127	2,848,016	2,367,151	
Profit before tax	除稅前溢利	56,718	124,909	242,839	154,014	119,180	
Income tax expense	所得稅開支	(14,025)	(15,911)	(29,597)	(23,301)	(18,152)	
Profit for the year	年內溢利	42,693	108,998	213,242	130,713	101,028	
Attributable to:	應佔：						
the owners of the Company	本公司擁有人	41,136	91,649	182,705	109,358	82,184	
non-controlling interests	非控制權益	1,557	17,349	30,537	21,355	18,844	
		42,693	108,998	213,242	130,713	101,028	

Consolidated assets and liabilities

綜合資產及負債

		At 31 December					
		於十二月三十一日					
		2015	2016	2017	2018	2019	
		二零一五年	二零一六年	二零一七年	二零一八年	二零一九年	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Total assets	總資產	2,499,010	2,425,965	2,561,870	2,557,823	2,424,551	
Total liabilities	總負債	(1,799,870)	(1,617,827)	(1,567,990)	(1,484,444)	(1,300,144)	
Net assets	淨資產	699,140	808,138	993,880	1,073,379	1,124,407	

Note 1: The Company was incorporated in Bermuda on 18 August 2010 as an exempted company with limited liability under the Bermuda Companies Act. Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 4 March 2011. The financial summary has been presented on the basis that the Company had been the holding company of the Group from the beginning of the earliest period presented.

附註1：本公司於二零一零年八月十八日在百慕達根據百慕達公司法註冊成立為一家獲豁免有限公司。根據本集團為準備於香港聯合交易所有限公司（「聯交所」）上市本公司股份而合理化其架構所開展的集團重組，本公司於二零一一年三月四日成為現組成本集團的各公司的控股公司。財務摘要乃按本公司自最早呈報期間開始一直為本集團控股公司的基準而呈報。

Note 2: Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the period from the date of the Listing (i.e. 3 June 2011) to 31 December 2019.

附註2：自上市日期（即二零一一年六月三日）至二零一九年十二月三十一日止期間，本公司或其任何附屬公司概無購回、出售或贖回本公司於聯交所上市的任何股份。



ZHENGYE
INTERNATIONAL

正業國際控股有限公司
ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED