



**China Automotive
Interior Decoration Holdings Limited**

中國汽車內飾集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

股份代號 **Stock code: 0048**

**2019
ANNUAL
REPORT
年報**



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CORPORATE INFORMATION

公司資料

Executive Directors

Mr. Zhuang Yuejin (*Chairman*)
Mr. Wong Ho Yin
Ms. Xiao Suni

Independent Non-Executive Directors

Mr. Mak Wai Ho
Ms. Ng Li La, Adeline
Ms. Zhu Chunyan

Audit Committee

Mr. Mak Wai Ho (*Chairman*)
Ms. Ng Li La, Adeline
Ms. Zhu Chunyan

Remuneration Committee

Mr. Mak Wai Ho (*Chairman*)
Mr. Zhuang Yuejin
Ms. Zhu Chunyan

Nomination Committee

Mr. Zhuang Yuejin (*Chairman*)
Mr. Mak Wai Ho
Ms. Ng Li La, Adeline

Company Secretary

Mr. Wong Ho Yin

Authorised Representatives

Mr. Zhuang Yuejin
Mr. Wong Ho Yin

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

執行董事

莊躍進先生 (*主席*)
黃浩然先生
肖蘇妮女士

獨立非執行董事

麥偉豪先生
吳莉娜女士
朱春燕女士

審核委員會

麥偉豪先生 (*主席*)
吳莉娜女士
朱春燕女士

薪酬委員會

麥偉豪先生 (*主席*)
莊躍進先生
朱春燕女士

提名委員會

莊躍進先生 (*主席*)
麥偉豪先生
吳莉娜女士

公司秘書

黃浩然先生

授權代表

莊躍進先生
黃浩然先生

核數師

國衛會計師事務所有限公司
執業會計師

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE INFORMATION (Continued)

公司資料 (續)

Headquarter and Principal Place of Business in Hong Kong

Workshop Nos. 22-23,
6/F, Corporation Park,
11 On Lai Street, Shatin,
New Territories, Hong Kong

Principal Place of Business in the PRC

No. 28 Xinfeng Road, Xinfeng Industrial Park,
Fangqian Town New District,
Wuxi City, Jiangsu Province, the PRC

Cayman Islands Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Banker

Industrial and Commercial Bank of China
Wuxi Xi Shan Sub-branch
Ying Bin North Road
Dong Ting Town
Xi Shan District
Wuxi City, the PRC

Company Website

www.hklistco.com/48

Stock Code

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總辦事處及香港主要營業地點

香港新界
沙田安麗街11號
企業中心6樓
22-23室

中國主要營業地點

中國江蘇省無錫市
新區坊前鎮
新豐工業園新風路28號

開曼群島股份過戶登記處

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

股份過戶登記處香港分處

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

中國工商銀行
無錫錫山支行
中國無錫市
錫山區
東亭鎮
迎賓北路

公司網站

www.hklistco.com/48

股份代號

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CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS

主席報告及管理層討論與分析

Dear Shareholders,

On behalf of the board of Directors (the "Board") of China Automotive Interior Decoration Holdings Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019.

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and other parts, the trading of rubber and food products. The Group deploys financial resource to securities investment and fund investment to achieve earnings in the form of capital appreciation and income from dividends. The Group also taps into the business of financial services through the investment in a securities house.

Manufacture and sale of nonwoven fabric products

Manufacture and sale of nonwoven fabric products is one of the principal business of the Group. The Group manufactures its products with single layer or multiple layers of nonwoven fabric in accordance with specific requirements and standards of different customers. Most of the customers of nonwoven fabric products are primary manufacturers and suppliers of automotive parts in the PRC. The majority of the Group's products are further processed by these customers in order to make different automotive parts such as floor, head lining, seat cover, parcel tray, trunk, luggage-side trim, hubcap and car-mat, which are of different characteristics and are to be applied for different usages in passenger vehicles.

According to the statistics released from China Association of Automobile Manufacturers ("CAAM"), the production and sales of passenger vehicles in the PRC were approximately 21,360,000 units and 21,444,000 units respectively for the year ended 31 December 2019, representing a decrease of approximately 9.2% and 9.6%. As a result of increasing competition in the automotive industry, although the total revenue of this business operation increased by approximately 23.3% to RMB184.0 million, there were decrease in profit margin of manufacturing and sale of nonwoven fabric products of the Group and increase in loss on segment result to approximately RMB3.7 million for the year ended 31 December 2019.

各位股東：

本人謹代表中國汽車內飾集團有限公司（「本公司」）董事會（「董事會」）欣然提呈本公司及其附屬公司（統稱「本集團」）截至二零一九年十二月三十一日止年度之經審核全年業績。

末期股息

董事不建議就截至二零一九年十二月三十一日止年度派付末期股息。

業務回顧

本集團主要從事製造及銷售用於汽車內飾件及其他部分的無紡布產品、橡膠及食品貿易。本集團投入財務資源於證券投資及基金投資以透過資本增值及股息收入的形式賺取盈利。本集團亦透過投資證券公司展開金融服務業務。

製造及銷售無紡布產品

製造及銷售無紡布產品是本集團的主要業務之一。本集團根據不同客戶的特定要求及標準製造一層或多層無紡布產品。大部分無紡布產品的客戶為在中國的汽車配件主要製造商及供應商。本集團大部分產品均由該等客戶作進一步加工，以成為不同的汽車配件，如汽車主地毯面料、頂蓬面料、座椅面料、衣帽架面料、行李箱蓋毯面料、行李箱側毯面料、輪罩面料及汽車腳踏墊面料，各具不同特點，可應用於乘用車的不同用途。

根據中國汽車工業協會（「中國汽車工業協會」）公佈的數據，截至二零一九年十二月三十一日止年度中國乘用車的製造及銷售分別約為21,360,000台及21,444,000台，相當於減少約9.2%及9.6%。由於汽車業競爭愈見激烈，儘管該業務的總收入增加約23.3%至人民幣184.0百萬元，截至二零一九年十二月三十一日止年度，本集團製造及銷售無紡布產品的利潤率有所下降，且分部業績虧損增至約人民幣3.7百萬元。

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

主席報告及管理層討論與分析 (續)

Supply and procurement operation

Since 2016, the Group resumed the business of trading of food products such as dairy products, flour-based products and nuts which generated steady income to the Group for the year ended 31 December 2019.

The Group commenced its business of rubber trading since 2012 and the quoted price of rubber was generally varied according to the tendency of the commodities markets. To manage the risk, the Group mainly carried out that business in back-to-back model. As the significant fluctuation in price of top commodities, crude oil, the Group only accepted the orders with lower default risk.

Interest in associates

The Company through a joint venture company indirectly hold 42% of the equity interest in GEO Securities Limited ("GEO Securities") and classified as "interest in an associate" at 31 December 2019. GEO Securities has the licenses to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (Asset Management) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) in Hong Kong. The Group shared a profit of an associate of approximately RMB3.4 million for the year ended 31 December 2019.

FINANCIAL REVIEW

Revenue

The Group's revenue for the years ended 31 December 2019 and 2018 was illustrated as follows:

Nonwoven fabric for use in automobiles	用於汽車的無紡布
– Sales of automotive floor carpets	– 汽車地毯的銷售
– Sales of other automotive parts	– 其他汽車配件的銷售
Sales of rubber	橡膠的銷售
Sales of food products	食品的銷售

供應及採購業務

自二零一六年起，本集團恢復食品（例如乳製品、麵粉產品及堅果）買賣業務。於截至二零一九年十二月三十一日止年度，該業務為本集團帶來穩定收入。

本集團自二零一二年起開展其買賣橡膠業務，而橡膠的報價一般隨著商品市場的趨勢而改變。為管理風險，本集團主要以背對背模式經營該業務。由於頂級商品、原油價格大幅波動，故本集團僅接納違約風險較低的訂單。

於聯營公司之權益

本公司透過合營公司間接持有智易東方證券有限公司（「智易東方證券」）42%的權益，該權益於二零一九年十二月三十一日歸類為「於聯營公司的權益」。智易東方證券擁有於香港根據證券及期貨條例（香港法例第571章）可從事第1類（證券交易）、第4類（就證券提供意見）及第9類（資產管理）受規管活動之執照。本集團於截至二零一九年十二月三十一日止年度分佔聯營公司利潤約人民幣3.4百萬元。

財務回顧

收入

截至二零一九年及二零一八年十二月三十一日止年度，本集團的收入載列如下：

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
69,201	47,091
114,834	102,116
1,844	11,077
75,017	34,243
260,896	194,527

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

主席報告及管理層討論與分析 (續)

For the year ended 31 December 2019, the Group's revenue increased to approximately RMB260.9 million, compared to approximately RMB194.5 million in 2018, representing an increase of approximately 34.1%. The increase in the Group's revenue was mainly attributable to the increase in revenue of manufacturing and sale of nonwoven fabric products and trading of food products.

Gross profit

For the year ended 31 December 2019, the Group's gross profit increased by approximately 33.3% to approximately RMB23.9 million. The increase was mainly due to the increase in the Group's revenue.

Other gain or losses

For the year ended 31 December 2019, the Group's other gain or losses changed by approximately RMB21.8 million from a loss of approximately RMB21.5 million in 2018 to a gain of approximately RMB0.3 million in 2019. The change was mainly due to the decrease of fair value loss on financial assets at fair value through profit or loss by approximately RMB27.4 million as compared to that for the corresponding period of 2018. The financial assets at fair value through profit or loss was mainly composed of a discretionary investment fund ("Discretionary Fund"). Details of the Discretionary Fund are disclosed under the section "SIGNIFICANT INVESTMENTS".

Administrative expenses

For the year ended 31 December 2019, as i) the increase in the Group's revenue and ii) the recognition of share based payment expenses of approximately RMB2.9 million, the Group's administrative expenses increased by approximately RMB9.8 million to approximately RMB47.9 million.

Loss attributable to the owners of the Company

The loss attributable to the owners of the Company was approximately RMB30.2 million for the year of 2019 compared with a loss of approximately RMB64.9 million for the corresponding period of 2018. The change was mainly due to the increase in the Group's revenue and the decrease of fair value loss on financial assets at fair value through profit or loss during the year ended 31 December 2019.

截至二零一九年十二月三十一日止年度，本集團的收入增加至約人民幣260.9百萬元，二零一八年則為約人民幣194.5百萬元，相當於約34.1%的增幅。本集團收入增加主要由於製造及銷售無紡布產品及買賣食品的收入增加所致。

毛利

截至二零一九年十二月三十一日止年度，本集團的毛利增加約33.3%至約人民幣23.9百萬元。增加的主要因為本集團的收入上升所致。

其他收益或虧損

截至二零一九年十二月三十一日止年度，本集團的其他收益或虧損由二零一八年虧損約人民幣21.5百萬元變動約人民幣21.8百萬元至二零一九年的收益約人民幣0.3百萬元。變動主要由於按公平值於損益列賬的金融資產的公平值虧損較二零一八年同期減少約人民幣27.4百萬元。按公平值於損益列賬的金融資產主要包括酌情投資基金（「酌情基金」）。有關酌情基金的詳情披露於「重大投資」一節。

行政開支

截至二零一九年十二月三十一日止年度，由於i)本集團收入增加及ii)確認以股份為基礎之付款開支約人民幣2.9百萬元，本集團的行政開支增加約人民幣9.8百萬元至約人民幣47.9百萬元。

本公司擁有人應佔虧損

本公司擁有人應佔虧損於二零一九年約為人民幣30.2百萬元，而二零一八年同期虧損則約為人民幣64.9百萬元。變動主要由於截至二零一九年十二月三十一日止年度本集團收入增加以及按公平值於損益列賬的金融資產公平值虧損減少所致。

PROSPECT AND OUTLOOK

The Board expects that 2020 will be a challenging year for the business of manufacturing and sale of nonwoven fabric products as the continuously increase in production costs for maintaining competitiveness, enhancing safety requirements to cope with the development of the automotive industry and the outbreak of novel coronavirus (COVID-19) in early 2020.

The COVID-19 pandemic has brought about uncertainties in the Group's operating environment in the PRC. According to the statistics released from CAAM, the production and sales of passenger vehicles in the PRC were approximately 2,684,000 units and 2,877,000 units respectively for the three months ended 31 March 2020, representing a decrease of approximately 48.7% and 45.4% as compared to the same period last year. Since the COVID-19 pandemic, the PRC Government has taken emergency measures to prevent the spread of the COVID-19 in the PRC, including, among others, imposing restriction on work resumption date after the statutory holidays for Chinese New Year. Although the factories of the Group have resumed since the end of February 2020, the Board expected that there will be a drop in revenue of manufacturing and sale of nonwoven fabric products during the first half of 2020 as the customers generally adopted a wait-and-see approach to place orders.

To maintain competitiveness, the Group will still deploy its resources on:

- (1) upgrading the production lines in order to improve the production efficiency;
- (2) installing new machineries to suit the customers' varying requirements and demands on high-end products;
- (3) conducting research and development to keep up with the latest technological trends in relation to product specifications; and
- (4) strengthening the quality control systems to retain customer loyalty and reinforce the Group's reputation in the nonwoven fabric industry in the PRC.

As a result of the increasing risk of volatility in rubber price since the fluctuation in price of crude oil, the Group would be cautious in accepting orders to avoid any downside exposure. For the business of trading of food products, the Group will continue to find new customers to strengthen its customer base.

前景及展望

董事會預期，為保持競爭力、提高安全要求以應對汽車業發展，加上二零二零年初新型冠狀病毒(COVID-19)爆發，導致生產成本持續增加，故二零二零年對無紡布產品製造及銷售業務而言將會挑戰重重。

COVID-19疫情為本集團於中國的經營環境帶來不確定性。根據中國汽車工業協會公佈的數據，截至二零二零年三月三十一日止三個月中國乘用車的製造及銷售分別約為2,684,000台及2,877,000台，較去年同期分別減少約48.7%及45.4%。自COVID-19疫情以來，為阻止COVID-19在中國擴散，中國政府採取緊急措施，其中包括限制農曆新年法定假期後的復工日期。儘管自二零二零年二月底起本集團的工廠已恢復運營，惟董事會預期二零二零年上半年製造及銷售無紡布產品的收入將下降，乃由於該業務分部的客戶通常採用觀望方式下訂單。

為維持競爭力，本集團仍將繼續投放資源於：

- (1) 將生產線升級，以改善生產效率；
- (2) 安裝新機器，以迎合客戶對高端產品不停轉變的需要及需求；
- (3) 進行研發，以在有關產品規格的最新技術趨勢上與時並進；及
- (4) 加強質量監控系統，以確保顧客繼續支持及鞏固本集團於中國無紡布行業的口碑。

由於原油價格波動導致橡膠價格波動的風險增加，故本集團於接納訂單時將採取審慎態度，以避免任何負面影響。食品貿易業務方面，本集團將繼續尋找新客戶以加強其客戶基礎。

CHAIRMAN'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

主席報告及管理層討論與分析 (續)

In addition, the Group will continue to adopt a prudent approach to manage its money lending business and on the other hands to seek for opportunities to expand this operation.

The COVID-19 pandemic has certain impact on the business operations of the Group and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 pandemic and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 pandemic, in the opinion of the directors, the related impact on our Group's financial condition, cash flows and operating results could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.

Going forward, with a view to achieving better return and enhancing the expansion of the Group, the Group will look for potential investment opportunities to diversify its business scope.

CAPITAL REORGANISATION

Pursuant to an ordinary resolution passed by the shareholders of the Company at the general meeting held on 23 December 2019 ("EGM"), every five issued and unissued shares with a par value of HK\$0.1 each in the share capital of the Company be consolidated into one share with a par value of HK\$0.5 ("Consolidated Share") in the share capital of the Company with effect from 27 December 2019.

Pursuant to a special resolution passed by the shareholders of the Company at the EGM and an order given by the Grand Court of the Cayman Islands, the par value of each Consolidated Share was reduced from HK\$0.5 each to HK\$0.005 each by cancelling the paid-up capital of the Company to the extent of HK\$0.495 on each Consolidated Share with effect from 3 March 2020.

此外，本集團將繼續採取審慎方法管理放貸業務，亦會尋求機會擴展該業務。

COVID-19疫情對本集團的業務運營有一定影響，影響程度取決於防疫措施的情況及疫情的持續時間。本集團一直密切關注COVID-19疫情的發展以及因COVID-19疫情而導致的業務及經濟活動中斷，並評估其對本集團財務狀況、現金流量及經營業績的影響。鑑於COVID-19疫情的動態性質，董事認為目前尚無法合理估計對本集團財務狀況、現金流量及經營業績的相關影響，有關影響將反映在本集團二零二零年中期及年度財務報表中。

展望未來，為實現更豐厚回報及促進本集團的擴展，本集團將物色有潛力的投資商機，務求多元化發展其業務。

資本重組

根據本公司股東於二零一九年十二月二十三日舉行之股東大會（「股東特別大會」）通過的普通決議案，本公司將股本中每五股每股面值0.1港元的已發行及未發行股份合併為一股每股面值0.5港元的股份（「合併股份」），自二零一九年十二月二十七日起生效。

根據本公司股東於股東特別大會通過的特別決議案及開曼群島大法院的命令，通過註銷本公司實收資本，將每股合併股份的面值由每股0.5港元減至每股0.005港元，惟以每股合併股份0.495港元為限，自二零二零年三月三日起生效。

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations by internal cash resources and bank financing during 2019. At 31 December 2019, cash and bank balances of the Group amounted to approximately RMB26.1 million (2018: RMB32.4 million), and approximately RMB19.1 million (2018: RMB18.6 million) of which are denominated in Hong Kong dollars and United States dollars.

At 31 December 2019, the Group's liquidity ratio, represented by the ratio of current assets over current liabilities, and gearing ratio, represented by the ratio of total liabilities to total assets, were 1.75 (2018: 2.02) and 0.45 (2018: 0.39) respectively.

CAPITAL STRUCTURE

Except for those disclosed under the section "CAPITAL REORGANISATION", there has been no material change in the capital structure of the Group since 31 December 2018.

FOREIGN EXCHANGE EXPOSURE

Majority of the assets and liabilities of the Group were denominated in Renminbi, United States dollars and Hong Kong dollars. At 31 December 2019, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

流動性及財務資源

於二零一九年度，本集團一般透過內部現金資源及銀行融資撥付其營運。於二零一九年十二月三十一日，本集團現金及銀行結餘約為人民幣26.1百萬元（二零一八年：人民幣32.4百萬元），其中約人民幣19.1百萬元（二零一八年：人民幣18.6百萬元）以港元及美元列值。

於二零一九年十二月三十一日，本集團的流動性比率（即流動資產佔流動負債的比率）及資產負債比率（即負債總額與資產總額的比率）分別為1.75（二零一八年：2.02）及0.45（二零一八年：0.39）。

資本結構

除「資本重組」一節所披露者外，自二零一八年十二月三十一日起本集團之資本結構概無重大變動。

外匯風險

本集團大部分資產及負債以人民幣、美元及港元列值。於二零一九年十二月三十一日，本集團概無因外匯合約、利息、貨幣掉期或其他金融衍生工具而面臨任何重大風險。

SIGNIFICANT INVESTMENTS

At 31 December 2019, the Group held Discretionary Fund as financial assets at fair value through profit or loss. The investment in the Discretionary Fund was approved by the shareholders of the Company at the general meeting of the Company held on 16 February 2016. The Discretionary Fund is managed by a corporation licensed under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong). The investment objective of the Discretionary Fund is to generate income and/or achieve capital appreciation through investing in a variety of the authorized investments.

Except the Discretionary Fund, at 31 December 2019, there was no investment held by the Group which value was more than 5% of the net assets of the Group.

Details of the Discretionary Fund are as follows:

	Year ended 31 December 2019 截至 二零一九年 十二月三十一日 止年度	At 31 December 2019 於二零一九年 十二月三十一日	Approximate percentage to the net assets 佔資產淨額之概 約百分比	At 31 December 2018 於二零一八年 十二月三十一日
	Impairment loss 減值虧損 RMB'000 人民幣千元	Fair Value 公平值 RMB'000 人民幣千元		Fair Value 公平值 RMB'000 人民幣千元
Discretionary Fund 酌情基金	2,897	16,235	9.2%	18,828

Looking ahead, the value of the Discretionary Fund may be susceptible to the overall equity market conditions.

重大投資

於二零一九年十二月三十一日，本集團持有酌情基金作為按公平值於損益列賬的金融資產。於酌情基金的投資已獲本公司股東於二零一六年二月十六日舉行的本公司股東大會上批准。酌情基金乃由香港法例第571章證券及期貨條例項下之持牌法團管理。酌情基金之投資目標為通過投資各類型獲准投資產生收益及／或達致資本增值。

除酌情基金外，於二零一九年十二月三十一日，本集團並無持有價值高於本集團資產淨額5%之任何投資。

酌情基金之詳情如下：

展望未來，酌情基金之價值可能受整體股市市況影響。

MATERIAL ACQUISITIONS OR DISPOSALS

There was no material acquisitions or disposal of subsidiaries and affiliated companies by the Group for the year ended 31 December 2019.

PLEDGE ON ASSETS

At 31 December 2019, the Group's buildings with a carrying amounts of approximately RMB5.4 million (2018: RMB5.7 million) and leasehold land with a carrying amounts of approximately RMB2.4 million (2018: RMB2.5 million) were pledged to banks for bank borrowings.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2019, the Group employed a total of 102 employees (2018: 141). The remuneration policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

A remuneration committee was set up for, inter alia, reviewing the Group's remuneration policy and structure for all directors and senior management of the Group.

APPRECIATION

On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to all of our customers, business partners and investors for their support and trust towards the Group. Further, I would like to express my sincere thanks to our Directors and employees for their dedications and contributions to the Group.

By order of the Board

Zhuang Yuejin

Chairman and Chief Executive Officer

Hong Kong, 14 May 2020

重大收購或出售

於截至二零一九年十二月三十一日止年度，本集團概無就附屬公司及聯屬公司進行重大收購或出售。

抵押資產

於二零一九年十二月三十一日，本集團賬面值約人民幣5.4百萬元(二零一八年：人民幣5.7百萬元)的樓宇及賬面值約人民幣2.4百萬元(二零一八年：人民幣2.5百萬元)的租賃土地已抵押予銀行作為銀行借款之擔保。

僱員及薪酬政策

於二零一九年十二月三十一日，本集團共聘用102名僱員(二零一八年：141名)。本集團的僱員薪酬政策乃由董事會根據彼等的經驗、資歷及工作能力而制定。其他僱員福利分別包括香港及中國僱員的法定強制性公積金、社會保險以及住房公積金供款。

薪酬委員會已告成立，旨在(其中包括)檢討本集團所有董事及高級管理層的薪酬政策及結構。

鳴謝

本人謹代表本集團，藉此機會向本集團之所有客戶、業務夥伴及投資者對本集團的支持和信任致以衷心的謝意。此外，本人亦衷心感謝我們的董事及僱員對本集團作出的努力和貢獻。

承董事會命

莊躍進

主席兼行政總裁

香港，二零二零年五月十四日

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層的履歷資料

EXECUTIVE DIRECTORS

Mr. Zhuang Yuejin, aged 57, is the Chairman of the Board, Chief Executive Officer of the Company and founder of the Group. He was appointed as an executive Director on 12 April 2010. He has over 15 years of experience in the nonwoven textile industry. He is responsible for formulating the Group's corporate strategy, overseeing its production operations and the overall steering of the Group's strategic development.

Mr. Zhuang graduated from Xiamen Fisheries College in 1981 and was approved as a qualified engineer by the Intermediate Level Adjudication Committee of Xiamen City Marine Engineering Department in 1990. From 1997 to 2001, Mr. Zhuang was the director and the general manager of Xiamen Marine Industries (Group) Co., Limited, a PRC incorporated company and was previously listed on the Shenzhen Stock Exchange.

Mr. Wong Ho Yin, aged 50, was appointed as an executive Director and company secretary on 30 June 2011. He graduated from Hong Kong Polytechnic University with a Master of Corporate Governance Degree and a Bachelor of Arts Degree in Accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

Prior to joining the Group, Mr. Wong was the financial controller and company secretary of a company listed on the Main Board of the Stock Exchange. He has extensive experience in accounting and corporate compliance.

Ms. Xiao Suni, aged 36, was appointed as an executive Director on 14 October 2014. She has over 10 years of experience in the field of international trading and marketing. She holds a Bachelor of Arts degree from Nanjing Army Command College, the PRC with major in English. Prior to joining the Group, she worked for a door-window manufacturer in the PRC as foreign trade manager, in which her responsibilities focused on overall management of foreign sales and marketing.

執行董事

莊躍進先生，57歲，為董事會主席、本公司行政總裁及本集團創辦人。彼於二零一零年四月十二日獲委任為執行董事。彼於非織造行業積累逾15年經驗。彼負責制定本集團的公司策略、監管生產經營及本集團策略發展的整體方向。

莊先生於一九八一年畢業於廈門市水產大專班，並於一九九零年獲廈門市水產工程技術中級職務評審委員會批准為合資格工程師。一九九七年至二零零一年間，莊先生於一間在中國註冊成立的公司廈門海洋實業(集團)股份有限公司擔任董事兼總經理，該公司之前於深圳證券交易所上市。

黃浩然先生，50歲，於二零一一年六月三十日獲委任為執行董事及公司秘書。彼畢業於香港理工大學，持有企業管治碩士學位及會計學文學士學位。彼為香港會計師公會會員，亦為特許秘書及行政人員公會及香港特許秘書公會的會員。

於加入本集團前，黃先生曾在一間聯交所主板上市公司擔任財務總監及公司秘書。彼於會計及公司遵例方面擁有豐富經驗。

肖蘇妮女士，36歲，於二零一四年十月十四日獲委任為執行董事。彼於國際貿易及市場推廣行業擁有逾10年經驗。彼持有中國南京陸軍指揮學院文學士學位，主修英語。於加入本集團前，彼於一家中國門窗製造商擔任外貿經理一職，主要負責外國銷售及市場推廣的整體管理。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

董事及高級管理層的履歷資料(續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak Wai Ho, aged 47, was appointed as an independent non-executive Director on 9 September 2011. He was graduated from the Hong Kong University of Science and Technology with a Bachelor degree in Business Administration in Finance. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He is a practising certified public accountant and has more than 20 years of experience in finance, accounting and auditing.

Ms. Ng Li La, Adeline, aged 41, was appointed as an independent non-executive Director on 4 September 2015. Ms. Ng has over 10 years of experience in human resources and corporate management. Ms. Ng obtained a Certificate of Human Resources Management from Hong Kong Baptist University in 2011 and was a senior administrative officer of a renowned international information technology company in Hong Kong.

Ms. Zhu Chunyan, aged 43, was appointed as an independent non-executive Director on 2 September 2016. Ms. Zhu was graduated from Xiangtan University, China, with a bachelor's degree majoring in finance and accounting in July 1999. Prior to joining the Group, she worked for a sizable travel related services company in the PRC as an accountant and gained extensive knowledge in corporate finance and management.

獨立非執行董事

麥偉豪先生，47歲，於二零一一年九月九日獲委任為獨立非執行董事。彼畢業於香港科技大學，持有工商管理學(財務)學士學位。彼為英國特許公認會計師公會的資深會員及香港會計師公會的執業會員。彼為執業會計師，於金融、會計及核數範疇積累逾20年經驗。

吳莉娜女士，41歲，於二零一五年九月四日獲委任為獨立非執行董事。吳女士於人力資源與企業管理方面擁有超過10年經驗。吳女士於二零一一年取得香港浸會大學人力資源管理證書及曾為香港一間知名國際資訊科技公司之高級行政人員。

朱春燕女士，43歲，於二零一六年九月二日獲委任為獨立非執行董事。朱女士於一九九九年七月畢業於中國湘潭大學並獲授學士學位，主修金融與會計。於加入本集團之前，彼曾擔任中國一間大型旅遊服務相關公司之會計師及於企業融資及管理方面累積豐富知識。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

董事及高級管理層的履歷資料(續)

SENIOR MANAGEMENT

Ms. Wang Haiying, aged 50, has been the deputy general manager of Joystar (Wuxi) Automotive Interior Decoration Co., Ltd. (“Joystar Wuxi”) since 2007 and is responsible for overseeing the production process and quality control of the Group.

Ms. Wang graduated from Wuhan Institute of Textile Engineering (currently known as Wuhan Textile University) in 1994, specialising in textile engineering. She has extensive experience in the industrial use textile industry and joined the Group as the head of quality control department of Joystar Wuxi in 2004.

Mr. Han Zhiqing, aged 66, has been the deputy general manager of Joystar Wuxi since 2004 and is responsible for coordinating the technological development and mechanical support for the Group.

Mr. Han graduated from Shanghai Wool and Jute Textile Company Workers’ University in 1982, specialising in woolen textile. Mr. Han has over 10 years of extensive experience in the industrial use textile industry.

Ms. Wu Danping, aged 45, is the manager of the accounting department of Joystar Wuxi. Ms. Wu is responsible for the financial reporting and the management of the accounting and finance department of Joystar Wuxi.

Ms. Wu obtained the Certificate of Accounting Professional issued by the Jiangsu Province Department of Finance and the Qualification Certificate of Specialty and Technology with specialty in accountancy conferred by the Ministry of Finance of the PRC in 1997 and 2006 respectively.

In 2008, Ms. Wu completed an online diploma programme in accountancy from China Agricultural University. She has 18 years of experience in financial accounting and reporting.

高級管理層

王海英女士，50歲，自二零零七年起為怡星（無錫）汽車內飾件有限公司（「怡星（無錫）」）的副總經理，負責監管本集團的生產過程及品質監控。

王女士於一九九四年畢業於武漢紡織工學院（現稱為武漢紡織大學）的紡織工程專業。彼於工業用紡織行業擁有豐富經驗並於二零零四年加入本集團擔任怡星（無錫）的品管部主管。

韓志清先生，66歲，自二零零四年起一直為怡星（無錫）的副總經理，負責協調本集團的技術發展及機器支援。

韓先生於一九八二年畢業於上海市毛麻公司職工大學的毛紡專業。韓先生於工業用紡織行業積累逾10年的豐富經驗。

吳丹萍女士，45歲，為怡星（無錫）的會計部經理。吳女士負責財務報告及管理怡星（無錫）會計及財務部。

吳女士分別於一九九七年及二零零六年取得江蘇省財政廳頒發的會計從業資格證書及中國財政部授予的專業技術資格證書（會計專業）。

於二零零八年，吳女士完成中國農業大學的一個網上會計文憑課程。彼在財務會計及申報領域擁有18年經驗。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board is pleased to present the corporate governance report for the year ended 31 December 2019. This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code ("Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Except for the deviation from Code provision A.2.1 and A.6.7, the Company complied with the Code for the year ended 31 December 2019.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhuang Yuejin is the Chairman and the Chief Executive Officer of the Company. Such deviation from Code provision A.2.1 is deemed appropriate as it is considered to be more efficient to have one single person as the Chairman of the Company as well as to discharge the executive functions of a chief executive officer, and it provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three independent non-executive Directors on the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests.

Code provision A.6.7 stipulates that non-executive Directors should attend general meetings of the Company. Owing to other business engagements, Mr. Mak Wai Ho was unable to attend the EGM, and Ms. Ng Li La, Adeline and Ms. Zhu Chunyan, were unable to attend the general meeting of the Company held on 20 June 2019 and the EGM. However, the senior management and the executive Directors of the Company subsequently reported to them on the enquiries from the shareholders of the Company in the general meetings for them to gain and develop a balanced understanding of the views of shareholders of the Company.

董事會欣然呈列截至二零一九年十二月三十一日止年度之企業管治報告。本報告載列本公司的主要企業管治常規。

企業管治常規

本公司致力保持高水平的企業管治，以保障本公司股東的利益。本公司的企業管治常規乃基於聯交所證券上市規則（「上市規則」）附錄14的企業管治守則（「守則」）所載的原則及守則條文。除對守則條文第A.2.1及第A.6.7條偏離外，本公司於截至二零一九年十二月三十一日止年度已遵守守則。

守則條文第A.2.1條規定主席與行政總裁的角色應予區分，並不應由一人同時兼任。莊躍進先生為本公司主席及行政總裁。守則條文第A.2.1條的有關偏離情況被視為恰當，原因是董事會認為一人同時兼任本公司主席並履行行政總裁的執行職務更具效率，並為本集團提供穩固且貫徹的領導，方便發展及推行長遠的業務策略。董事會深信，基於董事經驗豐富，董事會的運作能充分確保權力及權限得到制衡。董事會有三名獨立非執行董事。由於彼等的獨立性均屬足夠，故此董事會認為本公司已取得平衡及充分保障其利益。

守則條文第A.6.7條規定非執行董事應出席本公司的股東大會。由於另有其他業務的事務，麥偉豪先生未能出席股東特別大會。吳莉娜女士及朱春燕女士未能出席本公司於二零一九年六月二十日舉行的股東大會及股東特別大會。然而，本公司高級管理層及執行董事隨後就本公司股東於股東大會上提出的詢問向彼等呈報，以取得及加深對本公司股東意見的均衡了解。

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors during the year.

BOARD OF DIRECTORS

At 31 December 2019, the Board comprises three executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Zhuang Yuejin (*Chairman*)
Mr. Wong Ho Yin
Ms. Xiao Suni

Independent non-executive Directors

Mr. Mak Wai Ho
Ms. Ng Li La, Adeline
Ms. Zhu Chunyan

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The biographical details of the Directors and the relationship among the members of the Board are set out in the section headed "Biographical Information of Directors and Senior Management" on pages 12 to 13 of this report.

Generally, the responsibilities of the Board include:

- Formulation of overall strategic development of the Group;
- Monitoring the financial performance, risk management and internal control systems of the Group's business operations;
- Evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that appropriate and effective risk management and internal control systems are in places;

有關董事進行證券交易的行為守則

本公司已採納有關董事進行證券交易的行為守則，其條款並不比上市規則附錄10上市發行人董事進行證券交易的標準守則所載之交易準則規定寬鬆。經向全體董事作出特定查詢後，本公司確認全體董事於本年度內均一直遵守行為守則及有關董事進行證券交易的交易準則規定。

董事會

於二零一九年十二月三十一日，董事會由下列三名執行董事及三名獨立非執行董事組成：

執行董事

莊躍進先生(主席)
黃浩然先生
肖蘇妮女士

獨立非執行董事

麥偉豪先生
吳莉娜女士
朱春燕女士

董事會的結構平衡，每名董事均具備充分的行業知識、廣泛的企業及策略規劃經驗及／或與本集團業務有關的專門技術。董事的履歷詳情及董事會成員之間的關係載於本報告第12頁至第13頁的「董事及高級管理層的履歷資料」一節。

一般而言，董事會的職責包括：

- 制定本集團的整體策略發展；
- 監察本集團業務經營的財務表現、風險管理及內部監控系統；
- 評估及釐定本集團為達成戰略目標所願承擔的風險性質及程度，並確保已制定適當及有效的風險管理及內部監控系統；

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告(續)

- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Remuneration of Directors;
- Communications with key stakeholders;
- Recommendation and declaration of any interim and final dividends.
- 重大收購、投資、出售資產或任何重大資本開支；
- 委任、罷免或重新委任董事會成員及核數師；
- 董事酬金；
- 與主要權益擁有人溝通；
- 建議及宣派任何中期及末期股息。

Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The Board delegates day-to-day activities to the management with department heads responsible for different aspects of the business. The non-executive Directors serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group through their contributions in board meetings. They are also serving on remuneration committee, nomination committee and audit committee.

During the year, the Board complies with the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors do not hold any management position in the Group. The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent.

執行董事負責經營本集團及執行董事會所採納之策略。董事會將日常活動指派予管理層，其中各部門主管負責不同範疇的業務。非執行董事透過參與董事會會議，履行對本集團的發展、表現及風險管理作出獨立判斷的有關職能。彼等亦為薪酬委員會、提名委員會及審核委員會成員。

於年內，董事會遵守上市規則之規定，委任至少三名獨立非執行董事及當中至少一名擁有適當專業資格，或擁有會計或相關財務管理的專長。獨立非執行董事並無於本集團擔任任何管理職位。本公司已根據上市規則第3.13條接獲各獨立非執行董事就其獨立性作出之年度確認。本公司認為，全體獨立非執行董事均屬獨立人士。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

The Board normally has four regular meetings a year at quarterly interval and meets as and when required to discuss the overall business, development strategy, operations and financial reporting of the Company. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association. During the year ended 31 December 2019, five Board meetings and two general meetings were held. The following table shows the attendance of individual Directors at the meetings held during the year:

董事會通常每年召開四次例會，每季舉行一次，及於有需要時會晤，以討論本公司的整體業務、發展策略、營運及財務申報事宜。董事可親身或透過本公司組織章程細則所容許之其他電子通訊方式出席會議。於截至二零一九年十二月三十一日止年度，舉行了五次董事會會議及兩次股東大會。下表載列個別董事年內出席有關會議之情況：

Members	No. of attendance		成員	出席次數	
	General meetings	Board meetings		股東大會	董事會會議
<i>Executive Directors</i>			<i>執行董事</i>		
Mr. Zhuang Yuejin	1/2	5/5	莊躍進先生	1/2	5/5
Mr. Wong Ho Yin	2/2	5/5	黃浩然先生	2/2	5/5
Ms. Xiao Suni	0/2	5/5	肖蘇妮女士	0/2	5/5
<i>Independent Non-executive Directors</i>			<i>獨立非執行董事</i>		
Mr. Mak Wai Ho	1/2	4/5	麥偉豪先生	1/2	4/5
Ms. Ng Li La, Adeline	0/2	3/5	吳莉娜女士	0/2	3/5
Ms. Zhu Chunyan	0/2	4/5	朱春燕女士	0/2	4/5

The Directors will receive details of agenda and minutes of committee meetings in advance of and after each Board meeting respectively. The company secretary will distribute relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meetings. All Directors have access to the advice and services of the company secretary who is responsible for ensuring the procedures of the Board meetings are complied with and advising the Board on compliance matters.

董事分別於每次董事會會議舉行前後收到詳細之議程和委員會會議之記錄。公司秘書將適時向董事分發有關文件，以使董事能就將於董事會會議提出之事宜作出知情決定。全體董事可獲得公司秘書的意見及服務，而公司秘書負責確保董事會會議程序已獲遵守，並就合規事宜向董事會提出建議。

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. Moreover, the company secretary prepares minutes of the Board meetings and keeps records of matters discussed and decisions resolved at all Board meetings. The company secretary also keeps the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

此外，本公司已訂立一套程序，讓董事在合適情況下，於履行其對本公司之職責時，尋求獨立專業意見，而開支由本公司支付。另外，公司秘書亦會就於所有董事會會議上討論之事宜及議決之決定，編製會議記錄並保存有關記錄。公司秘書亦保存董事會會議記錄，並可於任何董事作出合理通知後，在任何合理時間供索閱。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Zhuang Yuejin is the Chairman and the Chief Executive Officer of the Company. Such deviation from Code provision A.2.1 is deemed appropriate as it is considered to be more efficient to have one single person as the Chairman of the Company as well as to discharge the executive functions of a chief executive officer, and it provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three independent non-executive Directors on the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests.

APPOINTMENT, RE-ELECTION AND REMOVAL

According to the Company's articles of association, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. A Director appointed since the most recent annual general meeting shall hold office only until the next general meeting and shall then be eligible for re-election. The independent non-executive Directors were appointed at specific terms for one year.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. All the Directors also understand the importance of continuous professional development and are committed to participate any suitable training or read relevant materials in order to develop and refresh their knowledge and skills. The Company has received from each Director a confirmation of their participation in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

主席及行政總裁

根據守則條文第A.2.1條，主席與行政總裁的角色應有區分，不應由一人同時兼任。

莊躍進先生為本公司主席兼行政總裁。有關偏離守則條文第A.2.1條的情況被視為恰當，原因是董事會認為一人同時兼任本公司主席並履行行政總裁的執行職務更具效率，並為本集團提供穩固且貫徹的領導，方便發展及推行長遠的業務策略。董事會深信，基於董事經驗豐富，董事會的運作能充分確保權力及權限得到制衡。董事會有三名獨立非執行董事。由於彼等的獨立性均屬足夠，故此董事會認為本公司已取得平衡及充分保障其利益。

委任、重選及退任

根據本公司之組織章程細則，於每屆股東週年大會上，當時三分之一的董事須退任，惟每名董事須至少每三年輪值退任一次。獲委任的董事任期由最近期股東週年大會起至下屆股東大會為止，並符合資格重選連任。獨立非執行董事按特定任期獲委任一年。

持續專業發展

根據守則條文第A.6.5條，全體董事均須參與持續專業發展，以發展及更新彼等的知識及技能，以確保彼等繼續向董事會作出知情及相關的貢獻。全體董事亦明白持續專業發展的重要性，並承諾參與任何適合的培訓或閱讀有關材料，以發展及更新彼等的知識及技能。本公司已接獲各董事的確認書，確認彼等均有透過參與有關企業管治及規例之培訓課程或閱讀有關該主題之相關材料參與持續專業發展。

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy setting out the approach to achieve diversity on the Board and maintain an appropriate balance of diversity properties of the Board that are relevant to the business growth of the Company. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

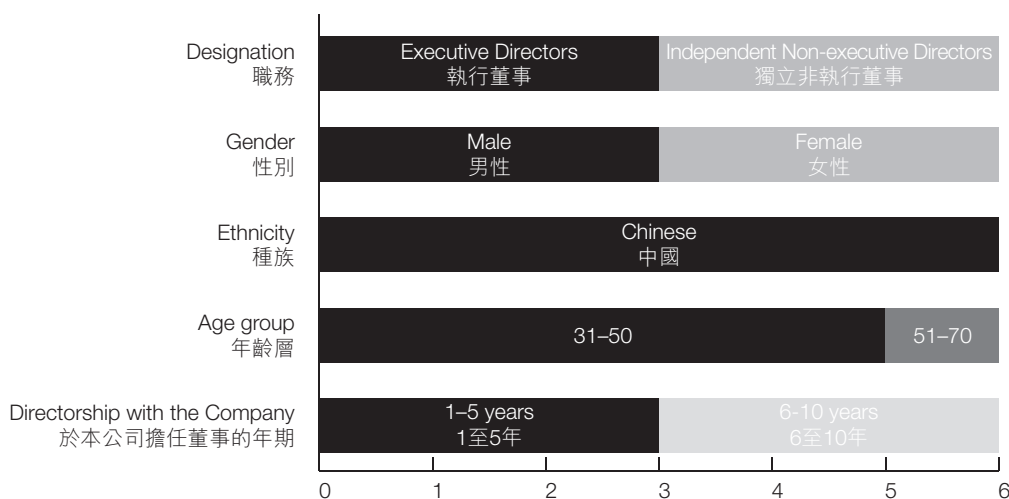
At the date of this report, the composition of the Board under diversified perspectives was summarized as follows:

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，其中載有實現董事會成員多元化及保持與本公司業務增長相關的董事會多元化屬性的適當平衡之方式。本公司認為可透過多方面考慮實現董事會成員多元化，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年期。董事會所有委任將用人唯才，並在考慮候選人時以客觀準則充分顧及董事會成員多元化的裨益。

甄選候選人將基於一系列多元化觀點，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年期。最終決定將按所選候選人的優點及其將為董事會帶來的貢獻而作出。

於本報告日期，多元化角度下董事會的成員組成概述如下：



REMUNERATION COMMITTEE

The Company established a remuneration committee on 13 September 2010 with written terms of reference in compliance with the Code. The primary duties of the remuneration committee include making recommendations to the Board on the policy and structure for all Directors and senior management, reviewing and making recommendations to the Board on the terms of remuneration packages, determining the award of bonuses and considering the grant of options under the share option scheme of the Company. At 31 December 2019, the remuneration committee comprises one executive Director, namely, Mr. Zhuang Yuejin and two independent non-executive Directors, namely Mr. Mak Wai Ho (chairman of the remuneration committee) and Ms. Zhu Chunyan.

During the year, two meetings was held by the remuneration committee to discuss, among other things, the remuneration policy of the Group and determine the remuneration of the Directors. The following table shows the attendance of individual members at the meetings held during the year:

Members	No. of attendance	成員	出席次數
<i>Executive Director</i>		<i>執行董事</i>	
Mr. Zhuang Yuejin	2/2	莊躍進先生	2/2
<i>Independent non-executive Directors</i>		<i>獨立非執行董事</i>	
Mr. Mak Wai Ho	2/2	麥偉豪先生	2/2
Ms. Zhu Chunyan	2/2	朱春燕女士	2/2

薪酬委員會

本公司於二零一零年九月十三日成立薪酬委員會，並以書面列明符合守則的職權範圍。薪酬委員會主要職責包括就全體董事及高級管理人員的政策及架構向董事會提出建議、審閱及就薪酬待遇條款向董事會作出推薦意見、釐定花紅獎勵及考慮根據本公司購股權計劃授出購股權。於二零一九年十二月三十一日，薪酬委員會由一名執行董事莊躍進先生，以及兩名獨立非執行董事麥偉豪先生（薪酬委員會主席）及朱春燕女士組成。

於年內，薪酬委員會舉行兩次會議討論（其中包括）本集團之薪酬政策及釐定董事薪酬。下表載列年內各成員於會議之出席率：

NOMINATION COMMITTEE

The Company established a nomination committee on 13 September 2010 with written terms of reference in compliance with the Code. The primary duties of the nomination committee include reviewing the structure, size and composition of the Board, making recommendations to the Board regarding candidates to fill vacancies on the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. In reviewing and accessing the composition of the Board and the nomination of Directors, Board diversity has to be considered through a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of services. The nomination committee comprises one executive Director, namely Mr. Zhuang Yuejin (chairman of the nomination committee), and two independent non-executive Directors, namely Mr. Mak Wai Ho and Ms. Ng Li La, Adeline.

During the year, two meetings was held by the nomination committee to, among other things, review the structure, size and composition of the Board and assess the independence of independent non-executive Directors and make recommendations to the Board on the re-appointment of Directors. The nomination committee also reviewed the board diversity policy to ensure its effectiveness and considered the Group achieved the policy since its adoption. The following table shows the attendance of individual members at the meeting held during the year:

Members	No. of attendance	成員	出席次數
<i>Executive Director</i>		<i>執行董事</i>	
Mr. Zhuang Yuejin	2/2	莊躍進先生	2/2
<i>Independent non-executive Directors</i>		<i>獨立非執行董事</i>	
Mr. Mak Wai Ho	2/2	麥偉豪先生	2/2
Ms. Ng Li La, Adeline	2/2	吳莉娜女士	2/2

提名委員會

本公司於二零一零年九月十三日成立提名委員會，並以書面列明符合守則的職權範圍。提名委員會的主要職責包括檢討董事會的架構、人數及組成、就填補董事會空缺的候選人向董事會提出建議、評估獨立非執行董事的獨立性及就委任或重新委任董事及董事繼任計劃向董事會提出建議。審閱及評估董事會成員組成及董事提名時，須通過多個方面考慮董事會的多元化，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年期。提名委員會目前由一名執行董事莊躍進先生（提名委員會主席），以及兩名獨立非執行董事麥偉豪先生及吳莉娜女士組成。

於年內，提名委員會舉行兩次會議以（其中包括）檢討董事會的架構、人數及組成以及評估各獨立非執行董事的獨立性以及就重新委任董事向董事會作出推薦建議。提名委員會亦檢討董事會成員多元化政策，以確保成效及考慮本集團自其採納起達成該政策之情況。下表載列年內各成員於會議之出席率：

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告(續)

AUDIT COMMITTEE

The Company established an audit committee on 13 September 2010 with written terms of reference in compliance with the Code. The primary duties of the audit committee are, among other things, to review the effectiveness of the financial reporting process, risk management and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Mak Wai Ho (chairman of the audit committee), Ms. Ng Li La, Adeline and Ms. Zhu Chunyan.

During the year, two meetings were held by the audit committee. The following table shows the attendance of individual members at the meetings held during the year:

Members	No. of attendance
<i>Independent non-executive Directors</i>	
Mr. Mak Wai Ho	2/2
Ms. Ng Li La, Adeline	2/2
Ms. Zhu Chunyan	2/2

During the year, the audit committee, among other things, reviewed the interim and annual reports as well as result announcements before submission to the Board. The audit committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in review of the Company's interim and annual reports as well as result announcements. The audit committee also reviewed the Company's financial controls, risk management and internal control systems and make recommendation to the Board on the re-appointment of the external auditors.

CORPORATE GOVERNANCE FUNCTIONS

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

The Board reviewed the Company's corporate governance policies and practices, continuous professional development of Directors, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Listing Rules, and the Company's compliance with the Code and disclosure in this Corporate Governance Report.

審核委員會

本公司於二零一零年九月十三日成立審核委員會，並遵照守則訂立書面職權範圍。審核委員會的主要職責為(其中包括)檢討本集團的財務申報程序、風險管理及內部監控系統之有效性。審核委員會由三名獨立非執行董事麥偉豪先生(審核委員會主席)、吳莉娜女士及朱春燕女士組成。

於年內，審核委員會舉行兩次會議。下表為年內各成員於會議之出席率：

成員	出席次數
<i>獨立非執行董事</i>	
麥偉豪先生	2/2
吳莉娜女士	2/2
朱春燕女士	2/2

年內，審核委員會於中期及年度報告以及業績公告提呈董事會前(其中包括)審閱該等報告。審核委員會不僅重視會計政策及常規變動的影響，於審閱本公司中期及年度報告以及業績公告時亦會關注是否符合會計準則、上市規則及法律規定。審核委員會亦檢討本公司的財務監控、風險管理及內部監控系統，並就續聘外聘核數師向董事會提出建議。

企業管治職能

董事會負責履行守則條文第D.3.1條所載職能。

董事會已檢討本公司的企業管治政策及常規、董事的持續專業發展、本公司在遵守法律及監管規定方面的政策及常規、遵守上市規則的情況，以及本公司遵守守則的情況及在本企業管治報告內的披露事項。

AUDITORS' REMUNERATION

The audit committee is responsible for considering the appointment of the external auditors and also reviews any non-audit functions performed by the external auditors for the Group, including whether such non-audit functions could lead to any potential material adverse effect on the Group. During the year, the auditors performed the work of statutory audit for the year of 2019. For the year ended 31 December 2019, the remuneration payable and paid to the auditors, HLB Hodgson Impey Cheng Limited were as follows:

Audit services	審核服務
Non-audit services	非審核服務

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, maintaining sound and effective risk management and internal control systems and reviewing their effectiveness to safeguard the Group's assets.

The risk management and internal control systems are designed to manage, rather than eliminate business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute, assurance against material financial misstatement or loss.

The Board, through the audit committee, has reviewed the adequacy and effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance controls and risk management functions, which included the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget.

The Company has taken appropriate measures to identify inside information and preserve its confidentiality until proper dissemination via the electronic publication system operated by the Stock Exchange.

核數師薪酬

審核委員會負責考慮委任外聘核數師及檢討外聘核數師為本集團所執行的任何非核數職能，包括該等非核數職能會否對本集團構成任何潛在重大不利影響。年內，核數師已執行二零一九年年度的法定審核。截至二零一九年十二月三十一日止年度，應付及已付予核數師國衛會計師事務所有限公司的酬金如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
	950	1,080
	—	—

風險管理及內部監控

董事會全面負責評估及釐定本集團為達成戰略目標所願承擔的風險性質及程度，維持全面有效的風險管理及內部監控系統並檢討其有效性，保障本集團資產。

風險管理及內部監控系統乃旨在管理而非消除業務風險；幫助保障本集團資產免受詐騙及其他違法行為；並作出合理而非絕對保證無重大錯誤財務陳述或損失。

董事會透過審核委員會檢討本集團風險管理及內部監控系統的充足性及有效性，涵蓋財務、營運及合規監控以及風險管理職能，其包括會計及財務匯報職能的資源、員工資歷及經驗的充足性，及其培訓計劃及預算。

本公司已採取適當措施識別內幕消息和在透過聯交所管理的電子發佈系統適當發佈前保密。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告(續)

The Company has engaged an external professional consultant to conduct independent internal control review for the year ended 31 December 2019. For the year ended 31 December 2019, the Board considered the Group's internal control system as adequate and effective and that the Company has complied with the code provisions on risk management and internal control as set out in the Code.

COMPANY SECRETARY

The company secretary of the Company assists the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The company secretary is also responsible for advising the Board on governance matters. As an employee of the Company, Mr. Wong Ho Yin, the company secretary of the Company, has undertaken not less than 15 hours of relevant professional training to update his skills and knowledge in 2019.

SHAREHOLDERS' RIGHTS

Procedure for nominating a new Director

Pursuant to Article 83(2) of the articles of association of the Company (the "Articles"), subject to the Articles and the Companies Law of the Cayman Islands, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.

Procedure for convening an extraordinary general meeting

Pursuant to Article 58 of the Articles, any one or more shareholder holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within 2 months from the date of deposit of the requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedure for sending enquires to the Board

Shareholders may send written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong and for the attention of the Company Secretary.

截至二零一九年十二月三十一日止年度，本公司已委聘外部專業顧問進行獨立內部監控審閱。截至二零一九年十二月三十一日止年度，董事會認為本集團的內部監控系統乃充足及有效，而本公司亦已遵守守則所載的有關風險管理及內部監控的守則條文。

公司秘書

本公司之公司秘書確保董事會成員間有效交流資訊及遵照董事會政策及程序，以協助董事會。公司秘書亦負責就管治事宜向董事會提出建議。作為本公司僱員，本公司之公司秘書黃浩然先生已於二零一九年接受不少於15小時之相關專業培訓，以更新其技能及知識。

股東的權利

提名一名新董事的程序

根據本公司組織章程細則（「細則」）第83(2)條，在細則及開曼群島公司法規限下，本公司可透過普通決議案選出任何人士出任董事，以填補董事會臨時空缺或出任現任董事會新增成員。

召開股東特別大會的程序

根據細則第58條，任何一位或以上於提請要求當日持有不少於本公司繳足股本（賦予權利在本公司股東大會上投票）十分之一的股東，可隨時向董事會發出書面要求，要求董事會召開股東特別大會，以處理有關要求所指明的任何事項，且有關大會須於提請要求當日起計兩個月內舉行。倘提請後二十一(21)日內董事會未有召開大會，則提請要求的人士可自行以相同方式召開大會，而本公司須向提請要求的人士補償因董事會未有召開大會而產生的所有合理開支。

向董事會發送查詢的程序

股東可將有關彼等權利的書面查詢或要求發送至本公司香港主要營業地點，收件人為公司秘書。

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, and investors. These include the publication of annual and interim reports, notices, announcements, circulars and constitutional documents, the Company's website at www.hklistco.com/48 and meetings with investors and analysts.

The Company encourages all shareholders to attend the annual general meeting to stay informed of the Group's strategy and goals. It provides an opportunity for direct communication between the Board and its shareholders. The chairman of the meeting explains the detailed procedures for conducting a poll and then answers any questions from shareholders. The poll results are published on the website of the Company and the Stock Exchange.

CONSTITUTIONAL DOCUMENTS

The Board does not aware of any changes in the Company's constitutional documents during the year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for the preparation of the financial statements for the year ended 31 December 2019, which give a true and fair view of the financial position of the Group. The auditors of the Company is responsible to form an independent opinion based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

投資者關係及與股東之溝通

本公司已與其股東及投資者之間設立多種溝通渠道，當中包括於本公司網站www.hklistco.com/48刊發年度及中期報告、通告、公告、通函及憲章文件，及與投資者及分析員會晤。

本公司鼓勵所有股東出席股東週年大會，了解本集團之策略及目標。股東週年大會提供機會讓董事會與其股東直接溝通。大會主席會解釋以投票方式進行表決的詳細程序，然後回答股東的任何提問。投票結果刊登於本公司及聯交所之網站。

憲章文件

董事會並不知悉年內本公司的憲章文件出現任何變動。

董事就財務報表須承擔的責任

董事確認彼等須負責編製截至二零一九年十二月三十一日止年度的財務報表，有關報表應真實而公平地反映本集團的財務狀況。本公司核數師負責根據其審核工作的結果，就董事編製的財務報表作出獨立意見，並僅向本公司股東匯報其意見。

DIRECTORS' REPORT

董事會報告

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and other parts, and the trading of rubber and food products.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2019 is set out in "Chairman's Statement & Management Discussion and Analysis" on pages 4 to 11 of this report.

RESULTS AND FINANCIAL POSITION

The Group's results for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 46 and 47 of this report.

The state of affairs of the Group and of the Company at 31 December 2019 are set out in the consolidated statement of financial position and the statement of financial position on pages 48 to 49 of this report and in Note 43 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 28 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 21 to the consolidated financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of financial results and of the assets and liabilities of the Group are set out in the section headed "Summary of Financial Information" on page 152 of this report.

RESERVES

The movements in the reserves of the Group during the year ended 31 December 2019 are set out in the consolidated statement of changes in equity on page 50 of this report. The movements in the reserves of the Company during the year ended 31 December 2019 are set out in Note 43 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At 31 December 2019, the Company's reserve available for distribution to owners of the Company comprising share premium account amounted to approximately RMBNil (2018: RMBNil).

董事會欣然呈列其報告及本集團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

本集團主要從事製造及銷售用於汽車內飾件及其他部份的無紡布產品以及買賣橡膠及食品。

業務回顧

本集團截至二零一九年十二月三十一日止年度之業務回顧載於本報告第4頁至第11頁的「主席報告及管理層討論與分析」。

業績及財務狀況

本集團於截至二零一九年十二月三十一日止年度的業績載於本報告第46頁及第47頁之綜合損益及其他全面收益表。

本集團及本公司於二零一九年十二月三十一日的業務狀況分別載於本報告第48頁至第49頁之綜合財務狀況表及財務狀況表以及綜合財務報表附註43。

股本

本公司的股本變動詳情載於綜合財務報表附註28。

附屬公司

有關本公司附屬公司之詳情載於綜合財務報表附註21。

財務資料概要

本集團之財務業績及資產和負債概要載於本報告第152頁之「財務資料概要」一節。

儲備

本集團於截至二零一九年十二月三十一日止年度的儲備變動載於本報告第50頁之綜合權益變動表。本公司於截至二零一九年十二月三十一日止年度的儲備變動載於綜合財務報表附註43。

可供分派儲備

於二零一九年十二月三十一日，本公司可供分派予本公司擁有人的儲備包括股份溢價賬約人民幣零元（二零一八年：人民幣零元）。

DIVIDEND POLICY

The board of directors of the Company established a dividend policy (the "Dividend Policy") in January 2019. The Company endeavours to maintain adequate working capital to develop and operate the business of the Group and to provide stable and sustainable returns to the shareholders of the Company.

In considering the payment of dividends, the Board shall take into account, among other things, the actual and expected financial performance of the Group, the capital and debt level of the Group, the general market conditions, any working capital requirements, capital expenditure requirements and future development plans of the Group, the liquidity position of the Group, contractual restrictions on payment of dividends, the statutory and regulatory restrictions which the Group is subject to from time to time and any other relevant factors that the Board may consider relevant.

The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past does not necessarily imply that the similar level of dividends may be declared or paid by the Company in the future.

The declaration and payment of dividend by the Company is subject to any restrictions under the Companies Law of the Cayman Islands and the Company's articles of association and any other applicable laws and regulations. The Board will continually review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time.

The Dividend Policy shall in no way constitute a legally binding commitment by the Group in respect of its future dividend and/or in no way obligate the Group to declare a dividend at any time or from time to time.

股息政策

本公司董事會於二零一九年一月制訂股息政策（「股息政策」）。本公司致力維持充足的營運資金以發展及經營本集團業務，並為本公司股東提供穩定及可持續的回報。

於考慮支付股息時，董事會應考慮（其中包括）本集團的實際及預期財務表現、本集團的資本及債務水平、整體市況、任何營運資金需求、資本開支要求及本集團的未來發展計劃、本集團的流動資金狀況、支付股息的合約限制、本集團不時受到的法定及監管限制以及董事會可能認為相關的任何其他相關因素。

本公司並無任何預先釐定的股息分配比率。本公司過往的股息分配記錄並非一定意味著本公司日後可能宣派或支付類似股息水平。

本公司宣派及派付股息須遵守開曼群島公司法及本公司組織章程細則及任何其他適用法律法規的任何限制。董事會將持續檢討股息政策並保留其唯一及絕對酌情權隨時更新、修訂、修改及／或取消股息政策。

股息政策不會以任何方式構成本集團有關其未來股息的具法律約束力承諾及／或不會以任何方式令本公司有責任隨時或不時宣派股息。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in Note 18 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In the year, sales to the Group's five largest customers in aggregate accounted for approximately 47.4% (2018: 38%) of the total sales for the year and sales to the largest customer accounted for approximately 15.4% (2018: 11%) of total sales. Purchases from the Group's five largest suppliers in aggregate accounted for approximately 43% (2018: 40%) of total purchases for the year and purchases from the largest supplier accounted for approximately 20% (2018: 15%) of total purchases.

None of the Directors, their close associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business, financial condition, results of operations and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group.

Reliance on major customers

In the year, sales to the Group's five largest customers in aggregate accounted for approximately 47.4% (2018: 38%) of the total sales for the year and sales to the largest customer accounted for approximately 15.4% (2018: 11%) of total sales. If any of these customers ceases to do business with the Group, or substantially reduces the volume of its business with the Group and if the Group is unable to secure new customers with similar sales volume and profit margin, the Group's business, results of operations and financial position may be materially and adversely affected.

股息

董事並不建議就截至二零一九年十二月三十一日止年度派付任何股息。

物業、廠房及設備

本集團的物業、廠房及設備變動詳情載於綜合財務報表附註18。

主要客戶及供應商

本年度內，售予本集團五大客戶的銷量合共佔本年度總銷量約47.4%（二零一八年：38%），而售予最大客戶的銷量佔總銷量約15.4%（二零一八年：11%）。本集團五大供應商的採購合共佔本年度採購總額約43%（二零一八年：40%），而最大供應商的採購佔採購總額約20%（二零一八年：15%）。

本年度內，概無董事、彼等之緊密聯繫人士或任何本公司股東（據董事所深知，擁有本公司已發行股本5%以上）於本集團的五大客戶及供應商擁有任何權益。

主要風險及不明朗因素

本集團的業務、財務狀況、經營業績及前景可能受多種風險及不明朗因素所影響。下文為本集團所識辨的主要風險及不明朗因素。

對主要客戶的依賴

本年度內，售予本集團五大客戶的銷量合共佔本年度總銷量約47.4%（二零一八年：38%），而售予最大客戶的銷量佔總銷量約15.4%（二零一八年：11%）。倘若任何該等客戶終止與本集團進行業務，或大幅減少其與本集團的業務量，及倘若本集團無法獲得銷售額及利潤率相近的新客戶，則本集團的業務、經營業績及財務狀況可能受到重大不利影響。

Reliance on raw materials

The Group's production requires large quantities of raw materials, which are mainly artificial and synthetic fibres, for the production of nonwoven fabric. There is no assurance that the Group will always be able to secure an adequate supply of raw materials at commercially viable prices to meet the Group's future production requirements. Moreover, fluctuations in the prices of the raw materials may increase the cost of inventories sold and reduce the gross profit and gross margin of the Group.

Reliance on limited number of suppliers

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 43% (2018: 40%) of total purchases for the year and purchases from the largest supplier accounted for approximately 20% (2018: 15%) of total purchases. If any of these suppliers do not continue to supply materials and goods to the Group at favourable or similar prices or at all, the Group may not be able to find another suitable replacement supplier in a timely manner or on terms acceptable to the Group or at all, and the Group's business, results of operations and financial condition could be adversely affected.

Other financial risks

The Group also faces other financial risks in the ordinary course of business. Details of financial risk management objectives and policies are set out in Note 6 to the consolidated financial statements.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises the importance of good relationships with its employees. The Group continues to provide training for its staff to enhance technical and product knowledge as well as knowledge of industry quality standards. The Group maintains good working relationships with its employees and has not experienced any material disruption of its normal business operations due to strikes or labour disputes.

The Directors believe that the Group's good relationship with its customers depends on its ability to produce reliable products for its customers. The Group conducts surveys on customers' feedback on the Group's products, the results of which will be analyzed and used to formulate measures of improvement. This provides a channel for the Group's customers to monitor the quality of the Group's products.

對原材料的依賴

本集團的生產需要大量原材料，當中主要為人造及合成纖維，用作生產無紡布。概無保證本集團將一直按經濟上可行的價格獲得充足的原材料供應，以應付本集團日後的生產需求。此外，原材料價格的波動可能令存貨成本上升並降低本集團的毛利及毛利率。

對少數供應商的依賴

本集團五大供應商的採購合共佔本年度採購總額約43%（二零一八年：40%），而最大供應商的採購佔採購總額約20%（二零一八年：15%）。倘任何該等供應商並未繼續以優惠或類似價格向本集團供應原材料及貨品，或完全不供應，則本集團未必能及時或以本集團可接受的條款物色到其他合適的供應商，或根本無法找到，則本集團的業務、經營業績及財務狀況可能受到不利影響。

其他財務風險

本集團於一般業務過程中亦面臨其他財務風險。有關財務風險管理目標及政策的詳情載於綜合財務報表附註6。

與僱員、客戶及供應商之關係

本集團深明與其僱員保持良好關係的重要性。本集團持續為僱員提供培訓，以加強其員工的技術及產品知識，以及對行業質量標準的認識。本集團與其僱員關係良好，從未因罷工或勞資糾紛而嚴重擾亂一般業務運營。

董事認為，本集團與其客戶的良好關係取決於其為客戶生產可靠產品的能力。本集團會就客戶對本集團產品的意見進行調查，並分析有關結果，用於制定改善措施。此舉為本集團客戶提供監察本集團產品質素的渠道。

DIRECTORS' REPORT (Continued)

董事會報告(續)

The Group's major suppliers of its principal business are manufacturers of artificial and synthetic fibers being the Group's primary raw materials. The Directors consider that the reliability of suppliers are essential to maintaining an efficient production process of the Group. The Group has laid down detailed supplier selection procedures, and conducts reviews on its suppliers regularly and also upon any material changes in the suppliers' delivery period, quality of supply, price and service.

ENVIRONMENTAL POLICIES

Committed to minimizing any environmental impact caused by its production (such as noise, sewage and exhaust gas), the Group adopts quality control measures and a comprehensive environmental management system to ensure that the Group manufactures quality products with minimum impacts on the environment. Meanwhile, concerning environmental conservation, the Group follows the internal guiding principles set out below in operating its business:

- to be committed to complying with relevant laws and regulations;
- to strengthen the training of staff so that they all participate in protecting the environment;
- to continuously improve and implement daily environmental monitoring, review and management so as to prevent pollution; and
- to economize on the consumption of resources.

Further details will be disclosed in the Company's Environmental, Social and Governance Report 2019 to be published within three months from the date of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group work closely with its advisers and auditors to review the Group's affairs and ensure full compliance with all applicable laws, rules and regulations. The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the Stock Exchange. As far as the Company is aware, the Group has complied in material aspects with the relevant laws and regulations which have a significant impact on the Group during the year ended 31 December 2019.

本集團主要業務的主要供應商為人造及合成纖維(即本集團主要原材料)的製造商。董事認為,供應商的可靠性對本集團保持有效率的生產程序十分重要。本集團已訂下詳細的供應商甄選程序,定期對其供應商進行檢討,亦於供應商的交付期、供應質量、價格及服務出現任何重大變動時進行檢討。

環境政策

為致力減低生產對環境造成的任何影響(如噪音、垃圾及廢氣),本集團採納品質監控措施及全面的環境管理系統,以確保本集團製造高質素產品的同時,可將對環境的影響減至最低。而且,就環境保育而言,本集團於其業務經營中遵循下列內部指導原則:

- 致力遵守有關法律及法規;
- 加強員工培訓,令所有員工均參與保護環境;
- 持續改善及實施日常環境監控、檢討及管理,以預防造成污染;及
- 節約使用資源。

進一步詳情將披露於本公司自本報告日期起三個月內刊發的二零一九年環境、社會及管治報告。

遵守相關法律及法規

本集團緊密配合其顧問及核數師,以檢討本集團事務及確保全面遵守一切適用法律、法規及規定。本集團運營主要由本公司附屬公司於中國進行,而本公司自身於聯交所上市。據本公司所知,截至二零一九年十二月三十一日止年度,本集團在重要層面已遵守對本集團具有重大影響的相關法律及法規。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

DIRECTORS

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

Executive Directors:

Mr. Zhuang Yuejin
Mr. Wong Ho Yin
Ms. Xiao Suni

Independent non-executive Directors:

Mr. Mak Wai Ho
Ms. Ng Li La, Adeline
Ms. Zhu Chunyan

Pursuant to Article 84(1) of the Company's articles of association, Mr. Wong Ho Yin and Ms. Xiao Suni shall retire at the forthcoming annual general meeting. All the retiring Directors are eligible for re-elections.

DIRECTORS' AND SENIOR MANAGEMENT

Biographical information of the Directors and senior management of the Group are set out in the section headed "Biographical Information of Directors and Senior Management" on pages 12 to 14 of this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors, including those proposed for re-election at the forthcoming annual general meeting, has a service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

REMUNERATION POLICY

The remuneration policy of the employees of the Group is set up by the Board on the basis of their experience, qualifications and competence.

The remuneration of the Directors of the Company are reviewed by the remuneration committee of the Company and approved by the Board, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group; the Company's operating results and comparable market statistics.

The Company has adopted a share option scheme (the "Scheme") on 5 June 2015 to which the Directors and eligible employees, among others are entitled to participate in. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Details of the Scheme are set out in the section "Share Option Scheme" on pages 36 to 37 of this report.

董事

本公司於本年度及截至本報告日期的董事為：

執行董事：

莊躍進先生
黃浩然先生
肖蘇妮女士

獨立非執行董事：

麥偉豪先生
吳莉娜女士
朱春燕女士

根據本公司組織章程細則第84(1)條，黃浩然先生及肖蘇妮女士須於應屆股東週年大會退任。所有退任董事均合資格膺選連任。

董事及高級管理層

本集團董事及高級管理層的履歷資料載於本報告第12頁至第14頁「董事及高級管理層的履歷資料」一節。

董事服務合約

概無董事（包括該等提呈於應屆股東週年大會膺選連任的董事）訂有不可由本公司於一年內免付賠償而終止（法定賠償除外）之服務協議。

薪酬政策

本集團僱員之薪酬政策乃由董事會制定，以僱員之經驗、資歷及能力為基準釐定。

本公司的董事酬金由本公司的薪酬委員會審核，並由董事會審批，有關酬金乃經計及有關董事的經驗、責任、工作量、為本集團貢獻的時間、本公司的經營業績及可資比較的市場統計數據後釐定。

本公司於二零一五年六月五日採納購股權計劃（「該計劃」），董事及合資格僱員均有權參與該計劃。本公司採納該計劃旨在激勵及獎勵為本集團之成功營運作出貢獻的合資格參與者。有關該計劃的詳情載於本報告第36頁至第37頁「購股權計劃」一節。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals in the Group are set out in Notes 15 and 16 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES, UNDERLYING SHARES AND DEBENTURES

So far as known to the Directors, 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 its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules ("Model Code"), were as follows:

Long positions in shares of the Company

Name of Directors	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the Company 佔本公司股權之 概約百分比
董事姓名	身份及權益的性質	所持普通股數目	
Mr. Zhuang Yuejin 莊躍進先生	Beneficial owner 實益擁有人	71,874,000	18.05%

Save as disclosed above, at 31 December 2019, none of the Directors or chief executives of the Company had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any body corporate.

董事及五名最高酬金人士的薪酬

本集團之董事及五名最高酬金人士的薪酬詳情載於綜合財務報表附註15及16。

董事及最高行政人員於證券、相關股份及債權證的權益

據董事所知，於二零一九年十二月三十一日，本公司董事及最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益及淡倉（包括根據證券及期貨條例有關條文彼等被當作或被視為擁有的任何權益及／或淡倉），或根據證券及期貨條例第352條登記於本公司所需存置登記冊內的權益及淡倉，或根據上市規則附錄10上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益及淡倉如下：

於本公司股份之好倉

Name of Directors	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the Company 佔本公司股權之 概約百分比
董事姓名	身份及權益的性質	所持普通股數目	
Mr. Zhuang Yuejin 莊躍進先生	Beneficial owner 實益擁有人	71,874,000	18.05%

除上文披露者外，於二零一九年十二月三十一日，概無本公司董事或最高行政人員於本公司或其任何相聯法團的股份、相關股份及債權證中，擁有根據證券及期貨條例第352條登記於本公司所需存置登記冊內的權益或淡倉，或根據標準守則須知會本公司及聯交所的權益或淡倉。

除上文所披露者外，於本年度之任何時間內概無授予任何董事或彼等各自之配偶或未滿十八歲子女可透過收購本公司或任何其他法人團體之股份或債權證而獲益的權利，該等權利亦無獲其行使；本公司、其控股公司或其任何附屬公司亦無參與訂立任何安排致使董事、彼等各自之配偶或未滿十八歲子女獲得於本公司或任何法人團體之該等權利。

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

Save as disclosed in the section "Directors' and Chief Executives' Interests in Securities, Underlying Shares and Debentures" on page 33 of this report, at 31 December 2019, the Directors of the Company were not aware of any persons who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company in accordance with the provisions of Divisions 2 and 3 of Part XV of the SFO; or be recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

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 or any of its subsidiaries was a party at the end of the year or at any time during the year.

DIRECTOR'S INTEREST IN COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year.

PURCHASE, SALE OR REDEMPTION OF THE 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 during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the section "Directors' and Chief Executives' Interests in Securities, Underlying Shares and Debentures" on page 33 of this report, at no time during the year was the Company, or its subsidiaries, or its fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

主要股東及其他人士於本公司之股份或相關股份中的權益或淡倉

除本報告第33頁「董事及最高行政人員於證券、相關股份及債權證的權益」一節所披露者外，於二零一九年十二月三十一日，本公司董事概不知悉任何人士已經或被視為於股份或相關股份中擁有根據證券及期貨條例第XV部之第2及第3分部須向本公司披露，或根據證券及期貨條例第336條登記於須予存置登記冊的權益或淡倉。

董事於合約的權益

於年終或本年度內任何時間，概無董事於本公司或其任何附屬公司訂立對本集團業務而言屬重要之任何合約中直接或間接擁有重大權益。

董事於競爭業務的權利

本年度內，董事概不知悉任何董事、控股股東及彼等各自的聯繫人士（定義見上市規則）的任何業務或權益與本集團的業務出現或可能出現競爭，亦不知悉該等人士會或可能會與本集團出現任何其他利益衝突。

購買、出售或贖回本公司的上市證券

本公司及其任何附屬公司於本年度內概無購買、出售或贖回本公司任何上市證券。

董事購入股份及債權證的權利

除本報告第33頁「董事及最高行政人員於證券、相關股份及債權證的權益」一節所披露者外，本公司或其附屬公司或其同系附屬公司於本年度內任何時間概無訂立任何安排，致使董事可藉購入本公司或任何其他法團的股份或債權證而獲益。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

SUFFICIENCY OF PUBLIC FLOAT

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

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year, except for those disclosed in Note 41 to the consolidated financial statements, the Group had no material transactions with its related parties.

The Directors conducted review of the related party transactions of the Group during the year and were not aware any transaction requiring disclosure of connected transactions in accordance with the requirements of the Listing Rules.

BANK BORROWINGS

Particulars of bank borrowings of the Group at 31 December 2019 are set out in Note 33 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

Particulars of the retirement benefit scheme of the Group are set out in Note 40 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's articles of association, the Directors and every one of them is entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors or any of them, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty in their offices or otherwise in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has taken out and maintained Directors' liability insurance throughout the year which provides appropriate cover for legal actions brought against the Directors.

足夠公眾持股量

按照本公司公開可得之資料及就董事所知，於本報告刊發前的最後實際可行日期，本公司根據上市規則已維持足夠之公眾持股量。

關連方交易及關連交易

本年度內，除綜合財務報表附註41所披露者外，本集團概無與關連方進行任何重大交易。

董事已對本集團年內的關連方交易進行審閱，且並不知悉任何根據上市規則規定須作關連交易披露的交易。

銀行借款

本集團截至二零一九年十二月三十一日的銀行借款詳情載於綜合財務報表附註33。

退休福利計劃

本集團的退休福利計劃詳情載於綜合財務報表附註40。

優先購股權

本公司的組織章程細則或開曼群島法律並無有關優先購股權的規定，致使本公司須按比例基準向現有股東發售新股份。

獲准許的彌償條文

根據本公司的組織章程細則，全體董事（及每位董事）均可就執行其各自的職務或假定或其他職務時因作出、發生的作為或不作為而招致或蒙受的所有訴訟、費用、收費、損失、損害及開支而從本公司的資產及溢利中獲得彌償，惟本彌償保證不延伸至任何與任何董事欺詐或不實有關的事宜。

本公司於整個年度已購買及維持董事責任保險，就針對董事的任何法律訴訟提供適當保障。

SHARE OPTION SCHEME

The Company adopted the Scheme on 5 June 2015 which will remain in force for a period of 10 years from the effective date of the Scheme and will expire on 4 June 2025.

Under the Scheme, the Directors may at their discretion grant options to the eligible participants, including but not limited to, any Directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of the Group or any other person, who has contributed to the Group.

The maximum number of shares in respect to which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. At 31 December 2019, an aggregate of 74,840,000 share options granted under the Scheme remained outstanding, which represented approximately 19% of the issued share capital of the Company. The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Options may be exercised at any time from the date of grant of the option to the 10th anniversary of the date of grant as may be determined by the Directors. The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of a share.

購股權計劃

本公司於二零一五年六月五日採納該計劃，該計劃自生效日期起十年內有效，而屆滿日期將為二零二五年六月四日。

根據該計劃，董事可酌情向合資格參與者授出購股權，包括但不限於任何董事（不論是執行或非執行及是否獨立）及本集團之任何僱員（不論是全職或兼職）或對本集團有貢獻之任何其他人士。

根據該計劃可能授出之購股權獲行使時，可予發行之股份數目最多不超過本公司於採納該計劃當日之已發行股本10%。該上限可隨時更新，惟新限額不得超過股東於股東大會批准當日本公司之已發行股本之10%。然而，根據該計劃及本公司任何其他計劃已授出但尚未行使之全部購股權獲行使時，可予發行之股份總數不得超過不時已發行股份之30%。於二零一九年十二月三十一日，根據該計劃授出的共計74,840,000份購股權未行使，佔本公司已發行股本總額約19%。於任何十二個月期間內，向任何個別人士授出之購股權獲行使時，可予發行之股份最高數目不得超過該十二個月期間最後一天本公司之已發行股份之1%，除非按照上市規則經由本公司股東批准則作別論。象徵式代價1港元須於接納授出購股權時支付。

購股權可於授出購股權日期起計，直至授出日期十週年的任何時間內行使，而期限由董事決定。行使價則由董事釐定，並將不會低於以下之較高者：(i) 於購股權授出日期股份在聯交所每日報價表所報之收市價；(ii) 緊接購股權授出日期前五個營業日股份在聯交所每日報價表所報之平均收市價；或(iii) 股份面值。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

The movements in the Company's share options granted to the eligible participants during the year ended 31 December 2019 were as follows:

合資格參與者所獲授本公司購股權截至二零一九年十二月三十一日止年度內之變動如下：

	Date of grant 授出日期	Outstanding at 1 January 2019 於二零一九年 一月一日 尚未行使	Movement during the year 年內變動				Outstanding before Share Consolidation (Note) 於股份合併前 尚未行使 (附註)	Outstanding at December 2019 於二零一九年 十二月 尚未行使	Exercise period 行使期
			Granted 已授出	Exercised 已行使	Cancelled 已註銷	Lapsed 已失效			
Employees 僱員	31 May 2017 二零一七年五月三十一日	138,000,000	-	-	-	(82,800,000)	55,200,000	11,040,000	31 May 2017 to 30 May 2027 二零一七年五月三十一日至 二零二七年五月三十日
	14 November 2017 二零一七年十一月十四日	199,000,000	-	-	-	-	199,000,000	39,800,000	14 November 2017 to 13 November 2027 二零一七年十一月十四日至 二零二七年十一月十三日
	4 April 2019 二零一九年四月四日	-	120,000,000	-	-	-	120,000,000	24,000,000	4 April 2019 to 3 April 2029 二零一九年四月四日至 二零二九年四月三日
Total 總計		337,000,000	120,000,000	-	-	(82,800,000)	374,200,000	74,840,000	

Note:

During the year, the Company implemented the share consolidation of every five shares of par value of HK\$0.1 each into one Consolidated Share of par value of HK\$0.5 each ("Share Consolidation"). The Share Consolidation were effective from 27 December 2019. Pursuant to the terms and conditions of the Scheme, the exercise price and the number of the outstanding share options granted under the Share Option Scheme have been adjusted accordingly with effect from 27 December 2019.

附註：

於年內，本公司實行股份合併，將每五股每股面值0.1港元的股份合併為一股每股面值0.5港元的合併股份（「股份合併」）。股份合併自二零一九年十二月二十七日起生效。根據該計劃的條款及條件，自二零一九年十二月二十七日起，根據購股權計劃授出的尚未行使購股權的行權價及數量已作相應調整。

EVENTS AFTER THE REPORTING PERIOD

Since January 2020, the outbreak on Novel Coronavirus ("COVID-19") has impacted the global business environment. Up to the date of these financial statements, COVID-19 has not resulted in material impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

報告期後事項

自二零二零年一月起，新型冠狀病毒（「COVID-19」）的爆發影響全球商業環境。截至該等財務報表之日，COVID-19尚未導致對本集團的重大影響。取決於財務報表日期之後COVID-19的發展及蔓延情況，由此引致的本集團經濟狀況的進一步變動或會影響本集團的財務業績，其程度於該等財務報表之日尚無法估計。本集團將繼續監控COVID-19的發展並積極採取措施應對其對本集團財務狀況及經營業績的影響。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

Pursuant to a special resolution passed by the shareholders of the Company at the EGM and an order given by the Grand Court of the Cayman Islands, the par value of each Consolidated Share was reduced from HK\$0.5 each to HK\$0.005 each by cancelling the paid-up capital of the Company to the extent of HK\$0.495 on each Consolidated Share with effect from 3 March 2020.

AUDITORS

A resolution to re-appoint the retiring auditor, HLB Hodgson Impey Cheng Limited will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Zhuang Yuejin

Chairman and Chief Executive Officer

Hong Kong, 14 May 2020

根據本公司股東於股東特別大會通過的特別決議案及開曼群島大法院的命令，通過註銷本公司實收資本，將每股合併股份的面值由每股0.5港元減至每股0.005港元，惟以每股合併股份0.495港元為限，自二零二零年三月三日起生效。

核數師

續聘退任核數師國衛會計師事務所有限公司之決議案將於應屆股東週年大會上提呈。

代表董事會

莊躍進

主席兼行政總裁

香港，二零二零年五月十四日

INDEPENDENT AUDITORS' REPORT

獨立核數師報告



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong
香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

TO THE SHAREHOLDERS OF
CHINA AUTOMOTIVE INTERIOR DECORATION HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Automotive Interior Decoration Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 151, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

致
中國汽車內飾集團有限公司股東
(於開曼群島註冊成立的有限公司)

意見

我們已審計列載於第46至151頁的中國汽車內飾集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表。此綜合財務報表包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表之附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而中肯地反映了貴集團於二零一九年十二月三十一日的綜合財務狀況以及截至該日止年度的綜合財務表現及其綜合現金流量，並已遵照香港公司條例的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在本報告內「核數師就審核綜合財務報表須承擔的責任」部份中作進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

INDEPENDENT AUDITORS' REPORT (Continued)

獨立核數師報告(續)

KEY AUDIT MATTERS

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

Key audit matter

Impairment assessment of property, plant and equipment

Refer to note 5 and note 18 of the consolidated financial statements.

As of 31 December 2019, the Group had property, plant and equipment of approximately RMB50,160,000, which mainly comprised buildings of approximately RMB5,400,000 and plant and machinery of approximately RMB41,728,000. A recent history of losses of the subsidiaries of the Group is an indicator of impairment of property, plant and equipment and hence impairment assessment is required.

關鍵審核事項

物業、廠房及設備之減值評估

請參閱綜合財務報表附註5及附註18。

於二零一九年十二月三十一日，貴集團的物業、廠房及設備約為人民幣50,160,000元，主要包括樓宇約人民幣5,400,000元與廠房及機器約人民幣41,728,000元。貴集團附屬公司的過往虧損記錄為物業、廠房及設備減值的指標，因此需要進行減值評估。

關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核於本期間的綜合財務報表中最重要的事項。我們在審核綜合財務報表（整體而言）及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。

How our audit addressed the key audit matter

Our procedures in relation to management's impairment assessment included:

- Evaluating the independent valuer's competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumption based on our knowledge of the relevant industry and using our valuation experts;
- Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- Checking, on a sampling basis, the accuracy and relevance of the input data used.

We found that the assumptions made by management for impairment assessment were supported by the available evidence.

我們之審核如何處理關鍵審核事項

我們有關管理層減值評估之程序包括：

- 評價獨立估值師的資歷、能力和客觀性；
- 依據我們對相關行業的知識並透過我們的估值專家，評估所採用的方法和關鍵假設的恰當性；
- 依據我們對該業務和行業的知識，質疑關鍵假設的合理性；及
- 運用抽樣方法，檢查所採用的輸入數據的準確性和相關性。

我們發現，管理層就減值評估作出的假設有得憑證支持。

INDEPENDENT AUDITORS' REPORT (Continued)

獨立核數師報告(續)

Allowance for expected credit losses assessment of trade receivables

Refer to note 5 and note 24 to the consolidated financial statements.

As at 31 December 2019, the Group had gross trade receivables of approximately RMB132,351,000 and provision for impairment of approximately RMB9,094,000.

Our procedures in relation to management's impairment assessment of the trade receivables as at 31 December 2019 included:

- Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and validating the control effectiveness on a sample basis;
- Checking, on a sample basis, the ageing profile of the trade receivables as at 31 December 2019 to the underlying financial records and post year-end settlements to bank receipts;

應收貿易款項之預期信貸虧損撥備評估

請參閱綜合財務報表附註5及24。

於二零一九年十二月三十一日，貴集團的應收貿易款項總額約為人民幣132,351,000元及減值撥備約人民幣9,094,000元。

我們有關於二零一九年十二月三十一日管理層對應收貿易款項的減值評估之程序包括：

- 了解並評估 貴集團實施的關鍵控制以管理及監控其信貸風險，並抽樣證實監控的成效；
- 運用抽樣方法，檢查相關財務記錄中於二零一九年十二月三十一日應收貿易款項的賬齡情況及年末後的銀行收款結算；

INDEPENDENT AUDITORS' REPORT (Continued)

獨立核數師報告(續)

In general, the credit terms granted by the Group to the customers ranged between 30 to 120 days. Management performed periodic assessment on the recoverability of the trade receivables and the sufficiency of provision for impairment based on information including credit profile of different customers, ageing of the trade receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

We focused on this area due to the impairment assessment of trade receivables under the expected credit losses model involved the use of significant management judgements and estimates.

貴集團通常授予客戶介乎30日至120日的信貸期。管理層基於不同客戶的信貸情況、應收貿易款項的賬齡、過往結算紀錄、後續結算狀態、變現未結算餘額的預期時間及金額和與不同客戶的持續交易關係等資料定期評估應收貿易款項的可收回性及減值撥備是否充足。管理層亦考慮可能會影響客戶償還未結算結餘的能力的前瞻性資料，以估計減值評估的預期信貸虧損。

我們關注該領域，是由於預期信貸虧損模式下應收貿易款項的減值評估涉及管理層使用重大判斷及估計。

- Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and
- Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

We found that the management judgment and estimates used to assess the recoverability of the trade receivables and determine the impairment provision to be supportable by available evidence.

- 諮詢管理層有關於年結日已逾期的各個重大應收貿易款項的情況並闡述管理層的解釋，理論依據為對選定客戶的信貸情況進行公開調查、基於貿易紀錄了解與有關客戶的持續業務往來關係、檢查客戶的過往及後續結算紀錄以及與客戶的其他通訊；及
- 評估預期信貸虧損撥備方法的合適性、抽樣檢查關鍵數據輸入以評估其準確性及完整性及質疑用於釐定預期信貸虧損的有關假設，包括過往及前瞻性資料。

我們發現用於評估應收貿易款項的可收回性及釐定減值撥備的管理層判斷及估計可由獲得的依據支持。

INDEPENDENT AUDITORS' REPORT (Continued)

獨立核數師報告(續)

OTHER INFORMATION

The directors 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 auditors' report thereon ("Other Information").

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

其他資料

董事須對其他資料負責。其他資料包括年報內的所有資料，但不包括綜合財務報表及我們的核數師報告（「其他資料」）。

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

綜合我們對綜合財務報表的審計，我們的責任是閱讀其他資料，考慮其他資料是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者看似存在重大錯誤陳述。倘若根據我們進行的工作，我們推定此其他資料存在重大錯誤陳述，則我們須報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

董事須遵照香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定，擬備真實而中肯的綜合財務報表，以及董事認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審核委員會須負責監督貴集團的財務報告過程。

AUDITORS' 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional 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 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 auditors' 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 auditors' 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

我們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，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告，除此之外報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。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。錯誤陳述可以因欺詐或錯誤引起，如果合理預期它們單獨或彙總起來可能影響綜合財務報表使用者，依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足及適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕於內部控制之上，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構成重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當修改我們的意見。我們的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

INDEPENDENT AUDITORS' REPORT (Continued)

獨立核數師報告(續)

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Kwok Tsz Chun.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Kwok Tsz Chun

Practising Certificate Number: P06901

Hong Kong, 14 May 2020

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易及事項。

- 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。我們負責 貴集團審計的方向、監督及執行。我們僅為審計意見承擔全部責任。

我們與審核委員會溝通了計劃審計範圍、時間安排、重大審核發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事宜，以及在適用的情況下，相關的防範措施。

從與審核委員會溝通的事項中，我們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。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們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董事為郭梓俊。

國衛會計師事務所有限公司

執業會計師

郭梓俊

執業證書編號：P06901

香港，二零二零年五月十四日

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

			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue	收入	9	260,896	194,527
Cost of sales	銷售成本		(236,956)	(176,568)
Gross profit	毛利		23,940	17,959
Other gains or losses	其他收益或虧損	10	271	(21,490)
Selling and distribution costs	銷售及分銷成本		(8,906)	(9,474)
Share of result of an associate	應佔聯營公司業績		3,362	(10,579)
Administrative expenses	行政開支		(47,948)	(38,078)
Loss from operations	經營虧損	11	(29,281)	(61,662)
Finance costs	融資成本	12	(2,201)	(1,974)
Loss before tax	除稅前虧損		(31,482)	(63,636)
Income tax credit/(expenses)	所得稅抵免/(開支)	13	1,306	(1,289)
Loss for the year attributable to the owners of the Company	本公司擁有人應佔年度虧損		(30,176)	(64,925)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

綜合損益及其他全面收益表(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Loss for the year	年度虧損	(30,176)	(64,925)
Other comprehensive income for the year, net of income tax:	年度其他全面收益，扣除所得稅後：		
Items that may be reclassified subsequently to profit or loss:	其後可重新分類至損益的項目：		
Exchange differences on translating foreign operations	換算海外業務之匯兌差額	4,674	9,337
Total other comprehensive income for the year	年度其他全面收益總額	4,674	9,337
Total comprehensive loss for the year attributable to the owners of the Company	本公司擁有人應佔年度全面虧損總額	(25,502)	(55,588)
		RMB 人民幣	RMB 人民幣 (Restated) (經重列)
Loss per share	每股虧損		
– Basic and diluted	– 基本及攤薄	(7.6) cents	(16.3) cents

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The accompanying notes form an integral part of these consolidated financial statements.

隨附的附註為該等綜合財務報表的組成部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2019
於二零一九年十二月三十一日

			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			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	18	50,160	52,234
Right-of-use assets	使用權資產	19	7,102	–
Prepaid land lease payments	預付土地租賃款項	20	–	2,479
Interest in an associate	於聯營公司的權益	22	12,366	14,185
Deferred tax assets	遞延稅項資產	35	1,875	851
			71,503	69,749
Current assets	流動資產			
Prepaid land lease payments	預付土地租賃款項	20	–	73
Inventories	存貨	23	32,599	31,928
Trade receivables	應收貿易款項	24	123,257	116,887
Bills receivables	應收票據		7,369	5,083
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	25	38,318	38,469
Financial assets at fair value through profit or loss	按公平值於損益列賬的金融資產	26	23,415	30,611
Cash and bank balances	現金及銀行結餘	27	26,101	32,381
			251,059	255,432
Total assets	資產總額		322,562	325,181
EQUITY	權益			
Capital and reserves attributable to the owners of the Company	本公司擁有人應佔資本及儲備			
Share capital	股本	28	163,359	163,359
Reserves	儲備	29	12,754	35,390
Total equity	權益總額		176,113	198,749

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

綜合財務狀況表(續)

As at 31 December 2019
於二零一九年十二月三十一日

		Note 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	34	3,262	–
			3,262	–
Current liabilities	流動負債			
Trade payables	應付貿易款項	30	30,563	24,136
Accruals and other payables	應計費用及其他應付款項	31	17,282	13,644
Contract liabilities	合約負債	32	16,086	11,978
Bank borrowings	銀行借款	33	40,000	40,000
Lease liabilities	租賃負債	34	1,477	–
Tax payable	應付稅項		37,779	36,674
			143,187	126,432
Total liabilities	負債總額		146,449	126,432
Total equity and liabilities	權益及負債總額		322,562	325,181
Net current assets	流動資產淨額		107,872	129,000
Total assets less current liabilities	總資產減流動負債		179,375	198,749
Net assets	資產淨額		176,113	198,749

Approved by the Board of Directors on 14 May 2020 and signed on its behalf by:

於二零二零年五月十四日由董事會批准並由下列人士代表簽署：

Zhuang Yuejin
莊躍進
Director
董事

Wong Ho Yin
黃浩然
Director
董事

The accompanying notes form an integral part of these consolidated financial statements.
隨附的附註為該等綜合財務報表的組成部分。

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

		Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Share option reserve	Statutory reserve	Retained profits/(Accumulated losses)	Total equity
		股本	股份溢價	合併儲備	外幣換算儲備	購股權儲備	法定儲備	保留溢利/(累計虧損)	權益總額
		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
			(Note 30)	(Note 30)	(Note 30)	(Note 42)	(Note 30)		
			(附註30)	(附註30)	(附註30)	(附註42)	(附註30)		
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	163,359	137,996	5,992	25,389	21,353	11,818	(109,840)	256,067
Adoption of HKFRS 9 (note i)	採用香港財務報告準則第9號(附註i)	-	-	-	-	-	-	(1,730)	(1,730)
Adjusted balance at 1 January 2018	於二零一八年一月一日經調整結餘	163,359	137,996	5,992	25,389	21,353	11,818	(111,570)	254,337
Loss for the year	年度虧損	-	-	-	-	-	-	(64,925)	(64,925)
Exchange difference on translating foreign operations	推算海外業務之匯兌差額	-	-	-	9,337	-	-	-	9,337
Total comprehensive loss for the year	年度全面虧損總額	-	-	-	9,337	-	-	(64,925)	(55,588)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	163,359	137,996	5,992	34,726	21,353	11,818	(176,495)	198,749
Loss for the year	年度虧損	-	-	-	-	-	-	(30,176)	(30,176)
Exchange difference on translating foreign operations	推算海外業務之匯兌差額	-	-	-	4,674	-	-	-	4,674
Total comprehensive loss for the year	年度全面虧損總額	-	-	-	4,674	-	-	(30,176)	(25,502)
Share based payment expenses	股份付款開支	-	-	-	-	2,866	-	-	2,866
Transfer of share option reserve upon the lapse of share options	購股權失效時轉撥購股權儲備	-	-	-	-	(6,102)	-	6,102	-
At 31 December 2019	於二零一九年十二月三十一日	163,359	137,996	5,992	39,400	18,117	11,818	(200,569)	176,113

Note:

附註:

(i) Upon the adoption of HKFRS 9 "Financial Instruments" on January 1, 2018, as accumulated impact of RMB1,730,000 was recorded as an adjustment to the accumulated losses as at 1 January 2018, which represented the impairment loss allowance, net of deferred tax impact.

於二零一八年一月一日採納香港財務報告準則第9號「金融工具」後，由於人民幣1,730,000元的累計影響入賬列為對二零一八年一月一日累計虧損的調整，即扣除遞延稅項影響後的減值虧損撥備。

The accompanying notes form an integral part of these consolidated financial statements.
隨附的附註為該等綜合財務報表的組成部分。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

		Note 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動產生的現金流量			
Loss before tax	除稅前虧損		(31,482)	(63,636)
Adjustments for:	就以下各項作出調整：			
Interest expenses	利息開支	12	2,201	1,974
Interest income	利息收入	10	(50)	(101)
Allowance for expected credit losses on trade receivables	應收貿易款項的預期信貸虧損撥備	11	5,301	1,583
Reversal of allowance for expected credit losses on trade receivables	應收貿易款項的預期信貸虧損撥備撥回	11	(265)	(270)
Allowance for expected credit losses on other receivables	其他應收款項的預期信貸虧損撥備	11	2,346	16
Reversal of allowance for expected credit losses on other receivables	其他應收款項的預期信貸虧損撥備撥回	11	(26)	–
Inventories written off	存貨撇銷	11	299	759
Depreciation of property, plant and equipment	物業、廠房及設備折舊	11	6,281	6,086
Depreciation on right-of-use assets	使用權資產折舊	11	1,886	–
Fair value loss on financial assets at fair value through profit or loss	按公平值於損益列賬的金融資產的公平值虧損	10	6,713	34,108
Share of (profit)/loss of an associate	應佔聯營公司(溢利)/虧損	22	(3,362)	10,579
Impairment loss on interest in associate	於聯營公司的權益之減值虧損	11	5,520	1,396
Share based payment expenses	股份付款開支	11	2,866	–
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	11	–	73
(Gain)/Loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)/虧損	11	(90)	593
Operating cash flow before investments in working capital changes	營運資金變動前投資的經營現金流量		(1,862)	(6,840)
Increase in inventories	存貨增加		(970)	(8,310)
(Increase)/decrease in trade receivables	應收貿易款項(增加)/減少		(9,236)	21,143
Increase in bills receivables	應收票據增加		(2,286)	(2,743)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款項增加		(1,645)	(7,525)
Increase/(decrease) in trade payables	應付貿易款項增加/(減少)		6,314	(5,062)
Increase/(decrease) in accruals and other payables	應計費用及其他應付款項增加/(減少)		3,723	(6,601)
Increase in contract liabilities	合約負債增加		4,108	11,978
Purchase of held-for-trading investments	購買持作買賣投資		–	(929)
Net cash used in operations	經營所用現金淨額		(1,854)	(4,889)
Income taxes paid	已付所得稅		(341)	(1,237)
Net cash used in operating activities	經營活動所用現金淨額		(2,195)	(6,126)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

綜合現金流量表(續)

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

		Note 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生的現金流量			
Interest received	已收利息	10	50	101
Purchase of property, plant and equipment	購置物業、廠房及設備	18	(7,481)	(3,399)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		3,364	771
Proceeds from disposal of financial assets at fair value through profit or loss	出售按公平值於損益列賬的 金融資產所得款項		1,070	–
Net cash used in investing activities	投資活動所用現金淨額		(2,997)	(2,527)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動產生的現金流量			
Proceeds from borrowings	借款所得款項		40,000	40,000
Repayment of borrowings	償還借款		(40,000)	(39,850)
Repayment of interest on borrowings	償還借款利息		(1,911)	(1,974)
Repayment of lease liabilities	償還租賃負債		(1,682)	–
Repayment of interest on lease liabilities	償還租賃負債利息		(290)	–
Net cash used in financing activities	融資活動所用現金淨額		(3,883)	(1,824)
Net decrease in cash and cash equivalents	現金及現金等值物減少淨額		(9,075)	(10,477)
Cash and cash equivalents at the beginning of the year	於年初的現金及現金等值物		32,381	34,520
Effect of foreign currency exchange rate changes	外幣匯率變動的影響		2,795	8,338
Cash and cash equivalents at the end of the year	於年終的現金及現金等值物		26,101	32,381
Analysis of the balances of cash and cash equivalents	現金及現金等值物結餘分析			
Cash and bank balances	現金及銀行結餘	27	26,101	32,381

The accompanying notes form an integral part of these consolidated financial statements.
隨附的附註為該等綜合財務報表的組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION

China Automotive Interior Decoration Holdings Limited (the “Company”) was a public limited company incorporated in Cayman Islands on 9 December 2009 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands, and its shares are listed on The Stock Exchange of Hong Kong Limited. Its ultimate controlling party is Mr. Zhuang Yuejin, who is also the Chairman and Managing Director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and other parts, trading of rubber and food products.

The Company’s functional currency is Hong Kong dollars (“HK\$”). However, the consolidated financial statements are presented in Renminbi (“RMB”), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group’s transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated of financial statements are presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

1. 一般資料

中國汽車內飾集團有限公司(「本公司」)為公眾有限公司，於二零零九年十二月九日根據開曼群島公司法(二零零零年版)於開曼群島註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司上市。其最終控股方為莊躍進先生，彼亦為本公司主席及董事總經理。本公司的註冊辦事處及主要營業地點於年報的公司資料一節披露。

本公司主要業務為投資控股。本集團主要從事製造及銷售用於汽車內飾件及其他部分的無紡布產品、買賣橡膠及食品。

本公司的功能貨幣為港元(「港元」)。然而，由於本公司董事認為人民幣(「人民幣」)為主要經濟環境的功能貨幣，本集團大部分交易以人民幣計值及結算，且該呈列對現有及潛在投資者更有用，故綜合財務報表以人民幣呈列。除另有說明外，綜合財務報表以人民幣千元(「人民幣千元」)呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

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

Except for the new and amendments to HKFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

Transition and summary of effects arising from initial application of HKFRS 16

On 1 January 2019, the Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17, and the related interpretations. The Group applied the HKFRS 16 in accordance with the transition provisions of HKFRS 16.

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.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

於本年度強制生效的新訂及經修訂香港財務報告準則

於本年度，本集團首次應用香港會計師公會(「香港會計師公會」)頒佈之以下香港財務報告準則之修訂本：

香港財務報告準則第16號	租賃
香港財務報告詮釋委員會—詮釋第23號	所得稅處理的不確定性
香港財務報告準則第9號(修訂本)	具有負補償特性之預付款項
香港會計準則第19號(修訂本)	計劃修正、縮減或清償
香港會計準則第28號(修訂本)	於聯營公司及合營企業之長期權益
香港財務報告準則之修訂	香港財務報告準則二零一五年至二零一七年週期之年度改進

除下述新訂及經修訂香港財務報告準則及詮釋外，本公司董事預期應用所有其他新訂及經修訂香港財務報告準則及詮釋不會對本集團於本年度及過往年度的財務狀況與業績及／或綜合財務報表所載披露產生重大影響。

香港財務報告準則第16號租賃

首次應用香港財務報告準則第16號的過渡及所產生影響的概要

於二零一九年一月一日，本集團已於本年度首次應用香港財務報告準則第16號。香港財務報告準則第16號取代香港會計準則第17號及相關詮釋。本集團根據香港財務報告準則第16號的過渡條文應用香港財務報告準則第16號。

租賃的定義

本集團選擇可行權宜方法將香港財務報告準則第16號應用至先前應用香港會計準則第17號及香港財務報告詮釋委員會—詮釋第4號釐定一項安排是否包含租賃識別為租賃的合約，而並非將該準則應用至先前並非識別為包含租賃的合約。因此，本集團並無重新評估於初步應用日期前早已存在的合約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 Leases (Continued)

Definition of a lease (Continued)

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 lessor

During the year ended 31 December 2019, application of HKFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

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 earnings 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. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- ii. applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong was determined on a portfolio basis; and
- iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

於本年度強制生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

租賃的定義(續)

就於二零一九年一月一日或之後訂立或修訂的合約而言，本集團應用香港財務報告準則第16號所載規定的租賃定義評估合約是否包含租賃。

作為出租人

截至二零一九年十二月三十一日止年度，本集團作為出租人應用香港財務報告準則第16號對本集團的綜合財務報表並無重大影響。

作為承租人

本集團已追溯應用香港財務報告準則第16號，累計影響於首次應用日期(二零一九年一月一日)確認。於二零一九年一月一日，透過應用香港財務報告準則第16號C8(b)(ii)過渡，本集團確認金額為相當於經任何預付或應計租賃付款調整的相關租賃負債的額外租賃負債及使用權資產。於首次應用日期的任何差額於期初保留盈利確認，且比較資料不予重列。

於過渡期間應用香港財務報告準則第16號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號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. 於首次應用日期計量使用權資產時撇除初始直接成本；及
- ii. 對類似經濟環境中相似類別有關資產的具有相似剩餘期限的租賃組合採用單一貼現率。具體而言，香港若干物業租賃的貼現率乃按組合基準釐定；及
- iii. 根據於首次應用日期的事實及情況使用事後分析釐定本集團帶有續租選擇權之租賃的租限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

- iv. 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; and
- v. 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.

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 relevant group entities ranged from 4.60% to 5.36%.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

於本年度強制生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

作為承租人(續)

- iv. 選擇不就租期在首次應用日期12個月內完結之租賃確認使用權資產及租賃負債；及
- v. 透過應用香港會計準則第37號撥備、或然負債及或然資產作為減值檢討的替代方法，評估租賃是否屬有償。

於確認先前分類為經營租賃的租賃的租賃負債時，本集團已應用於首次應用日期相關集團實體的增量借款利率。相關集團實體所應用的加權平均增量借款利率介乎4.60%至5.36%。

		At 1 January 2019 於二零一九年 一月一日 RMB'000 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	7,824
Less: practical expedient-leases with lease term ending within 12 months from date of initial application	減：租期自首次應用日期起計12個月內 結束的實際權宜租賃	(450)
Less: Effect from discounting at the incremental borrowing rate as at 1 January 2019	減：於二零一九年一月一日按增量 借款利率貼現的影響	(957)
Lease liabilities	租賃負債	<u>6,417</u>
Analysed as:	分析為：	
Current	流動	1,682
Non-current	非流動	4,735
		<u>6,417</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year
(Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」) (續)

於本年度強制生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

作為承租人(續)

		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第16號後確認的有關經營租賃的使用權資產	6,417
Reclassified from prepaid land lease payments (note i)	自預付土地租賃款項重新分類(附註i)	2,552
		<u>8,969</u>
By class	按分類	
Leasehold land	租賃土地	2,552
Leased properties	租賃物業	6,417
		<u>8,969</u>

Note:

- (i) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease land payments amounting to RMB73,000 and RMB2,479,000 respectively were reclassified to right-of-use assets.

附註:

- (i) 於二零一八年十二月三十一日，於中國租賃土地的預付款項分類為預付租賃款項。於應用香港財務報告準則第16號後，預付土地租賃款項的流動及非流動部分分別為人民幣73,000元及人民幣2,479,000元，重新分類至使用權資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year
(Continued)

HKFRS 16 Leases (Continued)

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

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

於本年度強制生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

於二零一九年一月一日，已對綜合財務狀況表中確認的金額作出下列調整。並無包括未受變動影響的項目。

		Carrying amounts previously report at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
		先前於二零一八年十二月三十一日呈報的賬面值 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	於二零一九年一月一日香港財務報告準則第16號項下賬面值 RMB'000 人民幣千元
Non-current assets	非流動資產			
Prepayment land lease payments	預付土地租賃款項	2,479	(2,479)	-
Right-of-use assets	使用權資產	-	8,969	8,969
Current assets	流動資產			
Prepayment land lease payments	預付土地租賃款項	73	(73)	-
Current liabilities	流動負債			
Lease liabilities – due within one year	租賃負債－於一年內到期	-	(1,682)	(1,682)
Non-current liabilities	非流動負債			
Lease liabilities – due over one year	租賃負債－於一年後到期	-	(4,735)	(4,735)

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

就按間接法呈報截至二零一九年十二月三十一日止年度的經營活動現金流量而言，營運資金變動按上文所披露的二零一九年一月一日年初財務狀況表計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year
(Continued)

Issued but not yet effective Hong Kong Financial Reporting Standard

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 3	Definition of a Business ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9 HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2021

³ 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

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 that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

於本年度強制生效的新訂及經修訂香港財務報告準則(續)

已頒佈但尚未生效之香港財務報告準則

香港財務報告準則第17號	保險合約 ²
香港財務報告準則第3號(修訂本)	業務定義 ³
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營公司間資產出售或注資 ¹
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義 ⁴
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號(修訂本)	利率基準改革 ⁴

¹ 於待定期日或之後開始的年度期間生效

² 於二零二一年一月一日或之後開始的年度期間生效

³ 就收購日期為二零二零年一月一日或之後開始之首個年度期間或之後的業務合併及資產收購生效

⁴ 於二零二零年一月一日或之後開始的年度期間生效

除上述新訂及經修訂香港財務報告準則外，亦於二零一八年頒佈經修訂「財務報告概念框架」。其相應的修訂，即香港財務報告準則中「概念框架引用的修訂」將於二零二零年一月一日或之後開始的年度期間生效。本公司董事預期，在可預見的未來，應用所有新訂及經修訂香港財務報告準則不會對綜合財務報表產生重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, 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 or value in use in HKAS 36.

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.

3. 合規聲明

綜合財務報表乃根據香港會計師公會頒佈的香港財務報告準則(此統稱包括所有適用的各項香港財務報告準則、香港會計準則及詮釋)以及香港公認會計原則而編製。此外，綜合財務報表亦符合聯交所證券上市規則(「上市規則」)的適用披露條文及香港公司條例。

綜合財務報表乃按歷史成本法編製，惟於各報告期末以公平值計量的若干金融工具除外，詳情載於下文的會計政策。

歷史成本一般基於換取貨品及服務的代價的公平值釐定。

公平值乃指市場參與者之間在計量日期進行的有序交易中出售一項資產所收取的價格或轉移一項負債所支付的價格，無論該價格乃直接觀察到的結果，或是採用其他估值技術作出的估計。在對資產或負債的公平值作出估計時，本集團考慮了市場參與者在計量日期為該資產或負債進行定價時將會考慮的該等特徵。於該等綜合財務報表中計量及／或披露的公平值均按此基準予以釐定，惟香港財務報告準則第2號範圍內的以股份支付的交易、根據香港財務報告準則第16號(自二零一九年一月一日起)或香港會計準則第17號(於應用香港財務報告準則第16號前)入賬的租賃交易及與公平值類似但並非公平值的計量(例如香港會計準則第2號中的可變現淨值或香港會計準則第36號中的使用價值)除外。

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及輸入數據對公平值計量的整體重要性分類為第1級、第2級或第3級，載述如下：

- 第1級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場的報價(未經調整)；
- 第2級輸入數據是就資產或負債直接或間接地可觀察的輸入數據(第1級內包括的報價除外)；及
- 第3級輸入數據是資產或負債的不可觀察輸入數據。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (the “Interpretations”) issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments are measured at their fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 5 to the consolidated financial statements.

4. 主要會計政策

編製該等綜合財務報表應用之主要會計政策載列如下。除另有註明者外，該等政策在所呈列之所有年度內貫徹應用。

編製基準

綜合財務報表根據所有適用香港財務報告準則編製，該準則為包括所有適用個別香港財務報告準則、由香港會計師公會頒佈的香港會計準則（「香港會計準則」）及詮釋（「詮釋」）以及香港公認會計原則。此外，綜合財務報表包括香港公司條例及香港聯合交易所有限公司證券上市規則（「上市規則」）規定的適用披露。

除若干金融工具於各報告期末按公平值計量外，綜合財務報表按歷史成本基準編製。歷史成本一般以換取資產所付代價的公平值為基準。

編製符合香港財務報告準則的財務報表需要管理層作出影響政策應用以及資產、負債及收支呈報金額的判斷、估計及假設。該等估計及相關假設均按以往經驗及其他在有關情況下被認為合理的因素為依據。倘並無其他現成數據可供參考，則會採用該等估計及假設作為判斷有關資產及負債賬面值的基礎。實際結果可能與該等估計不同。

該等估計及其相關假設會作持續檢討。倘修訂會計估計僅會影響修訂估計的期間，則有關修訂於該期間確認；倘修訂會影響當前及未來的期間，則會在作出修訂及未來的期間確認。

管理層在應用香港財務報告準則時作出對財務報表及估計造成重大影響，且很大機會導致下個年度作出重大調整的判斷，於綜合財務報表附註5討論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (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 return.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. 主要會計政策(續)

綜合賬目基準

綜合財務報表載入本公司及本公司(其附屬公司)控制之實體(包括結構化實體)之財務報表。僅當本公司擁有對被投資者之權力、通過參與被投資者之活動而面臨或有權享有可變回報及有能力行使權力影響其回報金額,方具控制權。

如有事實及情況表明上述控制權三項要素中的一項或多項要素有所改變,本集團將重新評估其是否具有對被投資者之控制權。

當本集團取得附屬公司之控制權,便將該附屬公司綜合入賬;當本集團失去附屬公司之控制權,便停止將該附屬公司綜合入賬。具體而言,年內收購或出售之附屬公司之收入及支出會於本集團取得控制權當日起計入綜合損益及其他全面收益表,直至本集團對該附屬公司之控制權終止當日為止。

損益及其他全面收入各項目歸屬於本公司擁有人及非控股權益。即使會導致非控股權益錄得虧絀結餘,附屬公司之全面收入總額仍歸於本公司擁有人及非控股權益內。

如有需要,本集團會對附屬公司之財務報表作出調整,使其會計政策與本集團之會計政策一致。

所有集團內交易、結餘、收入及開支於綜合賬目時悉數對銷。

本集團於現有附屬公司之擁有人權益變動

並無導致本集團失去附屬公司控制權之本集團於附屬公司之擁有人權益變動,按權益交易入賬。本集團之權益及非控股權益的賬面值經調整以反映其於附屬公司相關權益之變動。非控股權益數額的調整額與已付或已收代價之公平值兩者間之任何差額,直接於權益確認,歸本公司擁有人所有。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss on disposal 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 previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). 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 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

4. 主要會計政策(續)

綜合賬目基準(續)

本集團於現有附屬公司之擁有人權益變動(續)

當本集團失去附屬公司的控制權時，於損益確認的出售收益或虧損按以下項目的差額計算(i)所收取代價及任何保留權益的公平值總額與(ii)附屬公司資產(包括商譽)及負債以及任何非控股權益的先前賬面值之間的差額。倘附屬公司若干資產乃按重估金額或公平值計量，而相關的累計損益已於其他全面收益確認及於權益累計，則先前於其他全面收益確認及於權益累計的金額，應如同本公司已直接出售該相關資產入賬處理，即重新分類至損益或直接轉撥至保留盈利。在前附屬公司中保留的任何投資於失去控制權當日的公平值應被視作按照香港財務報告準則第9號金融工具：確認及計量初始確認時的公平值，或(倘適用)作為在聯營公司或共同控制實體中的投資的初始確認成本。

商譽

收購業務產生之商譽按收購業務之日之成本減累計減值虧損(如有)列賬。

為進行減值測試，商譽乃分配至預期將從合併所帶來的協同效益中受惠的本集團各現金產生單位。

獲得商譽分配的現金產生單位每年進行減值測試及每當有跡象顯示該單位可能出現減值時更為頻繁地進行減值測試。就於某一報告期間收購產生的商譽而言，獲得商譽分配的現金產生單位於該報告期間結束前進行減值測試。倘現金產生單位的可收回金額低於該單位的賬面值，則首先分配減值虧損以減低分配至該單位的任何商譽的賬面值，然後按該單位內各項資產的賬面值所佔比例分配至該單位的其他資產。任何商譽減值虧損均直接於損益表確認。商譽之已確認減值虧損不會於往後期間撥回。

於出售相關現金產生單位後，商譽的應佔金額計入出售損益金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits or losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4. 主要會計政策(續)

於聯營公司之投資

聯營公司指本集團能對其行使重大影響力之實體。重大影響力指可參與被投資者之財務及營運決策但不是控制或共同控制該等政策之權力。

聯營公司之業績以及資產及負債以權益會計法於該等綜合財務報表入賬。

根據權益法，於聯營公司之投資初步按成本於綜合財務狀況表內確認，並於其後就確認本集團應佔該聯營公司之損益及其他全面收入予以調整。當本集團應佔該聯營公司之虧損超出本集團於該聯營公司之權益時，本集團終止確認其應佔之進一步虧損。僅於本集團已產生法定或推定責任，或已代表該聯營公司支付款項之情況下，方會確認額外虧損。

於聯營公司之投資乃自被投資方成為聯營公司當日起按權益法入賬。收購於聯營公司之投資時，投資成本超出本集團應佔該被投資方之可識別資產及負債之公平值淨額之任何數額確認為商譽，並計入該投資之賬面值。本集團所佔之可識別資產及負債之公平值淨額超出投資成本部分，在重新評估後，即時於投資收購期間於損益內確認。

本集團於聯營公司之投資乃按香港會計準則第36號之規定來決定是否需要確認任何減值虧損。倘有需要，投資之全部賬面值（包括商譽）將視作單一資產並按香港會計準則第36號資產減值透過將其可收回金額（即使用價值和公平值減出售成本之較高者）與賬面值作比較以進行減值測試。任何已確認之減值虧損會成為投資賬面值之一部分。倘投資之可收回金額其後回升，減值虧損之任何撥回會按照香港會計準則第36號確認。

倘集團實體與本集團之聯營公司進行交易，僅在聯營公司之權益與本集團無關之情況下，方會於本集團綜合財務報表中確認與聯營公司進行交易所產生之溢利或虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue recognition

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 complete to date.

Otherwise, revenue is recognized 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 a contract are accounted for and presented on a net basis.

4. 主要會計政策(續)

收入確認

根據香港財務報告準則第15號，本集團於（或就此）完成履約責任時確認收入，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。

履約責任指明確的貨品或服務（或一籃子貨品或服務）或一系列明確而大致相約的貨品或服務。

倘若符合以下其中一個條件，控制權隨時間轉移而收入按照完成相關履約責任的進度隨時間確認：

- 客戶同時收到並消耗本集團執行履約時所帶來的利益；
- 本集團執行履約時所創建及提升客戶所控制的資產；或
- 本集團履約時沒有創建對本集團有其他用途的資產，而本集團就迄今已完成的履約擁有可強制執行的收款權利。

否則，收入在客戶取得對明確貨品或服務的控制權的時間點確認。

合約資產指本集團就向客戶換取本集團已轉讓的服務收取代價的權利（尚未成為無條件）。合約資產根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價的無條件權利，即只需待時間過去代價即須到期支付。

合約負債指本集團有責任將貨品或服務轉移至客戶，而本集團已從客戶收到代價（或代價金額到期）。與合約有關的合約資產及合約負債按淨額基準入賬及呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue recognition (Continued)

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

Sale of goods

Revenue from i) sale of nonwoven fabric products and ii) supply and procurement operation are recognised at the point in time when control of the asset is transferred to the customer, generally, on delivery of the products. The normal credit term is 30 to 120 days upon delivery. Payment in advance is required for some contracts.

Manufacture and sale of nonwoven fabric products and supply and procurement operation

Revenue from manufacture and sale of nonwoven products and supply and procurement operation are recognised when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of discounts, returns and value added taxes.

A receivable is recognised when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4. 主要會計政策(續)

收入確認(續)

就載有超過一項履約責任的合約而言，本集團按相對獨立售價基準將成交價分配至各履約責任。

銷售貨品

來自 i) 無紡布產品銷售；及 ii) 供應及採購經營的收入於資產控制權轉讓予客戶之時間點（一般為於產品交付時）確認。信貸期一般為交付後30至120日。若干合約要求預付款項。

生產及銷售無紡布產品與供應及採購業務

無紡布產品的生產及銷售收入以及供應及採購業務的收入於產品的控制權轉移時（即產品交付予客戶且客戶接納產品時）確認，並無未履約責任而可能影響客戶對產品的接納。產品被送至指定位置，過時及虧損風險轉移予客戶，而客戶根據銷售合約接納產品、驗收規定失效或本集團有客觀證據表明已滿足所有接納標準，則完成交付。

該等銷售收入根據合約中指定的價格扣除折扣、退貨及增值稅後確認。

應收款項於產品交付給客戶且客戶接受產品時予以確認，因為在此刻代價已經成為無條件，款項到期前只需經過時間推移。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (upon application of HKFRS 16)

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and 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.

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.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premise 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.

4. 主要會計政策(續)

租賃(應用香港財務報告準則第16號後)

租賃的定義

倘合約就換取代價賦予在一段期間內控制已識別資產用途的權利，則該合約為租賃或包含租賃。

對於首次應用日期或之後訂立或修訂或業務合併產生的合約，本集團根據香港財務報告準則第16號項下的定義，於開始日、修訂日或收購日(如適用)評估合約是否是一項租賃或包含一項租賃。除非合約條款及條件在後續發生變更，否則不會對此類合約進行重新評估。

作為承租人

分配代價至合約組成部分

對於包含租賃組成部分及非租賃組成部分的合約，本集團根據租賃組成部分的相對獨立價格及非租賃組成部分的總獨立價格將合約中的代價分配予各租賃組成部分。

本集團亦採用實際權宜方法，不將非租賃組成部分與租賃組成部分分開，而將租賃組成部分與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。

作為實際權宜方法，當本集團合理預期對財務報表的影響與投資組合中個別租賃不會有重大不同時，具有類似特徵的租賃按投資組合基準進行會計處理。

短期租賃及低價值資產租賃

本集團將短期租賃確認豁免應用於辦公室物業的租賃，該租賃的租期自開始日期起計為期十二個月或以下並且不包括購買選擇權。其亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款於租賃期內按直線法或另一系統基準確認為開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (upon application of HKFRS 16)

(Continued)

As a lessee (Continued)

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.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

4. 主要會計政策(續)

租賃(應用香港財務報告準則第16號後)(續)

作為承租人(續)

使用權資產

使用權資產的成本包括:

- 租賃負債的初步計量金額;
- 於開始日期或之前的任何已付租賃付款,減任何已收取租賃優惠;
- 本集團所產生的任何初始直接成本;及
- 本集團於拆除及移除相關資產、復原其所在地或復原相關資產至租賃條款及條件所規定的狀態而產生的成本估計。

本集團於租賃開始日期(即相關資產可供使用的日期)確認使用權資產。使用權資產按成本減任何累計折舊及減值虧損計量,並就租賃負債的任何重新計量作出調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註 (續)

For the year ended 31 December 2019

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (upon application of HKFRS 16)

(Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

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 is 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 statements of financial position.

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;

4. 主要會計政策 (續)

租賃 (應用香港財務報告準則第16號後) (續)

作為承租人 (續)

使用權資產 (續)

本集團於租期結束時合理確定會取得相關租賃資產所有權的使用權資產，自開始日期起至使用年期結束期間計提折舊。在其他情況下，使用權資產則以直線法於其估計可使用年期與租期兩者中的較短者計提折舊。

本集團將使用權資產於綜合財務狀況表中作個別項目呈列。

可退還租金按金

已付可退還租金按金根據香港財務報告準則第9號入賬且初始按公平值計量。於初始確認時對公平值作出的調整被視為額外租賃付款並計入使用權資產成本。

租賃負債

於租賃開始日期，本集團按該日未付租賃付款的現值確認及計量租賃負債。倘租賃隱含利率難以釐定，則本集團使用租賃開始日期的增量借款利率計算租賃付款現值。

租賃付款包括：

- 固定付款 (包括實質固定付款) 減任何應收租賃優惠；
- 根據指數或利率而定的可變租賃付款；
- 剩餘價值擔保項下預期將支付的金額；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (upon application of HKFRS 16)

(Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The lease payments include: (Continued)

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/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.

4. 主要會計政策(續)

租賃(應用香港財務報告準則第16號後)(續)

作為承租人(續)

租賃負債(續)

租賃付款包括:(續)

- 本集團合理確定將予行使購買權的行使價;及
- 終止租約的罰款(倘租約條款反映本集團行使權利終止租約)。

於開始日期後,租賃負債就應計利息及租賃付款作出調整。

倘發生以下情況,本集團會重新計量租賃負債(並對相關使用權資產作出相應調整):

- 租期有所變動或對行使購買選擇權的評估發生變化,在此情況下,相關租賃負債透過使用重新評估日期的經修改貼現率貼現經修訂租賃款項而重新計量。
- 租賃款項因市場租金審查後的市場租金變化/保證剩餘價值下的預期付款而變化,在此情況下,相關租賃負債透過使用初始貼現率貼現經修訂租賃款項而重新計量。

本集團於綜合財務狀況表將租賃負債呈列為單獨項目。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (upon application of HKFRS 16)

(Continued)

As a lessee (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.

4. 主要會計政策(續)

租賃(應用香港財務報告準則第16號後)(續)

作為承租人(續)

租賃修訂

倘出現以下情況，本集團將租賃修訂作為一項獨立租賃入賬：

- 該項修訂通過增加使用一項或多項相關資產的權利擴大租賃範圍；及
- 調增租賃的代價，而增加的金額相當於範圍擴大對應的獨立價格，加上按照特定合約的實際情況對獨立價格進行的任何適當調整。

就未作為獨立租賃入賬的租賃修改而言，本集團基於透過使用修訂生效日期的經修訂貼現率貼現經修訂租賃付款的經修改租賃的租期重新計量租賃負債。

本集團通過對有關使用權資產作出相應調整，將租賃負債的重新計量入賬。對於包含租賃組成部分及一項或多項額外租賃或非租賃組成部分的經修訂合約，本集團根據租賃組成部分的相對獨立價格及非租賃組成部分的總獨立價格將經修訂合約中的代價分配予各租賃組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (prior application of HKFRS 16)

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance assets 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 charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the consolidated statement of profit or loss and other comprehensive income.

Rental payable under operating leases are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the terms of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4. 主要會計政策(續)

租賃(應用香港財務報告準則第16號前)

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

本集團作為承租人

於融資資產項下持有之資產在租賃開始時按公平值或最低租賃款項現值(以較低者為準)確認為本集團資產。欠出租人之相應債務於綜合財務狀況表中計入融資租賃承擔。租賃款項於財務費用及租賃承擔減額間分配，以在債務結餘得出統一利率。財務費用直接在綜合損益及其他全面收益表內扣除。

經營租賃下之應付租金於相關租賃期內以直線法在綜合損益及其他全面收益表內扣除。作為訂立經營租賃獎勵金之已收及應收利益於租賃期內以直線法確認為租金開支減額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (prior application of HKFRS 16)

(Continued)

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added in to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Leasehold land for own use (prior application of HKFRS 16)

When a lease includes both 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 lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid land lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

4. 主要會計政策(續)

租賃(應用香港財務報告準則第16號前)(續)

本集團作為出租人

根據融資租賃應收承租人之款額按本集團於該等租約之投資淨額列作應收款項。融資租賃收入分配予各會計期間，以反映本集團就該等租賃尚餘投資淨額之固定回報率。

經營租賃之租金收入乃按相關租約年期以直線法於損益確認。於磋商及安排經營租賃引起之初步直接成本乃加至租賃資產之賬面值，並按租約年期以直線法確認。

自用租賃土地(應用香港財務報告準則第16號前)

當租賃包括土地及樓宇部分，除非顯然兩部分均為經營租賃(在該情況下，整項租賃分類為經營租賃)，否則本集團根據對各部分的擁有權所承擔的絕大部分風險及回報是否已轉移本集團進行的評估，獨立評估各部分分類為融資或經營租賃。具體而言，最低租賃款項(包括任何一次性預付款)乃按租賃開始時租賃的土地部分及樓宇部分中租賃權益的相對公平值比例，在土地及樓宇部分之間作出分配。

倘能可靠地分配租賃費用，則列作經營租賃的租賃土地的權益將作為「預付土地租賃款項」於綜合財務狀況表列賬，並按租賃年期以直線法攤銷。倘不能可靠地分配土地及樓宇部分的租賃款項，整項租賃一般分類為融資租賃，並作為物業、廠房及設備列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided to write off the cost of property, plant and equipment, using the straight line method, over their estimated useful lives. The principal useful lives are as follows:

Building	30 years
Plant and machinery	12 years
Motor vehicles	8 years
Furniture, fixtures and equipment	6 years
Leasehold improvements	5 years

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents leasehold improvements under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant asset are available for use.

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 the consolidated statement of profit or loss and other comprehensive income.

4. 主要會計政策(續)

物業、廠房及設備

所有物業、廠房及設備按成本減累計折舊及減值虧損列賬。

資產的成本包括購買價格及任何令資產達致其運作狀況及運往現址作擬定用途的直接成本。物業、廠房及設備投入運作後產生的開支，例如維修及保養開支，一般於產生期間自綜合損益及其他全面收益表中扣除。倘可清楚顯示該項支出會導致預期日後使用物業、廠房及設備所得的經濟利益增加，則該項支出將被資本化為該資產的附加成本。

物業、廠房及設備之折舊就其估計可使用年期使用直線法計提撥備，以撇銷其成本。主要可使用年期如下：

樓宇	30年
廠房及機器	12年
汽車	8年
傢俬、裝置及設備	6年
租賃物業裝修	5年

可使用年期及折舊方法於各報告期末進行檢討及調整(如適用)。

在建工程指在建租賃物業裝修以及待安裝之廠房及機器，按成本減減值虧損列賬。有關資產於可供使用時方計算折舊。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後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之損益按出售所得款項與該資產的賬面金額之差額釐定，並於綜合損益及其他全面收益表確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

Impairment of assets (other than goodwill, intangible assets with indefinite lives)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

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 as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable and 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.

4. 主要會計政策(續)

存貨

存貨按成本與可變現淨值兩者之較低者列賬。成本以加權平均基準計算。製成品及在製品之成本包括原材料、直接勞工及所有生產經常性開支之適當部分以及(如適用)承包費。可變現淨值指日常業務之估計售價減完成的所有估計成本及進行銷售所需之成本。

資產減值(商譽及具無限年期的無形資產除外)

於各報告期末,本集團均會審閱其有形及無形資產的賬面值,以釐定資產是否出現減值虧損跡象。倘估計資產的可收回金額少於其賬面值,則資產賬面值減少至其可收回金額。減值虧損即時確認為開支。

倘減值虧損其後撥回,則資產的賬面值增加至經修訂的估計可收回金額,惟所增加的賬面值不得超過倘資產於過往年度並無確認減值虧損而釐定的賬面值。所撥回的減值虧損即時確認為收入。

稅項

所得稅開支指應付即期稅項及遞延稅項的總和。

應付即期稅項乃按年內應課稅溢利計算。由於應課稅溢利不包括其他年度應課稅或可扣稅收入或開支,且不包括非應課稅及可扣稅的項目,故與綜合損益及其他全面收益表所呈報的溢利有所不同。本集團的即期稅項負債乃按報告期末已頒佈或實際上已頒佈的稅率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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.

4. 主要會計政策(續)

稅項(續)

遞延稅項乃按財務報表內資產及負債賬面值與計算應課稅溢利所用的相應稅基的暫時差額予以確認。遞延稅項負債一般會就所有應課稅暫時差額確認，而遞延稅項資產乃於可能出現應課稅溢利，以致出現可扣稅暫時差額時確認，而遞延稅項資產乃於可能出現應課稅溢利，以致可扣稅暫時差額可予動用時確認。若於一項交易中，因商譽或初步確認（業務合併時除外）其他資產及負債而引致的暫時差額不影響應課稅溢利或會計溢利，則不會確認該等資產及負債。

遞延稅項負債乃就於附屬公司的投資所產生的應課稅暫時差額確認，惟倘本集團能夠控制暫時差額的撥回將不會於可見將來撥回則作別論。與該等投資及權益相關的可扣稅暫時性差額所產生的遞延稅項資產，僅於很可能有足夠應課稅溢利可以使用暫時性差額的利益且預計於可見將來可以撥回時確認。

遞延稅項資產的賬面值於各報告期末作檢討，並於不再可能有足夠應課稅溢利收回全部或部分資產時作調減。

遞延稅項資產及負債乃按預期於償還負債或變現資產期間適用之稅率計算。所根據之稅率（及稅法）乃於報告期結束前已頒佈或實質上已頒佈。

遞延稅項負債及資產之計量反映本集團於報告期末，預期將要收回或償還其資產及負債之賬面值之方式所引致之稅務後果。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

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

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

Financial instruments

Financial assets and financial liabilities are recognised when the group entity becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value except for trade receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a 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 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.

Interest expense is recognised on an effective interest basis.

4. 主要會計政策(續)

稅項(續)

為計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項，本集團首先釐定稅項抵免是否歸屬於使用權資產或租賃負債。

就稅項抵免歸屬於租賃負債的租賃交易而言，本集團就使用權資產及租賃負債獨立應用香港會計準則第12號所得稅規定。由於應用初步確認豁免，使用權資產及租賃負債的暫時性差額並未於初步確認時及於租期內確認。

金融工具

當集團實體成為工具合約條文之訂約方時，乃確認金融資產及金融負債。

已確認之金融資產及金融負債初步按公平值計量，惟根據香港財務報告準則第15號初步確認之客戶合約所產生應收貿易款項除外。收購或發行金融資產及金融負債直接應佔之交易成本於初步確認時計入金融資產或金融負債之公平值或於其中扣除(視適用情況而定)。收購按公平值於損益列賬的金融資產或金融負債直接應佔之交易成本於損益內確認。

實際利率法

實際利率法為計算於相關期間金融負債攤銷成本及分配利息收入及利息開支之方法。實際利率指於金融資產或金融負債預計使用期內或較短年期(如適用)之估計未來現金付款(包括構成實際利率、交易成本及其他溢價或折讓的不可分割部份之所有已付或已收費用及點數)實際折讓至初步確認時的賬面淨值之利率。

利息開支以實際利率基準確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets

Classification and measurement of financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

4. 主要會計政策(續)

金融工具(續)

金融資產

以攤銷成本計量的金融資產的分類及計量

倘符合下列條件，金融資產其後按攤銷成本計量：

- 於目的為收取合約現金流量之業務模式內持有之金融資產；及
- 合約條款規定特定日期產生之現金流量僅用作支付本金及尚未償還本金利息。

符合以下條件的金融資產其後按公平值計入其他全面收益計量：

- 目的為出售及收取合約現金流量而於業務模式內持有金融資產；及
- 合約條款導致於特定日期產生的現金流量純粹用作支付本金及未償還本金利息。

所有其他金融資產其後按公平值計入損益計量，惟倘一項股本投資既非持作買賣，亦非香港財務報告準則第3號業務合併所適用之業務合併收購方確認的或然代價，於初始確認金融資產當日，本集團可作出不可撤回地選擇將該股本投資的其後公平值變動計入其他全面收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement of financial assets at amortised cost (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

以攤銷成本計量的金融資產的分類及計量(續)

倘出現下列情況，金融資產被歸類為持作買賣：

- 購入金融資產主要是為於短期內出售；或
- 於初步確認時，其構成本集團合併管理之金融工具之確定組合之一部份及具有最近實際短期獲利模式；或
- 為未被指定及可有效作為對沖工具之衍生工具。

此外，本集團可不可撤回地將一項須按攤銷成本或指定為按公平值計入其他全面收益之金融資產按公平值計入損益計量，前提為有關指定可消除或大幅減少會計錯配。

攤銷成本及利息收入

利息收入乃就其後按攤銷成本計量之金融資產使用實際利率法確認。利息收入以金融資產總賬面值按實際利率計算，惟其後出現信貸減值之金融資產除外(見下文)。就其後出現信貸減值之金融資產而言，利息收入通過對自下一個報告期起之金融資產攤銷成本應用實際利率確認。倘信貸減值金融工具之信貸風險改善，以致金融資產不再出現信貸減值，則利息收入通過對於釐定資產不再出現信貸減值後自報告期初起之金融資產總賬面值應用實際利率確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains or losses" line item.

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables and cash and bank balances). The amount of ECL is updated at each reporting period 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, 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 period. 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 period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and other receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

透過損益以公平值列賬的金融資產

不符合按攤銷成本計量或透過其他全面收益以公平值列賬或指定為透過其他全面收益以公平值列賬的金融資產乃透過損益以公平值列賬計量。

透過損益以公平值列賬的金融資產按各報告期末的公平值計量，任何公平值收益或虧損於損益中確認。於損益確認之收益或虧損淨額不包括從金融資產賺取之任何股息或利息，並計入「其他收益或虧損」項目內。

金融資產減值

本集團根據香港財務報告準則第9號就發生減值之金融資產(包括應收貿易款項、其他應收款項以及現金及銀行結餘)確認金融資產的預期信貸虧損之虧損撥備。預期信貸虧損之金額於各報告期更新，以反映信貸風險自初步確認以來之變化。

全期預期信貸虧損指將相關工具之預期使用期內所有可能之違約事件產生之預期信貸虧損。相反，12個月預期信貸虧損指將預期於報告期後12個月內可能發生之違約事件導致之全期預期信貸虧損部分。評估乃根據本集團之歷史信貸虧損經驗進行，並根據債務人特有之因素、一般經濟狀況以及對報告期當前狀況之評估以及對未來狀況之預測作出調整。

本集團一直確認應收貿易款項及其他應收款項的全期預期信貸虧損。就具有重大結餘的應收賬款個別及使用適當組別的撥備矩陣集體評估該等資產的預期信貸虧損。

就所有其他工具而言，本集團計量之虧損撥備相等於12個月預期信貸虧損，除非信貸風險自初步確認以來顯著增加，在此情況下，本集團確認全期預期信貸虧損。應否確認全期預期信貸虧損乃基於自初步確認以來發生違約之可能性或風險有否顯著增加而作出評估。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

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 period 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.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

信貸風險顯著增加

於評估信貸風險自初步確認以來是否顯著增加時，本集團將於報告期金融工具發生之違約風險與初步確認日期金融工具發生之違約風險進行比較。在進行該評估時，本集團會考慮合理且可支持之定量及定性資料，包括毋須付出不必要之成本或精力而可得之過往經驗及前瞻性資料。

具體而言，評估信貸風險是否顯著增加時會考慮以下資料：

- 金融工具之外部(如有)或內部信貸評級之實際或預期顯著惡化；
- 外部市場信貸風險指標之顯著惡化，如債務人的信貸息差、信用違約掉期價格顯著上升；
- 預計會導致債務人償還其債務能力大幅下降之業務、財務或經濟狀況之現有或預測之不利變化；
- 債務人經營業績之實際或預期顯著惡化；
- 導致債務人償還其債務能力大幅下降之債務人監管、經濟或技術環境之實際或預期之重大不利變化。

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綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

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.

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.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

信貸風險顯著增加(續)

不論上述評估之結果如何，本集團認為，當合約付款逾期超過30天，則信貸風險自初步確認以來已顯著增加，除非本集團有合理且可支持之資料證明信貸風險並無增加。

本集團定期監察用以確定信貸風險曾否大幅增加的標準的成效，並適時作出修訂，從而確保有關標準能夠於款項逾期前確定信貸風險大幅增加。

違約的定義

就內部信貸風險管理而言，本集團認為，倘內部生成或自外部來源獲得的資料顯示債務人不太可能向其債權人(包括本集團)悉數付款，則發生違約事件。

不論上述情況如何，本集團認為，倘金融資產逾期90天以上，則已發生違約，除非本集團有合理有據的資料證明更滯後的違約標準更為合適則另作別論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Definition of default (Continued)

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.

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 180 days 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.

4. 主要會計政策(續)

金融工具(續)

違約的定義(續)

信貸減值金融資產

當發生一項或多項對金融資產的估計未來現金流量產生不利影響的違約事件時，金融資產出現信貸減值。金融資產出現信貸減值的證據包括有關下列事件的可觀察數據：

- (a) 發行人或借款人遇到嚴重財政困難；
- (b) 違反合約，如拖欠或逾期還款事件；
- (c) 借款人的放款人因與借款人遇到財政困難有關的經濟或合約理由而給予借款人於一般情況下放款人不會考慮的優惠條件；
- (d) 借款人很可能面臨破產或進行其他財務重組；或
- (e) 因財政困難而令金融資產的活躍市場消失。

撇銷政策

本集團於有資料顯示對手方遇到嚴重財政困難，且實際上不可能收回款項時（如對手方處於清盤階段或已進入破產法律程序時），或（就應收貿易款項而言）金額逾期180天以上時（以較早發生者為準）撇銷金融資產。經考慮法律意見（如適當）後，已撇銷金融資產仍可根據本集團的收回程序實施強制執行。撇銷構成終止確認事件。任何其後收回款項於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Definition of default (Continued)

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 following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

4. 主要會計政策(續)

金融工具(續)

違約的定義(續)

預期信貸虧損之計量及確認

預期信貸虧損之計量為違約概率、違約損失率(即違約時之損失程度)及違約風險暴露之函數。評估違約概率及違約損失率乃依據經前瞻性資料調整之歷史數據。預期信貸虧損之估計反映無偏頗及概率加權之數額,其乃根據加權之相應違約風險而確定。

一般而言,預期信貸虧損為根據合約應付本集團之所有合約現金流量與本集團預計收取之現金流量(按初步確認時釐定之實際利率貼現)間之差額。

倘預期信貸虧損按集體基準計量或迎合個別工具水平證據未必存在的情況,則金融工具按以下基準歸類:

- 金融工具性質(即本集團貿易及其他應收款項按個別基準評估預期信貸虧損);
- 逾期狀況;
- 債務人的性質、規模及行業;及
- 外部信貸評級(如有)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Definition of default (Continued)

Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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 and other receivables 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.

4. 主要會計政策(續)

金融工具(續)

違約的定義(續)

預期信貸虧損之計量及確認(續)

管理層定期檢討歸類工作，以確保各組別組成部分繼續存在類似信貸風險特性。

利息收入按金融資產的賬面總值計算，倘金融資產出現信貸減值，則利息收入按金融資產的攤銷成本計算。

本集團於損益中確認所有金融工具的減值收益或虧損，方式為調整相關賬面值，惟貿易及其他應收款項除外，其相應調整透過虧損撥備賬確認。

終止確認金融資產

倘從資產收取現金流量之合約權利已到期，或金融資產已轉讓且本集團已將其於金融資產擁有權之絕大部份風險及回報轉移至另一實體，則金融資產將被取消確認。倘若本集團並無轉讓或保留擁有權之絕大部份風險及回報，並繼續控制已轉讓之資產，則本集團會確認其於資產的保留權益及可能需要支付的相關負債款項。倘若本集團保留已轉讓金融資產擁有權之絕大部份風險及回報，則本集團繼續確認金融資產並同時就所得收益確認抵押借款。

於終止確認按攤銷成本計量的金融資產時，資產的賬面值與已收及應收代價總和之間的差額於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Derecognition of financial assets (Continued)

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as financial liabilities or equity

Financial liabilities 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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

4. 主要會計政策(續)

金融工具(續)

終止確認金融資產(續)

於終止確認分類為按公平值計入其他全面收益的債務工具之投資時，之前於按公平值計入其他全面收益的儲備累計的累計收益或虧損重新分類至損益。

終止確認權益工具投資(本集團於初始確認時選擇按公平值計入其他全面收益計量)，過往於投資重估儲備累計的累計收益或虧損不會重新分類至損益，但會轉撥至保留溢利。

金融負債及權益工具

分類為金融負債或權益

集團實體發行的金融負債及股本工具乃根據合約安排內容及就金融負債及股本工具之定義分類為金融負債或權益。

股本工具

股本工具乃任何證明實體經扣減所有負債後之資產剩餘權益的合約。由本公司發行的股本工具乃按扣除直接發行成本後的已收所得款項確認。

購回本公司自身的權益工具予以確認並直接於權益扣除。概無於損益確認購買、銷售、發行或註銷本公司自身權益工具之任何收益或虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

(Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including bank loan, trade payables, accruals and other payables) are subsequently measured at amortised cost, using the effective interest method.

Current assets and liabilities

Current assets are expected to be realised within twelve months of the end of the reporting period or in the normal course of the Group's operating cycle. Current liabilities are expected to be settled within twelve months of the end of the reporting period or in the normal course of the Group's operating cycle.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

4. 主要會計政策(續)

金融工具(續)

金融負債及權益工具(續)

金融負債

所有金融負債其後使用實際利率法按攤銷成本計量。

按攤銷成本計量之金融負債

金融負債(包括銀行貸款、應付貿易款項、應計費用及其他應付款項)其後使用實際利率法按攤銷成本計量。

流動資產及負債

流動資產預期於報告期末起計十二個月內或於本集團營運週期之一般過程中變現。流動負債預期於報告期末起計十二個月內或於本集團營運週期之一般過程中償付。

或然負債及或然資產

或然負債指因過往事件而可能引起的責任，該等責任須就某宗或多宗本集團不能完全控制的事件會否於日後發生方予以確認。或然負債亦可能因過往事件引致現有責任，惟由於可能不需要經濟資源流出，或責任金額不能可靠地計量而未有確認。或然負債不會被確認，惟會在綜合財務報表附註內披露。倘資源流出的可能性改變而導致可能出現資源流出時，則該等負債將確認為撥備。

或然資產指因過往事件而可能產生的資產，該等資產須就某宗或多宗本集團不能完全控制的事件會否於日後發生方予以確認。或然資產不會被確認，惟會於經濟利益可能流入時在綜合財務報表附註內披露。倘可實質確認流入，該等資產將予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies

i. Functional and presentation currency

Items included in the financial statements of each of the companies now comprising the Group are measured using the currency of the primary economic environment in which the company operates (the “functional currency”). The consolidated financial statements are presented in Renminbi, which is the Company’s presentation currency and the functional currency of the principal operating subsidiary of the Group. The functional currency of the Company is Hong Kong dollars. The directors consider that choosing Renminbi as the presentation currency best suits the needs of the shareholders and investors.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of their fair value gain or loss.

4. 主要會計政策(續)

外幣

i. 功能及呈列貨幣

現時組成本集團各公司之財務報表所含項目乃按公司經營之主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表以人民幣呈列，為本公司之呈列貨幣以及本集團主要經營附屬公司之功能貨幣。本公司的功能貨幣是港元。董事認為，選擇人民幣作為呈列貨幣乃最為符合股東及投資者的需求。

ii. 交易及結餘

外幣交易以交易日期現行匯率換算為功能貨幣。來自償付該等交易及按年末匯率換算以外幣計值之貨幣資產及負債之外匯收益及虧損於綜合損益及其他全面收益表確認。

非貨幣金融資產及負債之換算差額按部分公平值收益或虧損入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies (Continued)

iii. Group companies

The results and financial positions of all the companies now comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rate;
- (b) Income and expenses are translated at average exchange rates; and
- (c) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to owners' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Research and development expenditure

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4. 主要會計政策(續)

外幣(續)

iii. 集團公司

功能貨幣與呈列貨幣不同之現時組成本集團所有公司(當中並無嚴重通脹經濟地區之貨幣)之業績及財務狀況乃按下列方式換算為呈列貨幣:

- (a) 資產及負債按收市匯率換算;
- (b) 收入及開支按平均匯率換算;及
- (c) 所有因此而產生之匯兌差額確認為獨立權益部分。

於綜合賬目時,換算海外業務投資淨值以及借款及指定為對沖該等投資之其他貨幣工具產生之匯兌差額納入擁有人權益。出售海外業務時,於權益記錄的匯兌差額於綜合損益及其他全面收益表確認為出售之部分收益或虧損。

收購海外實體產生之商譽及公平值調整視為海外實體之資產及負債,並按收市匯率換算。

研究及開發支出

研究活動支出於其產生之有關期間確認為開支。

現金及現金等值物

就綜合現金流量表而言,現金及現金等值物包括手頭現金、活期存款以及可隨時兌換為已知數額的現金及存在非重大價值變動風險而期限(一般在購入後三個月內)較短的短期高流通性投資,扣除須按要求償還並構成本集團現金管理一部分的銀行透支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

4. 主要會計政策(續)

撥備

倘本集團因過往事件負上現有責任(法律或推定)而可能需要本集團支付負債,及能就負債金額作出可靠估計時,則會就負債確認撥備。

作為撥備確認之金額乃對於報告期末償付現有負債所需代價之最佳估計,並經考慮負債相關之風險及不確定因素。倘使用估計償付現有負債之現金流量計量撥備,則其賬面值即為該等現金流量之現值(倘貨幣之時間價值影響重大)。

當預期用作償付撥備所需部分或全部經濟利益可從第三方收回,如可實際確認可以收回且應收款項之金額能可靠計量,則應收款項確認為資產。

僱員福利

(i) 僱員應享假期

僱員的年假及長期服務假於僱員應享有時予以確認。截至報告期末止,因僱員所提供的服務而產生的年假及長期服務假的估計負債已計提撥備。

僱員的病假及產假於僱員休假時方會確認。

(ii) 養老金責任

本集團為所有僱員提供定額供款退休計劃。本集團及僱員對計劃的供款乃按僱員的基本薪金的百分比計算。自損益內扣除的退休福利計劃成本乃指本集團應付該等基金的供款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Employee benefits (Continued)

(ii) Pension obligations (Continued)

As stipulated by the rules and regulations of the PRC, the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 42 to the Group's consolidation financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

4. 主要會計政策(續)

僱員福利(續)

(ii) 養老金責任(續)

根據中國之規則及法規，本公司在中國註冊之附屬公司須按當地政府預定之基本薪金若干百分比為所有中國僱員向國家管理之退休計劃供款。國家管理之退休計劃負責向退休僱員支付退休福利之一切責任，除每年供款外，本集團在實際退休福利付款或其他退休後福利方面並無進一步責任。

(iii) 終止僱用福利

終止僱用福利僅於本集團具備正式而詳細且不可撤回方案的情況下，明確顯示終止聘用或因採取自願離職措施而提供福利時，方予確認。

以股份為基礎支付的安排

以權益結算並以股份為基礎支付的交易

授予僱員的購股權

以權益結算並以股份為基礎支付予員工的款項及其他提供的類似服務按授出日期股本工具的公平值計量。有關釐定以權益結算並以股份為基礎支付的交易的公平值的詳情載於本集團綜合財務報表附註42。

於以權益結算並以股份為基礎支付的授出日期釐定的公平值，基於本集團預計將最終歸屬的股本工具按直線法於歸屬期內支銷，而權益亦相應增加。於各報告期末，本集團修訂其對預期歸屬的股本工具數目的估計。修訂原有估計的影響(如有)於損益內確認，以使累計開支能反映經修訂估計，以權益結算的僱員福利儲備亦作出相應調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Share-based payment arrangements

(Continued)

Equity-settled share-based payment transactions

(Continued)

Share options granted to employees (Continued)

When share options are exercised, the amount previously recognised in share option reserve will be transferred to equity. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Share options granted to suppliers/consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Cash-settled share-based payment transactions

For cash-settled share-based payment, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

4. 主要會計政策(續)

以股份為基礎支付的安排(續)

以權益結算並以股份為基礎支付的交易(續)

授予僱員的購股權(續)

於行使購股權之時，先前於購股權儲備確認的金額將轉撥至股本。當購股權於歸屬日後失效或於屆滿日期仍未獲行使，先前在購股權儲備確認的款項將繼續轉撥至保留溢利。

授予供應商／顧問的購股權

與僱員以外人士進行之以權益結算並以股份為基礎支付的交易乃按所收商品或所接受服務之公平值計量，惟倘公平值未能可靠地計量，則彼等按所授出股本工具於實體取得商品或對手方提供服務當日計量之公平值計量。於本集團取得貨品或交易方提供服務時，除非貨品或服務符合資格確認為資產，所收取貨品或服務之公平值確認為開支，並對權益作出相應調整。

以現金結算並以股份為基礎支付的交易

就以現金結算並以股份為基礎支付而言，負債乃就所購入的貨品或服務確認，初步按負債的公平值計量。於清償負債前的各報告期末及於清償當日，負債的公平值重新計量，而公平值的任何變動則於本年度損益確認。

借款成本

直接用作收購、建造或生產合資格資產(即需要相當長期間以達致其擬定用途或銷售的資產)的借款成本資本化為該等資產的部分成本，直至該等資產大致用作其擬定用途或銷售。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Borrowing costs (Continued)

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 that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Segment reporting

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

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

4. 主要會計政策(續)

借款成本(續)

用於合資格資產的特定借款在其尚未支銷時用作暫時投資所賺取的投資收入，乃於合資格資本化的借款成本內扣除。

所有其他借款成本於產生期間在損益內確認。

政府補助金

政府補助金於可合理確定本集團將遵守該等補助金附帶之條件及收取補助金時方予確認。

作為開支或已產生虧損的補償金或向本集團提供即時財務援助而成為應收款項(並無日後相關成本)的政府補助金，乃於其成為應收款項的期間在損益內確認。

分部報告

經營分部及綜合財務報表所呈報各分部項目的金額，乃從為向本集團各項業務及地理位置分配資源及評估其表現而定期向本集團最高行政管理層提供的財務資料中識別。

個別重大經營分部不會合計以供財務報告之用，惟倘該等分部的產品及服務性質、生產工序性質、客戶階層類別、分銷產品或提供服務的方法以及監管環境的性質等經濟特性均屬類似，則作別論。個別不重大經營分部倘符合以上大部分條件，則可予以合計。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties

A party is considered to be related to the Group if:

- (1) A person or entity is preparing the financial statements of the Group;
- (2) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (3) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (2).

4. 主要會計政策(續)

關連方

任何一方如屬以下情況，即視為本集團的關連方：

- (1) 有關人士或實體編製本集團的財務報表；
- (2) 下列人士或其家族與本集團有關連之近親：
 - (i) 其控制或共同控制本集團；
 - (ii) 其對本集團有重大影響力；或
 - (iii) 其為本集團或本集團母公司的主要管理層人員的成員。
- (3) 在下列任何情況下，一間實體被視為與本集團有關連：
 - (i) 實體與本集團為同一集團成員，即母公司、附屬公司及同系附屬公司各自彼此相互關連。
 - (ii) 某一實體為另一實體之聯營公司或合營公司，或為另一實體所屬集團成員之聯營公司或合營公司。
 - (iii) 實體均為同一第三方之合營公司。
 - (iv) 實體為第三方實體之合營公司，而另一實體為第三方實體之聯營公司。
 - (v) 實體乃為本集團或與本集團有關之實體的僱員福利所設離職後福利計劃。倘本集團本身設有計劃，則僱主亦與本集團有關連。
 - (vi) 實體受(2)所界定人士控制或共同控制。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties (Continued)

- (3) An entity is related to the Group if any of the following conditions applies: (Continued)
- (vii) A person identified in (2)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any number of a group of which is a part, provides key management personnel services to the Group or the Group's parent.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated of expect credit losses of trade and other receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement at amortised cost in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6.

4. 主要會計政策(續)

關連方(續)

- (3) 在下列任何情況下，一間實體被視為與本集團有關連：(續)
- (vii) (2)(i)所界定人士對實體擁有重大影響力或為實體或該實體母公司之主要管理層人員。
- (viii) 該實體，或所屬集團之任何成員，向本集團或本集團之母公司提供主要管理層服務。

倘關連方之間轉移資源或責任，則該交易被視為關連方交易。

5. 主要會計估計及判斷

於應用本集團之會計政策(其於附註4內闡述)時，本公司之董事須作出有關未能從其他來源輕易獲得之資產及負債賬面值之判斷、估計及假設。估計及相關假設乃基於過往經驗及被認為有關之其他因素。實際業績可能不同於該等估計。

估計及相關假設乃按持續經營基準予以檢討。倘會計估計之修訂僅影響估計獲修訂之期間，則會計估計之修訂於該期間予以確認，倘若修訂影響現時及未來期間，則會計估計之修訂於現時及未來期間內予以確認。

下列為有關未來之主要假設及於報告期末時估計不確定因素之其他主要來源(其擁有導致下一個財政年度之資產及負債之賬面值出現大幅調整之重大風險)。

應收貿易及其他款項預期信貸虧損之估計

金融資產之虧損撥備乃根據違約風險及預期虧損率之假設釐定。本集團於作出該等假設及選擇減值計算輸入值時，根據本集團之過往歷史、現行市況及於各報告期末之前瞻性估計作出判斷。主要假設及所使用的輸入數據詳情披露於附註6。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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截至二零一九年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

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

Property, plant and equipment and Right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2019, the carrying amounts of property, plant and equipment and right-of-use assets are RMB50,160,000 and RMB7,102,000 respectively, no impairment losses were recognised during the year ended 31 December 2019. Details of the property, plant and equipment and right-of-use assets are disclosed in note 18 and 19.

Income taxes and deferred taxation

The Group is subject to income taxes in different jurisdictions. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. 主要會計估計及判斷(續)

物業、廠房及設備的可使用年期

本集團的管理層釐定本集團物業、廠房及設備的估計可使用年期及相關折舊開支。該估計乃以同類性質及功能的物業、廠房及設備的實際可使用年期的過往經驗為基準。倘可使用年期與先前估計不同，本集團將修訂折舊開支，或撇銷或撇減已廢棄或出售的技術上已過時或非策略性的資產。

物業、廠房及設備以及使用權資產減值

物業、廠房及設備以及使用權資產按成本減累計折舊及減值(如有)列賬。釐定資產是否減值時，本集團須行使判斷及作出估計，特別是評估(1)是否發生事件或有任何跡象而可能影響資產價值；(2)資產的賬面值是否有可回收金額(倘為使用價值，則未來現金流量的現值淨額，基於資產的持續使用而估計)作支持；及(3)於估計可收回金額(包括現金流量預測)及適當的貼現率時應用的適當主要假設。更改假設及估計(包括折現率或現金流量預測中的增長率)可能會嚴重影響減值測試中使用的淨現值。

於二零一九年十二月三十一日，物業、廠房及設備以及使用權資產的賬面值分別為人民幣50,160,000元及人民幣7,102,000元，截至二零一九年十二月三十一日止年度未確認減值虧損。物業、廠房及設備以及使用權資產的詳情於附註18及19中披露。

所得稅及遞延稅項

本集團須繳納不同司法權區的所得稅。於釐定所得稅撥備時，須作出重大估計。於日常業務過程中存在很多交易及計算，而最終稅項的釐定具有不確定性。倘該等事件的最終稅項結果與初始記錄的金額存在差異，則相關差異將影響作出有關釐定的報告期的所得稅及遞延稅項撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Provision of inventories

The Group makes provision for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of slow-moving stock and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

Impairment of interest in an associate

The management of the Group carries out review on impairment on the interests in an associate whenever events or changes in circumstances indicate that its carrying amount may not be recoverable by comparing its recoverable amount (higher of the value in use and fair value less cost of disposal) with its carrying amount.

The Group tests annually whether goodwill has suffered any impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated.

In determining whether the interests in associates is impaired, it requires an estimation of its recoverable amount, which represents higher of the value in use and fair value less cost of disposal (market value). For the value in use, it requires the Group to estimate the future cash flows expected to arise from the operations of the investment and from the ultimate disposal, and a discount rate in order to calculate the present value. Where the recoverable amount of the Group's interest in an associate is less than the carrying amount, an impairment loss may arise.

During the year ended 31 December 2019, the management concluded that there was impairment loss on interest in an associate of approximately RMB5,520,000 as the recoverable amount of the interest in associates which represented the value in use was lower than the carrying amount.

5. 主要會計估計及判斷(續)

存貨撥備

本集團根據對存貨可變現淨值的評估計提存貨撥備，倘有事件或情況變動顯示存貨可變現淨值低於成本，則須對存貨計提撥備。認定滯銷及陳舊存貨須對存貨狀況及是否可用進行判斷和估計。

於一間聯營公司權益之減值

倘發生事件或情況變動顯示其賬面值可能無法收回時，本集團管理層就於一間聯營公司之權益進行減值檢討，方法為將其可收回金額（使用價值與公平值減出售成本之較高者）與其賬面值作比較。

本集團每年測試商譽是否遭受任何減值。釐定商譽是否出現減值，需估計獲分配商譽之現金產生單位的使用價值。

釐定聯營公司之權益是否出現減值，此需要估計其可收回金額（即使用價值與公平值減出售成本之較高者（市價））。就使用價值而言，其需要本集團對預期將從該投資之營運及最終出售產生之未來現金流量以及貼現率作出估計以計算現值。倘本集團於一間聯營公司權益之可收回金額低於賬面值，則可能會出現減值虧損。

於截至二零一九年十二月三十一日止年度，管理層認為，由於一間聯營公司之權益之可收回金額（即使用值）低於賬面值，因此於一間聯營公司權益之減值虧損約為人民幣5,520,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Valuation of share options

As explained in Note 42, share option expense is subject to the limitations of the option pricing models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates including limited early exercise behavior, expected interval and frequency of open exercise periods in the share option life and the relevant parameters of the share option model be changed, there would be material changes in the amount of share option benefits recognised in the profit or loss and share-based payment reserve.

Determining the lease term

As explained in note 2, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying assets to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

5. 主要會計估計及判斷(續)

購股權估值

如附註42所述，購股權支出受限於所採納的購股權定價模式及管理層作出假設時所用估計的不確定因素。倘該等估計，包括有限度提前行使購股權、購股權有效期內公開行使的預期間距及頻密程度，以及購股權模式的相關參數有變，則於損益及股份付款儲備內確認的購股權福利金額將出現重大變動。

釐定租期

按附註2所詮釋，租賃負債初步以租期內應付租賃付款之現值確認。就包含本集團可行使續租權的租賃於開始日期釐定租期時，本集團計及所有相關因素及就本集團行使選擇權創造的經濟激勵情況(包括優惠條款、承諾的租賃裝修及對本集團營運重要的相關資產)評估行使續租權的可能性。租期於有重要事項或本集團可控制的情況出現重大改變時重估。未來年度租期的任何增加或減少將影響租賃負債及使用權資產的數額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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截至二零一九年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets:	金融資產:
Financial assets at fair value through profit or loss	按公平值於損益列賬的金融資產
Financial assets at amortised cost	按攤銷成本計量的金融資產
Financial liabilities:	金融負債:
Amortised cost	攤銷成本

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no major hedging activities are undertaken by management.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

6. 金融工具

(a) 金融工具分類

	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
	23,415	30,611
	170,348	171,764
	92,584	77,780

(b) 財務風險管理目標及政策

本集團業務活動令其面臨多項財務風險：市場風險（包括外幣風險及公平值利率風險及價格風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於金融市場的不可預測性及尋求降低本集團財務表現的潛在不利影響。

管理層定期管理本集團之財務風險。由於本集團之財務架構及現時營運並不複雜，管理層並無進行重大對沖活動。

本集團就金融工具承擔的風險類別或其管理與計量有關風險的方式並無任何改變。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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截至二零一九年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

- (i) Exposure to foreign currency risk

The Group mainly operates in the People's Republic of China (the "PRC") and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"), Hong Kong dollars ("HKD") and United States dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Company's management do not expect the net foreign currency risk from these activities to be significant and hence, the Group and the Company do not presently hedge the foreign exchange risks. The Group and the Company periodically review liquid assets and liabilities held in currencies other than the functional currencies of the respective subsidiaries to evaluate its foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arise.

- (ii) Sensitivity analysis

At 31 December 2019, the Group has minimal exposure to foreign currency risk with respect to HKD as it is the functional currencies of the respective subsidiaries in which their business transactions, assets and liabilities are denominated.

At 31 December 2019, if USD had strengthened/weakened by 5% (2018: 5%) against RMB with all other variables held constant, the Group's profit for the year and total equity would have been approximately RMB473,000 (2018: RMB748,000) higher/lower, mainly as a result of foreign exchange gains/losses on USD-denominated monetary assets and monetary liabilities.

6. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

外幣風險(續)

- (i) 承受外幣風險

本集團主要於中華人民共和國(「中國」)及香港經營其業務，並須承受不同外幣產生的外匯風險，主要為與人民幣(「人民幣」)、港元(「港元」)及美元(「美元」)有關的風險。外匯風險來自海外業務的未來商業交易、已確認資產及負債以及投資淨額。本公司管理層預期該等活動並不涉及重大外匯風險淨額，因此，本集團及本公司現時並無對沖外匯風險。本集團及本公司定期審閱附屬公司各自以功能貨幣以外貨幣為單位的流動資產及負債，以評估其外匯風險，並將於必要時考慮對沖重大外幣風險。

- (ii) 敏感度分析

於二零一九年十二月三十一日，本集團與港元有關的外幣風險甚微，此乃由於港元為各附屬公司的功能貨幣，其業務交易、資產及負債均以港元計值。

於二零一九年十二月三十一日，倘美元兌人民幣升值／貶值5% (二零一八年：5%) 而所有其他變數維持不變，則本集團的年度溢利及權益總額將增加／減少約人民幣473,000元 (二零一八年：人民幣748,000元)，乃主要由於以美元計值的貨幣資產及貨幣負債的外匯收益／虧損所致。

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綜合財務報表附註(續)

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

- (i) Exposure to interest rate risk

The Group's exposure to the risk of changes in market interest rate relates primarily to its interest-bearing bank borrowings and bank overdraft. Interest-bearing bank borrowings and bank overdrafts at floating rates expose the Group to interest rate risk.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

- (ii) Sensitivity analysis

At 31 December 2019, if interest rates at the date had been 100 basis points higher/lower with all other variables held constant, the Group's profit for the year would decrease/increase by RMB400,000 (2018: RMB400,000). This is mainly attributable to the Group's exposure as result of increase/decrease in interest expense on bank borrowings and bank overdrafts net off with interest income from bank deposits.

Other price risk

- (i) Exposure to other price risk

The Group is exposed to equity price risk mainly through its investment. The Group currently does not have a hedging policy in respect of the risk exposure. In addition, the management of the Group would monitor the price risk and will consider hedging the risk exposure should the need arise.

6. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

利率風險

- (i) 承受利率風險

本集團所面對的市場利率變動風險，主要與本集團的計息銀行借款及銀行透支有關。按浮動利率計息的銀行借款及銀行透支使本集團面對利率風險。

本集團並無使用任何利率掉期對沖利率風險。然而，管理層監控利率風險，並於必要時考慮對沖重大利率風險。

- (ii) 敏感度分析

於二零一九年十二月三十一日，倘於該日之利率上升/下跌100個基點而所有其他變數維持不變，則本集團之年度溢利將下降/上升約人民幣400,000元(二零一八年：人民幣400,000元)，乃主要由於銀行借款及銀行透支之利息支出抵銷來自銀行存款利息收入之金額增加/減少產生之本集團風險所致。

其他價格風險

- (i) 承受其他價格風險

本集團主要透過其投資而面對股權價格風險。本集團現時並無有關風險之對沖政策。此外，本集團管理層會監察價格風險及於有需要時考慮對沖有關風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk (Continued)

(ii) Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to price risk of financial assets at fair value through profit or loss at the end of the reporting period. If the prices of the financial assets at fair value through profit or loss (listed securities) and derivative financial instrument had been 10% higher/lower, profit would increase/decrease by approximately RMB718,000 (2018: RMB1,178,000). If the prices of financial assets at fair value through profit or loss (unlisted investment) had been 10% higher/lower, profit/other comprehensive income would increase/decrease by approximately RMB1,623,000 (2018: RMB1,883,000).

Credit risk

The carrying amount of the cash and bank balances, trade, bills and other receivables included in the consolidated statements of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information.

6. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

其他價格風險(續)

(ii) 敏感度分析

敏感度分析乃按報告期末所面對之按公平值於損益列賬的金融資產之價格風險釐定。倘按公平值於損益列賬的金融資產(上市證券)及衍生金融工具之價格上升/下跌10%，則溢利將增加/減少約人民幣718,000元(二零一八年：人民幣1,178,000元)。倘按公平值於損益列賬的金融資產(未上市投資)之價格上升/下跌10%，則溢利/其他全面收入將增加/減少約人民幣1,623,000元(二零一八年：人民幣1,883,000元)。

信貸風險

計入綜合財務狀況表的現金及銀行結餘、應收貿易、票據及其他款項的賬面值指與本集團的金融資產有關的最高信貸風險。

本集團應用簡化方法就香港財務報告準則第9號訂明之預期信貸虧損計提撥備，該準則允許就所有應收貿易款項採用全期預期信貸虧損撥備。為計量預期信貸虧損，應收貿易款項已基於共同信貸風險特徵進行分組。本集團已執行歷史分析並識別出影響各種組合的信用風險及預期信用虧損的主要經濟變量。本集團亦考慮可用的合理有據之前瞻性資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has certain exposure to credit risk as the trade receivables from the five largest customers as at 31 December 2019 represented 54.4% (2018: 47.0%) of total trade receivables, while 23.4% (2018: 16.4%) of the total trade receivables were due from the largest single customer. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

6. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險(續)

為盡量降低信貸風險，本集團管理層已指定團隊負責決定信貸額度、信貸批核及其他監察程序，確保採取跟進措施以收回逾期債項。此外，本集團於各報告期末審閱各個別貿易債項的可收回金額，確保為不可收回金額作出足夠的減值虧損。就此而言，本公司董事認為本集團的信貸風險已大幅降低。

本集團面臨若干信貸風險，因於二零一九年十二月三十一日應收五大客戶的貿易款項佔應收貿易款項總額的54.4%（二零一八年：47.0%），而應收最大單一客戶的貿易款項佔應收貿易款項總額的23.4%（二零一八年：16.4%）。其已實施政策以確保銷售對象為具有合理信貸記錄的客戶。

		0 to 90 days 0至90日內	91 to 180 days 91至180日	181 days to 365 days 181日至365日	Over 365 days 365日以上	Total 總計
As at 31 December, 2019 於二零一九年十二月三十一日						
Expected credit loss rate	預期信貸虧損率	0%	1.2%	5.6%	37.1%	6.9%
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)	42,487	44,940	25,704	19,220	132,351
Lifetime ECL (RMB'000)	全期預期信貸虧損 (人民幣千元)	-	(530)	(1,433)	(7,131)	(9,094)
		<u>42,487</u>	<u>44,410</u>	<u>24,271</u>	<u>12,089</u>	<u>123,257</u>
As at 31 December, 2018 於二零一八年十二月三十一日						
Expected credit loss rate	預期信貸虧損率	0%	0.5%	2.0%	15.3%	3.4%
Gross carrying amount (RMB'000)	賬面總值(人民幣千元)	70,509	14,429	11,728	24,279	120,945
Lifetime ECL (RMB'000)	全期預期信貸虧損 (人民幣千元)	(29)	(79)	(240)	(3,710)	(4,058)
		<u>70,480</u>	<u>14,350</u>	<u>11,488</u>	<u>20,569</u>	<u>116,887</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

As at 31 December 2019 and 2018, trade receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

Other receivables

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The movement of loss allowances for other receivables during the year are as follows:

		Other receivables 其他應收款項 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	51
Allowance for expected credit losses	預期信貸虧損撥備	16
Balance as at 31 December 2018	於二零一八年十二月三十一日的結餘	67
Allowance for expected credit losses	預期信貸虧損撥備	2,346
Reversal of allowance for expected credit losses	預期信貸虧損撥備撥回	(26)
Balance as at 31 December 2019	於二零一九年十二月三十一日的結餘	2,387

Besides, the management is of opinion that there is no significant increase in credit risk on these other receivables since initial recognition as the risk of default is low and, thus, ECL recognised is based on 12-month ECL.

6. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險(續)

於二零一九年及二零一八年十二月三十一日，金額單獨重大的應收貿易款項已就減值獨立評估。本集團根據客戶背景及聲譽、過往結算記錄及過往經驗定期對應收款項的可收回性作出定期評估。

其他應收款項

就其他應收款項而言，本公司董事基於過往結算記錄、過往經驗以及屬於合理有據的前瞻性資料的定性及定量資料對其他應收款項的可收回性進行定期個別評估。

年內其他應收款項的虧損撥備變動如下：

此外，管理層認為，由於初始確認的違約風險較低，因此其他應收款項的信貸風險並無顯著增加，因此，預期信貸虧損乃基於12個月預期信貸虧損予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Cash and bank balances

The credit risk on cash and bank balances is limited because the counterparties are international and state-owned banks with good reputation.

The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue to those liabilities except where the Group are entitled and intends to repay the liability before its maturity.

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 within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

6. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險(續)

現金及銀行結餘

由於交易對方為信譽良好的國際及國有銀行，故現金及銀行結餘之風險有限。

本集團並無持有任何抵押品或其他信貸增強措施以為其金融資產相關之信貸風險提供保障。

流動資金風險

本集團政策為定期監控現有及預期流動資金需求，以確保其擁有充裕現金儲備應付短期及長期流動資金需求。本集團透過保持充足之儲備，持續對預測及實際現金流量進行監察，並配對金融資產及負債之到期情況，藉以管理流動資金風險。

下表詳細列明本集團非衍生金融負債的餘下合約到期情況。該表根據未貼現金融負債合約期限編製，包括該等負債的應計利息（本集團有權及有意在到期前清償者除外）。

具體而言，不論銀行選擇於報告日期後一年內行使其權利之可能性，具有按要求償還條款之銀行貸款計入最早時段。其他非衍生金融負債之到期情況分析乃根據協定還款日期編製。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities (including financial assets at fair value through profit or loss) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- (ii) the fair value of financial assets at fair value through profit or loss are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives;
- (iii) the fair value of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally pricing models based on discounted cash flow analysis.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets and financial institution for identical assets or liabilities;
2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. 金融工具(續)

(c) 金融工具之公平值

金融資產及金融負債之公平值乃按以下釐定：

- (i) 具有標準條款及條件及於活躍流動市場買賣的金融資產及金融負債(包括按公平值於損益列賬的金融資產)，乃分別參考所報市場買入價及賣出價釐定公平值；
- (ii) 按公平值於損益列賬的金融資產的公平值按所報價格計算。倘未能獲得有關價格，則按非期權衍生工具之年期使用適用孳息曲線釐定貼現現金流分析；
- (iii) 其他金融資產及金融負債的公平值(以上所述者除外)乃基於貼現現金流分析根據一般定價模式釐定。

於綜合財務狀況表確認之公平值計量

下表提供初步確認後按公平值計量的金融工具分析，乃根據公平值可觀察程度分為級別一至三：

1. 級別一公平值計量由相同資產或負債在活躍市場及金融機構之報價(未經調整)得出；
2. 級別二公平值計量由級別一所載報價以外之可觀察資產或負債數據直接(即價格)或間接(即衍生自價格)得出；及
3. 級別三公平值計量由包括並非基於可觀察市場數據(不可觀察數據)之資產或負債數據之估值技術衍生。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value of financial instruments (Continued)

Fair value measurements recognised in the consolidated statement of financial position
(Continued)

Financial assets/
Financial liabilities
金融資產/金融負債

Fair value as at
於下列日期的公平值

31/12/19

二零一九年

十二月三十一日

31/12/18

二零一八年

十二月三十一日

Fair value
hierarchy
公平值等級

Basis of fair Value
公平值基準
RMB'000

人民幣千元

1) Financial assets at fair value through profit or loss

Listed equity
Securities

RMB7,180,000

上市股本證券

人民幣7,180,000元

Unlisted equity

Investments

RMB16,235,000

非上市股本投資

人民幣16,235,000元

Listed equity
Securities

RMB11,783,000

上市股本證券

人民幣11,783,000元

Unlisted equity

Investments

RMB18,828,000

非上市股本投資

人民幣18,828,000元

Level 1

級別一

Level 1

級別一

Quoted bid price in
an active market

於活躍市場的報價

Quoted price from
financial institution

金融機構的報價

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate to their fair values.

本公司董事認為，綜合財務報表內按攤銷成本計量的金融資產及金融負債的賬面值與其公平值相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

7. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of debt (which includes bank borrowings and lease liabilities) and equity attributable to owners of the Company, comprising issued capital and reserves. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issuance of new shares as well as the addition of new borrowings.

Gearing ratio

The gearing ratio at 31 December 2019 and 2018 was as follows:

Debt	債務
Total equity	權益總額
Gearing ratio	資本負債比率

7. 資本風險管理

本集團管理其資本，以確保本集團內各實體能夠持續經營，同時亦透過優化債項與權益之平衡，為股東爭取最高回報。自二零一八年起，本集團整體策略保持不變。

本集團之資本架構包括債項（包括銀行借款及租賃負債）以及本公司擁有人應佔權益（包括已發行資本及儲備）。本公司董事不斷檢討資本架構。作為檢討一部分，董事考慮資本成本及資本相關風險。本集團將根據董事之意見透過發行新股及新增借款，平衡其整體資本結構。

資本負債比率

於二零一九年及二零一八年十二月三十一日的資本負債比率如下：

	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
Debt	44,739	40,000
Total equity	176,113	198,749
Gearing ratio	25.4%	20.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

8. SEGMENT INFORMATION

Information reported to the Directors being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The Group's operating and reportable segments are as follows:

- (i) the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and other parts; and
- (ii) the supply and procurement operation segment including trading of rubber and food products.

Segment revenue and results

	Supply and procurement operation 供應及採購經營		Manufacture and sale of nonwoven fabric products 製造及銷售無紡布產品		Total 合計		
	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	
Segment revenue:	分部收入:						
Sales to external customers	銷售予外部客戶	76,861	45,319	184,035	149,208	260,896	194,527
Segment results	分部業績	(2,963)	(6,827)	(3,729)	(2,039)	(6,692)	(8,866)
Unallocated corporate income	未分配公司收入					50	101
Unallocated corporate expenses	未分配公司開支					(22,639)	(52,897)
Loss from operations	經營虧損					(29,281)	(61,662)
Finance costs	融資成本					(2,201)	(1,974)
Loss before tax	除稅前虧損					(31,482)	(63,636)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended 31 December 2019 and 2018.

8. 分部資料

向董事(即主要經營決策者)呈報以分配資源及評估分部表現的資料,著重所付運貨品或提供服務的類別。

本集團的經營及可呈報分部如下:

- (i) 製造及銷售用於汽車內飾件及其他部分的無紡布產品;及
- (ii) 供應及採購經營分部(包括買賣橡膠及食品)。

分部收入及業績

	Supply and procurement operation 供應及採購經營		Manufacture and sale of nonwoven fabric products 製造及銷售無紡布產品		Total 合計		
	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	
Segment revenue:	分部收入:						
Sales to external customers	銷售予外部客戶	76,861	45,319	184,035	149,208	260,896	194,527
Segment results	分部業績	(2,963)	(6,827)	(3,729)	(2,039)	(6,692)	(8,866)
Unallocated corporate income	未分配公司收入					50	101
Unallocated corporate expenses	未分配公司開支					(22,639)	(52,897)
Loss from operations	經營虧損					(29,281)	(61,662)
Finance costs	融資成本					(2,201)	(1,974)
Loss before tax	除稅前虧損					(31,482)	(63,636)

以上呈報的分部收入乃來自外部客戶的收入。截至二零一九年及二零一八年十二月三十一日止年度並無分部間收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment results represent the profit from each segment without allocation of interest income, fair value loss on financial assets at fair value through profit or loss, share of result of an associate and central operating expenses including staff costs, finance costs and income tax expense. This is the measure reported to the chief operating decision marker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

		Supply and procurement operation		Manufacture and sale of nonwoven fabric products		Total	
		供應及採購經營		製造及銷售無紡布產品		合計	
		2019	2018	2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年
		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
ASSETS	資產						
Segment assets	分部資產	39,876	50,398	245,825	239,838	285,701	290,236
Unallocated corporate assets	未分配公司資產					36,861	34,945
Total assets	資產總值					322,562	325,181
LIABILITIES	負債						
Segment liabilities	分部負債	8,261	4,872	99,825	84,812	108,086	89,684
Unallocated corporate liabilities	未分配公司負債					38,363	36,748
Total liabilities	負債總額					146,449	126,432

8. 分部資料(續)

分部收入及業績(續)

經營分部的會計政策與附註4所述本集團會計政策相同。分部業績指於並無分配利息收入、按公平值於損益列賬的金融資產之公平值虧損、應佔聯營公司業績及中央行政費用(包括員工成本、融資成本及所得稅開支)的情況下各分部的溢利。此乃向主要經營決策者呈報以分配資源及評估分部表現的衡量基準。

分部資產及負債

Manufacture and sale of nonwoven fabric products

製造及銷售無紡布產品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segment other than corporate financial assets including financial assets at fair value through profit or loss, interest in an associate and corporate cash and bank balances.
- all liabilities are allocated to reportable segments other than corporate financial liabilities including accruals and other payables.

Other segment information

The following is the analysis of the Group's other segment information:

	Supply and procurement operation		Manufacture and sale of nonwoven fabric products		Total	
	2019	2018	2019	2018	2019	2018
	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年
	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
Capital expenditure	-	-	7,481	3,399	7,481	3,399
Depreciation of property, plant and equipment	152	145	6,129	5,941	6,281	6,086
Depreciation on right-of-use assets	352	-	1,534	-	1,886	-
Amortisation of prepaid land lease payments	-	-	-	73	-	73
Inventories written off	-	-	299	759	299	759
Allowance for expected credit losses recognised on trade receivables	999	24	4,302	1,559	5,301	1,583
Reversal of allowance for expected credit losses recognised on trade receivables	(12)	(97)	(253)	(173)	(265)	(270)
Allowance for expected credit losses recognised on other receivables	2,341	8	5	8	2,346	16
Reversal of allowance for expected credit losses recognised on other receivables	(2)	-	(24)	-	(26)	-
(Gain)/Loss on disposal of property, plant and equipment	-	-	(90)	593	(90)	593

8. 分部資料(續)

分部資產及負債(續)

為監察分部表現及於分部間分配資源：

- 除公司金融資產(包括按公平值於損益列賬的金融資產、於聯營公司的權益及公司現金及銀行結餘)外，所有資產均分配至可呈報分部。
- 除公司金融負債(包括應計費用及其他應付款項)外，所有負債均分配至可呈報分部。

其他分部資料

以下為本集團的其他分部資料分析：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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8. SEGMENT INFORMATION (Continued)

Revenue from major products and services

Information about the Group's major products is set out in Note 9.

Geographical information

The Group's operations are located in the PRC and Hong Kong.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below.

8. 分部資料(續)

來自主要產品及服務的收入

有關本集團主要產品的資料載於附註9。

地區資料

本集團的營運地點位於中國及香港。

以下詳述本集團來自外部客戶的收入及有關按地區劃分的非流動資產的資料。

		Revenue from external customers 來自外部客戶的收入		Non-current assets* 非流動資產*	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
The PRC	中國	196,682	194,527	57,203	54,562
Hong Kong	香港	64,214	–	59	151
		260,896	194,527	57,262	54,713

* Non-current assets exclude interest in an associate, deferred tax assets and available-for-sale financial assets.

* 非流動資產不包括於聯營公司的權益、遞延稅項資產及可供出售金融資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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8. SEGMENT INFORMATION (Continued)

Information about major customers

For the year ended 31 December 2019, revenue generated from two (2018: one) customer of the Group amounting to approximately RMB66,924,000 (2018: RMB21,746,000) has individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 December 2019 and 2018.

Revenue from major customers, amounted to 10% or more of the Group's revenue are set out below:

Customer A	客戶A
Customer B	客戶B
Customer C	客戶C

Note:

The customers contributed less than 10% of the total revenue of the Group.

8. 分部資料(續)

有關主要客戶的資料

截至二零一九年十二月三十一日止年度，自本集團兩名客戶(二零一八年：一名)產生的收入約人民幣66,924,000元(二零一八年：人民幣21,746,000元)獨自佔本集團總收入超過10%。截至二零一九年及二零一八年十二月三十一日止兩個年度，概無其他單一客戶佔本集團的收入10%或以上。

來自主要客戶的收入(佔本集團收入的10%或以上)載列如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
—note附註	21,746
26,671	—note附註
40,253	—note附註
66,924	21,746

附註：

客戶貢獻的收入低於本集團總收入的10%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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9. REVENUE

The Group's revenue represents sales of nonwoven fabric products used in automotive interior decoration parts and other parts, rubber and food products.

An analysis of revenue by types of goods as follows:

Nonwoven fabric for use in automobiles	用於汽車的無紡布
– Sales of automotive floor carpets	– 汽車地毯的銷售
– Sales of other automotive parts	– 其他汽車配件的銷售
Supply and procurement operation:	供應及採購業務：
Sales of rubber	橡膠銷售
Sales of food products	食品銷售
Total revenue recognised at a point in time	於某一時間點確認的收入總額

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed. Please refer to note 4 for the details of revenue recognition.

10. OTHER GAINS OR LOSSES

Interest income	利息收入
Fair value loss on financial assets at fair value through profit or loss	按公平值於損益列賬的金融資產的公平值虧損
Others (note)	其他(附註)

Note: Included the amounts of sales of scrap raw materials for the year ended 31 December 2019 amounted to approximately RMB6,920,000 (2018: RMB12,365,000).

9. 收入

本集團收入指用於汽車內飾件及其他部分的無紡布產品、橡膠及食品的銷售。

按貨品類型分析的收入如下：

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	69,201	47,091
	114,834	102,116
	1,844	11,077
	75,017	34,243
	260,896	194,527

所有收益合約均為期一年或以下，按香港財務報告準則第15號的實際權宜法所允許，分配至未達成合約的交易價並未披露。收益確認詳情請參閱附註4。

10. 其他收益或虧損

	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
	50	101
	(6,713)	(34,108)
	6,934	12,517
	271	(21,490)

附註：截至二零一九年十二月三十一日止年度，包括廢料銷售額約為人民幣6,920,000元(二零一八年：人民幣12,365,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

11. LOSS FROM OPERATIONS

The Group's loss from operations is stated after charging/(crediting) the following:

11. 經營虧損

本集團的經營虧損已扣除/(抵免)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
Auditors' remuneration	核數師酬金	850	964
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	-	73
Depreciation of property, plant and equipment	物業、廠房及設備折舊	6,281	6,086
Depreciation of right-of-use assets	使用權資產折舊	1,886	-
Operating lease rentals in respect of rented premises	有關租賃物業的經營租賃費用	-	2,748
Expenses for short term leases	短期租賃開支	497	-
Staff costs including directors' remuneration:	員工成本(包括董事薪酬):		
- Salaries and other benefits	- 薪金及其他福利	20,503	17,793
- Share based payment expenses	- 股份付款開支	2,866	-
- Retirement benefits scheme contributions	- 退休福利計劃供款	3,731	3,428
Cost of inventories recognised as cost of sales	確認為銷售成本的存貨成本	196,478	146,496
(Gain)Loss on disposal of property, plant and equipment	出售物業、廠房及設備(收益)虧損	(90)	593
Inventories written off	存貨撇銷	299	759
Allowance for expected credit losses on trade receivables	應收貿易款項的預期信貸虧損撥備	5,301	1,583
Reversal of allowance for expected credit losses on trade receivables	應收貿易款項的預期信貸虧損撥備撥回	(265)	(270)
Allowance for expected credit losses on other receivables	其他應收款項的預期信貸虧損撥備	2,346	16
Reversal of allowance for expected credit losses on other receivables	其他應收款項的預期信貸虧損撥備撥回	(26)	-
Impairment loss on interest in associate	於聯營公司的權益之減值虧損	5,520	1,396
Research and development expenditure (Note 1)	研究及開發支出(附註1)	2,592	6,211

Note:

- The amounts included in cost of sales for the year ended 31 December 2019 amounted to approximately RMB2,592,000 (2018: RMB6,211,000).

附註:

- 截至二零一九年十二月三十一日止年度內入賬為銷售成本的金額約為人民幣2,592,000元(二零一八年:人民幣6,211,000元)。

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綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

12. FINANCE COSTS

Interest expenses on bank borrowings wholly repayable within five years	須於五年內悉數償還的銀行借款的利息費用
Interest expenses on lease liabilities	租賃負債的利息費用

12. 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
	1,911	1,974
	290	–
	2,201	1,974

13. INCOME TAX (CREDIT)/EXPENSES

Current tax	即期稅項
Hong Kong	香港
PRC enterprise income tax ("EIT")	中國企業所得稅 (「企業所得稅」)
Deferred tax	遞延稅項
Credited to the consolidated statement of profit or loss and other comprehensive income (note 35)	計入綜合損益及其他全面 收益表(附註35)

13. 所得稅(抵免)/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
	73	206
	(355)	1,402
	(282)	1,608
	(1,024)	(319)
	(1,306)	1,289

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

根據開曼群島及英屬維爾京群島(「英屬維爾京群島」)規例及法規,本集團於開曼群島及英屬維爾京群島毋須繳納任何所得稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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13. INCOME TAX (CREDIT)/EXPENSES (Continued)

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\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

PRC EIT is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiary of the Group with certain tax preference, based on existing legislation, interpretation and practice in respect thereof.

Pursuant to the enterprise income tax rules and regulations of the PRC, the applicable PRC EIT rate of the Group's PRC subsidiary for the year ended 31 December 2019 is 25%.

The reconciliation between the income tax expense and the profit before tax multiplied by the PRC enterprise income tax rate is as follows:

Loss before tax	除稅前虧損	
Tax at the PRC enterprise income tax rate of 25% (2018: 25%)	按中國企業所得稅稅率25%計算(二零一八年: 25%)	
Tax effect of expenses not deductible for tax purpose	毋須扣稅開支的稅務影響	
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	
Tax effect of share of results of associate	應佔聯營公司業績的稅務影響	
Tax effect of income that are not taxable	毋須課稅收入的稅務影響	
Over provision in previous years	過往年度超額撥備	
Effect of different tax rates of subsidiaries	附屬公司不同稅率的影響	
Income tax (credit)/expense	所得稅(抵免)/開支	

At 31 December 2019, no deferred tax has been provided for in respect of the temporary differences attributable to such profits earned by the PRC subsidiaries amounting to approximately RMB106,009,000 (2018: RMB99,731,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

13. 所得稅(抵免)/開支(續)

於二零一八年三月二十一日，香港立法會通過《2017年稅務(修訂)(第7號)條例草案》(「該草案」)，引入兩級利得稅稅率制度。該草案於二零一八年三月二十八日經簽署成為法律，並於翌日在憲報刊登。根據兩級利得稅稅率制度，合資格企業之首2,000,000港元之應課稅溢利將按8.25%之稅率繳納稅項，而超過2,000,000港元之應課稅溢利將按16.5%之稅率繳納稅項。不符合兩級利得稅稅率制度資格之企業之溢利將繼續按16.5%之統一稅率繳納稅項。

中國企業所得稅根據現行法例、詮釋及其相關慣例，按享有若干稅項優惠的本集團的中國附屬公司所賺取估計應課稅收入，以適用稅率計算。

根據中國企業所得稅規例及法規，截至二零一九年十二月三十一日止年度，本集團的中國附屬公司的適用中國企業所得稅率為25%。

所得稅開支與除稅前溢利乘以中國企業所得稅稅率計算所得的對賬如下：

	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
Loss before tax	(31,482)	(63,636)
Tax at the PRC enterprise income tax rate of 25% (2018: 25%)	(7,870)	(15,909)
Tax effect of expenses not deductible for tax purpose	5,086	7,082
Tax effect of tax losses not recognised	967	1,974
Tax effect of share of results of associate	(840)	2,645
Tax effect of income that are not taxable	(12)	(25)
Over provision in previous years	(1,448)	(618)
Effect of different tax rates of subsidiaries	2,811	6,140
Income tax (credit)/expense	(1,306)	1,289

於二零一九年十二月三十一日，本公司並未就中國附屬公司賺取的該等溢利約人民幣106,009,000元(二零一八年：人民幣99,731,000元)的臨時差額而作出遞延稅項撥備，因為本集團足以掌控臨時差額撥回之時間，而臨時差額很可能不會於可見將來撥回。

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14. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share amount is based on the loss for the year attributable to owners of the Company of approximately RMB30,176,000 (2018: approximately RMB64,925,000) and the weighted average number of ordinary shares of 398,131,200 (2018: restated 398,131,200) in issue during the year as adjusted to reflect the effect of the effect of the share consolidation. Comparative figure have also been adjusted on the assumption that the share consolidation had been effective in the prior period.

Diluted loss per share

For the years ended 31 December 2019 and 2018 diluted loss per share is the same as the basic loss per share. The Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

15. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' REMUNERATION

Pursuant to the Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

14. 每股虧損

每股基本虧損

每股基本虧損金額乃根據本公司擁有人應佔年度虧損約人民幣30,176,000元(二零一八年:約人民幣64,925,000元)及年內已發行普通股之加權平均數398,131,200股(二零一八年:398,131,200股(經重列))計算得出,經調整以反映股份合併之影響。比較數字亦已基於股份合併於過往期間已生效之假設作出調整。

每股攤薄虧損

截至二零一九年及二零一八年十二月三十一日止年度,每股攤薄虧損與每股基本虧損相同。本公司之尚未行使購股權未計入每股攤薄虧損的計算之內,是由於本公司的尚未行使購股權具反攤薄效應。

15. 董事、最高行政人員及僱員薪酬

根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第2部如下:

Name of director	董事姓名	Fees		Salaries and allowances		Retirement benefit		Total	
		袍金		薪金及補貼		退休福利計劃供款		合計	
		2019	2018	2019	2018	2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年
		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
<i>Executive director</i>	<i>執行董事</i>								
Zhuang Yuejin (Note (a))	莊躍進(附註(a))	396	380	-	-	-	-	396	380
Wong Ho Yin (Note (b))	黃浩然(附註(b))	-	-	1,949	1,734	13	13	1,962	1,747
Xiao Suni	肖蘇妮	106	101	-	-	-	-	106	101
<i>Independent non-executive director</i>	<i>獨立非執行董事</i>								
Mak Wai Ho	麥偉豪	106	101	-	-	-	-	106	101
Ng Li La Adeline	吳莉娜	84	81	-	-	-	-	84	81
Zhu Chun Yan	朱春燕	84	81	-	-	-	-	84	81
		776	744	1,949	1,734	13	13	2,738	2,491

Notes:

- (a) Mr. Zhuang Yuejin is also the Chairman and Chief Executive Officer of the Company.
- (b) Mr. Wong Ho Yin is also the Chief Financial Officer of the Company.

附註:

- (a) 莊躍進先生亦為本公司的主席兼行政總裁。
- (b) 黃浩然先生亦為本公司的財務總監。

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15. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' REMUNERATION (Continued)

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to the Directors and chief executive as a discretionary bonus or an inducement to join or upon joining the group or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any emoluments during the years ended 31 December 2019 and 2018.

The emoluments of senior management (excluding directors) fell within the following band:

Nil to RMB895,000 (equivalent to approximately HK\$1,000,000)

零至人民幣895,000元
(相等於約1,000,000港元)

Number of individuals 人數	
2019 二零一九年	2018 二零一八年
3	3

16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals in the Group during the year included 2 (2018: 2) directors, details of whose remuneration set out in Note 15 above. The emoluments of the remaining 3 (2018: 3) individuals are set out below:

Basic salaries and allowances	基本薪金及津貼
Share based payment expenses	股份付款開支
Retirement benefits scheme contributions	退休福利計劃供款

15. 董事、最高行政人員及僱員薪酬(續)

截至二零一九年及二零一八年十二月三十一日止年度，本集團概無向董事及最高行政人員支付酬金作為酌情花紅或吸引加入或加入本集團時的獎勵或作為離職補償。於截至二零一九年及二零一八年十二月三十一日止年度，概無董事放棄或同意放棄任何酬金的安排。

高級管理層(不包括董事)的酬金介乎以下範圍內：

16. 五名最高酬金僱員

本集團於本年度內五位最高薪酬人士包括兩名(二零一八年：兩名)董事，酬金詳情載列於上文附註15。餘下三名最高薪酬人士(二零一八年：三名)的薪酬載列如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
621	441
1,075	—
224	144
1,920	585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

16. FIVE HIGHEST PAID EMPLOYEES (Continued)

The emoluments fell within the following band:

Nil to RMB895,000 (equivalent to
approximately HK\$1,000,000)

零至人民幣895,000元
(相等於約1,000,000港元)

Senior management of the Group

The number of the senior management of the Group are within the following band:

Nil to RMB895,000 (equivalent to
approximately HK\$1,000,000)

零至人民幣895,000元
(相等於約1,000,000港元)

During the years ended 31 December 2019 and 2018, no remuneration was paid by the Group to the non-executive director, highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the non-executive director and highest paid employees waived or agreed to waive any emoluments during the years ended 31 December 2019 and 2018.

17. DIVIDEND

The directors do not recommend the payments of any dividend in respect of the year ended 31 December 2019 (2018: Nil).

16. 五名最高酬金僱員(續)

酬金介乎以下範圍內：

Number of individuals 人數	
2019 二零一九年	2018 二零一八年
3	3

本集團高級管理層

本集團高級管理層之人數介乎以下範圍內：

Number of individuals 人數	
2019 二零一九年	2018 二零一八年
1	1

截至二零一九年及二零一八年十二月三十一日止年度內，本集團概無向非執行董事、最高薪酬僱員支付酬金，作為促使加入本集團或加入本集團後的獎勵，或作為離職補償。截至二零一九年及二零一八年十二月三十一日止年度內，概無非執行董事及最高酬金僱員放棄或同意放棄任何酬金。

17. 股息

董事不建議就截至二零一九年十二月三十一日止年度派付任何股息(二零一八年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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18. PROPERTY, PLANT AND EQUIPMENT

18. 物業、廠房及設備

		Buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvement	Construction in progress	Total
		樓宇	廠房及機械	汽車	傢俬及裝置	租賃物業裝修	在建工程	合計
		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	10,067	78,778	5,212	2,280	2,867	137	99,341
Additions	添置	-	2,823	469	107	-	-	3,399
Disposals	出售	-	(65)	(1,380)	-	-	(137)	(1,582)
Exchange alignment	匯兌調整	-	-	38	13	13	-	64
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	10,067	81,536	4,339	2,400	2,880	-	101,222
Additions	添置	-	7,470	-	11	-	-	7,481
Disposals	出售	-	(3,675)	-	-	-	-	(3,675)
Exchange alignment	匯兌調整	-	-	14	5	5	-	24
At 31 December 2019	於二零一九年十二月三十一日	10,067	85,331	4,353	2,416	2,885	-	105,052
Accumulated depreciation and impairment	累計折舊及減值							
At 1 January 2018	於二零一八年一月一日	4,060	33,867	2,106	969	2,063	-	43,065
Charge for the year	年度支出	302	4,966	499	245	74	-	6,086
Disposals	出售	-	(11)	(207)	-	-	-	(218)
Exchange alignment	匯兌調整	-	-	29	13	13	-	55
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	4,362	38,822	2,427	1,227	2,150	-	48,988
Charge for the year	年度支出	305	5,182	478	242	74	-	6,281
Disposals	出售	-	(401)	-	-	-	-	(401)
Exchange alignment	匯兌調整	-	-	14	5	5	-	24
At 31 December 2019	於二零一九年十二月三十一日	4,667	43,603	2,919	1,474	2,229	-	54,892
Net book value	賬面淨值							
At 31 December 2019	於二零一九年十二月三十一日	5,400	41,728	1,434	942	656	-	50,160
At 31 December 2018	於二零一八年十二月三十一日	5,705	42,714	1,912	1,173	730	-	52,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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18. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2019, the carrying amount of buildings of the Group pledged as security for the Group's bank borrowings amounted to approximately RMB5,400,000 (2018: RMB5,705,000).

Impairment losses recognised in the current year

During the year, as a result of the unexpected poor performance of a manufacturing plant, the Group carried out a review of the recoverable amount of that plant and machinery. These assets are used in the Group's manufacture and sale of non woven fabric products reportable segments. No impairment loss has been recognised for the year ended 31 December 2018 and 2019. The recoverable amount of the relevant assets has been determined on the basis of their value in use and greater than carrying values.

19. RIGHT-OF-USE ASSETS

Cost	成本
At 1st January 2019 (Note 2)	於二零一九年一月一日 (附註2)
Additions	添置
Exchange alignment	匯兌調整
At 31st December 2019	於二零一九年 十二月三十一日
Accumulated depreciation and impairment losses	累計折舊及減值虧損
At 1st January 2019 (Note 2)	於二零一九年一月一日 (附註2)
Charge provided for the year	年內支銷
Exchange alignment	匯兌調整
At 31st December 2019	於二零一九年 十二月三十一日
Carrying amounts	賬面值
At 31st December 2019	於二零一九年十二月 三十一日
At 1st January 2019 (restated)	於二零一九年一月一日 (經重列)

18. 物業、廠房及設備(續)

於二零一九年十二月三十一日，本集團質押賬面值約為人民幣5,400,000元(二零一八年：人民幣5,705,000元)的樓宇作為其銀行借款的抵押品。

本年度已確認減值虧損

年內，由於生產廠房表現意外轉差，本集團已對廠房及機械的可收回金額進行檢討。該等資產用於本集團無紡布產品生產及銷售的可呈報分部。截至二零一八年及二零一九年十二月三十一日止年度，概無確認任何減值虧損。有關資產的可收回金額基於使用價值與賬面值之較高者釐定。

19. 使用權資產

Leasehold land	Leased Properties	Total
租賃土地	租賃物業	合計
RMB'000	RMB'000	RMB'000
人民幣千元	人民幣千元	人民幣千元
2,552	6,417	8,969
-	-	-
-	24	24
2,552	6,441	8,993
-	-	-
73	1,813	1,886
-	5	5
73	1,818	1,891
2,479	4,623	7,102
2,552	6,417	8,969

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綜合財務報表附註(續)

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19. RIGHT-OF-USE ASSETS (Continued)

Lease liabilities of RMB4,739,000 are recognised with related right-of-use assets of RMB4,623,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of total cash outflow of leases is set out in the consolidated cash flow statements.

At 31 December 2019, the carrying amount of leasehold land pledged as security for the Group's bank borrowings amounted to approximately RMB2,479,000.

20. PREPAID LAND LEASE PAYMENTS

Current assets	流動資產
Non-current assets	非流動資產

Analysed for reporting purposes as:

At the beginning of the year	於年初
Amortisation for the year	年度攤銷
At the end of the year	於年末

The Group's prepaid land lease payments represent payment for land use rights outside Hong Kong under medium term leases.

At 31 December 2018, the carrying amount of prepaid land lease payments pledged as security for the Group's bank borrowings amounted to approximately RMB2,552,000.

Upon initial application of HKFRS 16, the prepaid land lease payments were classified as right-of-use assets.

19. 使用權資產(續)

於二零一九年十二月三十一日，租賃負債人民幣4,739,000元就相關使用權資產人民幣4,623,000元確認。除出租人持有的租賃資產的擔保權益外，租賃協議並無施加任何契諾。租賃資產不可用作借款擔保。

租賃現金流出總額詳情載於綜合現金流量表。

於二零一九年十二月三十一日，作為本集團銀行借款抵押品的租賃土地的賬面值約為人民幣2,479,000元。

20. 預付土地租賃款項

2018
二零一八年
RMB'000
人民幣千元

73
2,479

2,552

就報告而言之分析：

2018
二零一八年
RMB'000
人民幣千元

2,625
(73)

2,552

本集團的預付土地租賃款項指有關屬中期租約在香港以外地區的土地使用權支付款項。

於二零一八年十二月三十一日，作為本集團銀行借款抵押品的預付土地租賃付款的賬面值約為人民幣2,552,000元。

首次應用香港財務報告準則第16號時，預付土地租賃款項被分類為使用權資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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21. PARTICULARS OF THE SUBSIDIARIES

Particulars of the subsidiaries of the Company as at 31 December 2019 were as follows:

Name of Company	Place of incorporation/ registration and operation	Nominal value of issued and fully paid ordinary shares/Issued and paid up/ registered capital 已發行及繳足 普通股之 面值/已發行 及繳足/ 註冊資本	Percentage of equity attributable to the Company		Principal activities
			Direct 直接	Indirect 間接	
公司名稱	註冊成立/ 登記及營運地點		本公司應佔 權益百分比		主要業務
Joystar (BVI) Automotive Interior Decoration Limited	British Virgin Islands ("BVI") 英屬維爾京群島 (「英屬維爾 京群島」)	USD1 1美元	100%	-	Investment holding 投資控股
Joystar (BVI) Auto Inter-parts Limited	BVI 英屬維爾京群島	USD1 1美元	100%	-	Investment holding 投資控股
Joystar International Investment Limited	Hong Kong	HK\$1,170,177 1,170,177港元	-	100%	Trading of nonwoven fabric products used in automotive interior decoration parts and other parts 買賣用於汽車內飾件及 其他部分的無紡布產品
Joystar China Investment Limited 怡星中國投資有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Trading of rubber 買賣橡膠
Joystar Wuxi 怡星(無錫)	PRC 中國	USD7,477,172 7,477,172美元	-	100%	Manufacturing of nonwoven fabric products used in automotive interior decoration parts and other parts 製造用於汽車內飾件及 其他部分的無紡布產品

21. 附屬公司的詳細資料

於二零一九年十二月三十一日，本公司附屬公司之詳情如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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21. PARTICULARS OF THE SUBSIDIARIES (Continued)

21. 附屬公司的詳細資料(續)

Name of Company 公司名稱	Place of incorporation/ registration and operation 註冊成立/ 登記及營運地點	Nominal value of issued and fully paid ordinary shares/Issued and paid up/ registered capital 已發行及繳足 普通股之 面值/已發行 及繳足/ 註冊資本	Percentage of equity attributable to the Company 本公司應佔 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Link Excellent Limited	BVI 英屬維爾京群島	USD50,000 50,000美元	100%	–	Investment holding 投資控股
Link Sharp International Limited	Hong Kong 香港	HK\$10,000 10,000港元	–	100%	Trading of food products 買賣食品
Sinogate Energy Limited 中聯能源有限公司	BVI 英屬維爾京群島	USD1 1美元	–	100%	Investment holding 投資控股
Splendid Sun Limited 朗滿有限公司	Hong Kong 香港	HK\$1 1港元	–	100%	Trading of rubber 買賣橡膠
朗滿貿易(上海)有限公司	PRC 中國	USD600,000 600,000美元	–	100%	Trading of rubber 買賣橡膠
Loyal Brands International Limited	BVI 英屬維爾京群島	USD50,000 50,000美元	100%	–	Investment holding 投資控股
Giant Faith Holdings Limited	Hong Kong 香港	HK\$10,000 10,000港元	–	100%	Trading of food products 買賣食品

The above table lists the subsidiaries of the Group, which in the opinion of directors, principally attached the results or assets of the Group. To give details of other subsidiaries would, in to opinion of directors, result in particulars of excessive lengths.

上表載列董事認為對本集團的業績或資產構成重大影響的本集團附屬公司。董事認為倘列出其他附屬公司的詳情會令資料過於冗長。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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22. INTEREST IN AN ASSOCIATE

Cost of investment in an associate	於聯營公司的投資的成本
– Unlisted	– 非上市
Share of post-acquisition loss and other comprehensive income, net of dividends received	應佔收購後虧損及其他全面收入(經扣除已收取股息)
– Unlisted	– 非上市
Exchange alignment	匯兌調整
Impairment loss	減值虧損

During the year under review, an impairment loss on interest in associates of approximately RMB5,520,000 (2018: RMB1,396,000) was recognised in the Group's consolidated statement of profit or loss on the basis of material decline in the recoverable amount which was below the carrying amount and adverse changes in the market in which the associates operated.

At 31 December 2019, the Group had interest in the following associate:

Name of Company 公司名稱	Place of incorporation/ registration and operation 註冊成立/登記 及營運地點	Issued and paid up capital 已發行及繳足股本	Proportion of ownership interest and voting power held by the Group 本集團所持所有權及 投票權比例		Principal activity 主要業務
			2019 二零一九年	2018 二零一八年	
Prominent Alliance Limited	BVI 英屬維爾京群島	USD100,000 100,000美元	42%	42%	Investment holding 投資控股
GEO Securities Limited	Hong Kong 香港	HKD79,441,342 79,441,342港元	42%	42%	Dealing and advising on securities 證券交易及諮詢

The associate is accounted for using the equity method in these consolidated financial statements.

22. 於聯營公司的權益

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	26,612	26,612
	(6,974)	(10,336)
	(356)	(695)
	(6,916)	(1,396)
	12,366	14,185

於回顧年度內，由於可收回金額大幅下跌至低於其賬面值以及聯營公司經營所在市場的不利變化，於本集團的綜合損益表中確認聯營公司權益減值虧損約人民幣5,520,000元(二零一八年：人民幣1,396,000元)。

於二零一九年十二月三十一日，本集團於下列聯營公司擁有權益：

聯營公司乃使用權益法於該等綜合財務報表列賬。

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綜合財務報表附註(續)

For the year ended 31 December 2019

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22. INTEREST IN AN ASSOCIATE (Continued)

Summarised financial information in respect of the associate is set out below.

22. 於聯營公司的權益(續)

以下載列聯營公司的財務資料概要。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current assets	流動資產	17,420	21,905
Non-current assets	非流動資產	22,451	9,777
Current liabilities	流動負債	(15,843)	(16,069)
Non-current liabilities	非流動負債	-	15,613
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue	收益	1,135	1,205
Share of results for the year	年度應佔業績	8,005	(25,187)
Other comprehensive loss for the year	年度其他全面虧損	-	-
Total comprehensive loss for the year	年度全面虧損總額	-	-
Group's share of results of associates	本集團應佔聯營公司業績	3,362	(10,579)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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22. INTEREST IN AN ASSOCIATE (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements is as follows:

Net assets of the associate	聯營公司的資產淨額
Proportion of the Group's ownership interest in the associate	本集團於聯營公司的所有權比例
Goodwill	商譽
Impairment loss	減值虧損
Exchange alignment	匯兌調整
Carrying amount of the Group's interest in the associate	本集團於聯營公司的權益賬面值

Particular of impairment testing on interest in an associate are disclosed below:

Goodwill has been allocated for impairment testing purposes to the following cash – generating units operated by an associate:

- Provision of dealing and advising on securities business

For the year ended 31 December 2019 and 2018, the recoverable amount of this cash-generating units has been determined based on a value in use calculation which uses cash flow projection based on financial budgets approved by the directors and valued by the professional valuer covering a five year period, and discount rate of 12.9% (2018: 13.5%) per annum. Cash flows beyond that five-year period have been extrapolated using a steady 3.00% (2018: 3.00%) growth rate. This growth rate does not exceed the long-term average growth rate for the market.

22. 於聯營公司的權益(續)

上述財務資料概要與綜合財務報表內確認於聯營公司的權益賬面值的對賬如下:

	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
	24,028	15,613
	42%	42%
	10,091	6,557
	7,629	8,570
	(5,520)	(1,396)
	166	454
	12,366	14,185

於聯營公司之權益的減值測試詳情披露如下:

商譽已就減值測試分配至聯營公司經營的以下現金產生單位:

- 提供證券買賣及諮詢業務

截至二零一九年及二零一八年十二月三十一日止年度,該現金產生單位的可收回金額乃根據使用價值計算法釐定,該計算法採用基於經董事批准並經專業估值師估值的五年期財務預算的現金流量預測,並按每年12.9%(二零一八年:13.5%)的折現率計算得出。超過五年期間之現金流量乃使用穩定增長率3.00%(二零一八年:3.00%)推斷。此增長率不超過市場上之長期平均增長率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

22. INTEREST IN AN ASSOCIATE (Continued)

The key assumptions used in the value-in-use calculations are as follows:

Budgeted market shares	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflects the past experience

23. INVENTORIES

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

During the year, written off of raw material of approximately RMB299,000 (2018: RMB759,000) has been recognised and included in the cost of sales in the current year.

22. 於聯營公司的權益(續)

使用價值計算法所用之關鍵假設如下：

預算市場佔有率	緊接預算期前期間之平均市場佔有率。假設所用之價值反映過往經驗
預算毛利率	緊接預算期前期間實現之平均毛利率，反映過往經驗

23. 存貨

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	17,106	16,078
	1,360	2,117
	14,133	13,733
	32,599	31,928

年內，原材料撇銷約人民幣299,000元(二零一八年：人民幣759,000元)已確認並計入本年度之銷售成本內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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24. TRADE RECEIVABLES

Trade receivables	應收貿易款項
Less: allowance for expected credit losses	減：預期信貸虧損撥備

The aging analysis of trade receivables, based on the invoice date, and net of allowance for expected credit losses, is as follows:

0 to 90 days	0至90日
91 to 180 days	91至180日
181 to 365 days	181至365日
Over 365 days	超過365日

The Group's trading terms with customers are mainly on credit. The credit terms generally ranging from 30 to 120 days (2018: ranging from 30 days to 120 days), depending on the creditworthiness of customers and the existing relationship with the Group. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

24. 應收貿易款項

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

132,351	120,945
(9,094)	(4,058)
123,257	116,887

根據發票日期，應收貿易款項的賬齡分析（經扣除預期信貸虧損撥備）如下：

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

42,487	70,480
44,410	14,350
24,271	11,488
12,089	20,569
123,257	116,887

本集團與客戶的貿易條款主要為信貸。根據客戶信貸級別及與本集團的現有關係，信貸期一般介乎30至120日（二零一八年：介乎30至120日）。本集團致力嚴謹監控未付之應收款項。逾期未付之結餘由高級管理層定期審閱。應收貿易款項為免息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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24. TRADE RECEIVABLES (Continued)

At 31 December 2019, the carrying amounts of the Group's trade receivables were denominated in RMB, HKD and USD of approximately RMB110,569,000, RMB12,171,000 and RMB517,000 (2018: RMB90,804,000, RMB19,906,000 and RMB6,177,000) respectively.

Movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in HKFRS 9 for the year ended 31 December 2019 and 2018.

24. 應收貿易款項(續)

於二零一九年十二月三十一日，本集團的應收貿易款項之賬面值乃以人民幣、港元及美元計值，分別約為人民幣110,590,000元、人民幣12,171,000元及人民幣517,000元（二零一八年：人民幣90,804,000元、人民幣19,906,000元及人民幣6,177,000元）。

截至二零一九年及二零一八年十二月三十一日止年度，本集團已根據香港財務報告準則第9號所載簡化法就應收貿易款項確認全期預期信貸虧損變動。

		Total
		總計
		RMB'000
		人民幣千元
Balance as at 1 January 2018	於二零一八年一月一日的結餘	2,745
Allowance for expected credit losses	預期信貸虧損撥備	1,583
Reverse of allowance for expected credit losses (note)	預期信貸虧損撥備撥回(附註)	(270)
		<hr/>
Balance as at 31 December 2018	於二零一八年十二月三十一日的結餘	4,058
Allowance for expected credit losses	預期信貸虧損撥備	5,301
Reverse of allowance for expected credit losses (note)	預期信貸虧損撥備撥回(附註)	(265)
		<hr/>
Balance as at 31 December 2019	於二零一九年十二月三十一日的結餘	9,094

Note: Reversal of allowance of ECL is due to the Group's recovery of receivable.

附註：撥回預期信貸虧損撥備是由於本集團收回應收款項。

The loss allowances increased by approximately RMB5,301,000 for trade receivables during the year ended 31 December 2019. Details of impairment assessment under expected credit loss model of trade receivables for the year ended 31 December 2019 and 2018 set out in Note 6.

截至二零一九年十二月三十一日止年度，應收貿易款項的虧損撥備增加約人民幣5,301,000元。有關截至二零一九年及二零一八年十二月三十一日止年度應收貿易款項的預期信貸虧損模式之減值評估詳情載於附註6。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Trade deposits	貿易按金
Prepayments	預付款項
Other receivables (Note)	其他應收款項(附註)

Note:

Movement in allowance for ECL that has been recognised for other receivables under ECL model of HKFRS 9 for the year ended 31 December 2019 and 2018 was detailed in note 6.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed securities:	上市證券：
Equity securities listed in Hong Kong	在香港上市的股本證券
Unlisted investment:	非上市投資：
Unlisted investment in Hong Kong	在香港的非上市投資

Fair values are determined with reference to quoted market bid prices and quoted price from financial institution.

25. 預付款項、按金及其他應收款項

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	16,165	12,520
	8,532	8,536
	13,621	17,413
	38,318	38,469

附註：

有關截至二零一九年及二零一八年十二月三十一日止年度本集團已根據香港財務報告準則第9號預期信貸虧損模式就其他應收款項確認預期信貸虧損撥備變動的詳情載於附註6。

26. 按公平值於損益列賬的金融資產

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	7,180	11,783
	16,235	18,828
	23,415	30,611

公平值乃參考所報市場買入價及金融機構之報價而釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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27. CASH AND BANK BALANCES

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

Cash and bank balances 現金及銀行結餘

At 31 December 2019 and 2018, cash and bank balances are denominated in the following currencies:

Renminbi	人民幣
Hong Kong dollars	港元
United States dollars	美元
Euro dollars	歐元

At 31 December 2019, the bank balances of the Group denominated in Renminbi amounted to approximately RMB6,940,000 (2018: RMB13,760,000) were kept in banks in the PRC. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Cash at banks earn interest at floating rates based on daily bank deposit rate.

27. 現金及銀行結餘

就綜合現金流量表而言，現金及現金等值物包括手頭現金、銀行存款，扣除未償還銀行透支。綜合現金流量表所示報告期末的現金及現金等值物可與綜合財務狀況表內的相關項目對賬如下：

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
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26,101	32,381
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於二零一九年及二零一八年十二月三十一日，現金及銀行結餘按以下貨幣計值：

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
-----------------------------------	-----------------------------------

6,940	13,760
10,201	9,836
8,950	8,775
10	10

26,101	32,381
--------	--------

於二零一九年十二月三十一日，本集團以人民幣計值並存放於中國境內銀行之銀行結餘約為人民幣6,940,000元（二零一八年：人民幣13,760,000元）。人民幣兌換成外幣須遵守中國外匯管理條例及結匯、售匯及付匯管理規定。

存放於銀行之現金按基於銀行存款日利率之浮動利率賺取利息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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28. SHARE CAPITAL

28. 股本

		Number of shares	Amount 金額 HK\$'000 千港元	Amount 金額 RMB'000 人民幣千元
		股份數目		
Authorised:	法定：			
Ordinary shares of HK\$0.1 each	每股面值0.1港元之 普通股			
At 1 January 2018 and 31 December 2018	於二零一八年一月一日 及二零一八年 十二月三十一日	10,000,000,000	1,000,000	863,495
Share consolidation (Note (i))	股份合併 (附註(i))	(8,000,000,000)	-	-
At 31 December 2019	於二零一九年 十二月三十一日	<u>2,000,000,000</u>	<u>1,000,000</u>	<u>863,495</u>
Issued and fully paid:	已發行及繳足：			
At 31 December 2017, 1 January 2018 and 31 December 2018	於二零一七年 十二月三十一日、 二零一八年一月一日 及二零一八年 十二月三十一日			
		1,990,656,000	199,065	163,359
Share consolidation (Note (i))	股份合併 (附註(i))	(1,592,524,800)	-	-
At 31 December 2019	於二零一九年 十二月三十一日	<u>398,131,200</u>	<u>199,065</u>	<u>163,359</u>

Note:

- (i) The 2019 Share Consolidation became effective on 27 December 2019 on the basis of every five issued and unissued ordinary shares of par value HK\$0.1 each in the share capital of the Company being consolidated into one consolidated share of par value HK\$0.5 each.

附註：

- (i) 二零一九年股份合併於二零一九年十二月二十七日生效，以本公司股本中每五股每股面值0.1港元的已發行及未發行普通股合併為一股每股面值0.5港元的合併股份為基礎。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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29. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior year are presented in the consolidated statement of changes in equity.

Note:

Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and after deduction of capitalisation issue and issuance costs of placing of shares.

Contributed surplus

Contributed surplus of the Company represented the difference between the net assets value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the reorganisation during the year ended 31 December 2010.

Merger reserve

The merger reserve of the Group arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 2010 and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of the Company issued in exchange therefore.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 4 to the consolidated financial statements.

Statutory reserve

Subsidiaries of the Company established in the PRC shall appropriate 10% of its annual statutory net profit (after offsetting any prior year's losses) to the statutory reserve fund account in accordance with the PRC Company Law. When the balance of such reserve fund reaches 50% of the entity's share capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior year's losses or to increase capital after proper approval.

29. 儲備

本集團於本年度及上一年度的儲備及變動金額在綜合權益變動表呈列。

附註：

股份溢價

根據開曼群島公司法，本公司股份溢價賬內的資金可供分配予本公司股東，惟緊隨建議派付股息日期後，本公司將仍有能力於日常業務過程中償還到期的債務。

股份溢價指按超過股份每股面值之價格發行股份及於扣除資本化發行及配售股份發行成本後產生的溢價。

繳入盈餘

本公司之繳入盈餘指所收購之附屬公司資產淨值與根據截至二零一零年十二月三十一日止年度重組於其中進行交換時之本公司股本面值之差額。

合併儲備

本集團之合併儲備產生於二零一零年籌備本公司股份上市而所進行的重組，指根據重組計劃收購的附屬公司股本總額的面值與高於本公司據此發行以作交換的股本面值間之差額。

外幣換算儲備

外幣換算儲備包括換算海外業務財務報表而產生的所有外匯差額。該儲備乃按綜合財務報表附註4所載列的會計政策處理。

法定儲備

根據中國公司法，本公司於中國成立之附屬公司須將其年度法定純利（經扣除過往年度虧損後）的10%撥往法定儲備金賬戶。倘該儲備金之結餘達該實體股本之50%，則可選擇是否作任何進一步分派。於獲得適當批准後，法定儲備金可用作抵銷過往年度虧損或增資。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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30. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice dates, is as follows:

0 to 90 days	0至90日
91 to 180 days	91至180日
181 to 365 days	181至365日
Over 365 days	超過365日

Trade payables generally have credit terms ranging from 10 days to 60 days (2018: ranging from 10 days to 60 days).

At 31 December 2019, trade payables are denominated in RMB and HKD of approximately RMB25,821,000 and RMB4,742,000 (2018: RMB22,752,000 and RMB1,384,000) respectively.

31. ACCRUALS AND OTHER PAYABLES

Accruals of staff costs	應計員工成本
Accruals of operating expenses	應計經營開支
Payable to fixed assets vendor	應付固定資產賣方款項
Other payables	其他應付款項

30. 應付貿易款項

根據發票日期，應付貿易款項的賬齡分析如下：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
13,936	9,873
893	656
1,360	145
14,374	13,462
30,563	24,136

應付貿易款項信貸期一般介乎10至60日(二零一八年：介乎10至60日)。

於二零一九年十二月三十一日，以人民幣及港元計值的應付貿易款項分別約為人民幣25,821,000元及人民幣4,742,000元(二零一八年：人民幣22,752,000元及人民幣1,384,000元)。

31. 應計費用及其他應付款項

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
3,842	3,734
5,007	4,717
642	472
7,791	4,721
17,282	13,644

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綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

32. CONTRACT LIABILITIES

The following provides information about contract liabilities from contract with customers:

Balance at 1 January	於一月一日的結餘
Decrease in contract liabilities as a result of recognising revenues during the year that was included in the contract liabilities at the beginning of the year	年內合約負債因確認收益而減少被計入年初合約負債
Increase in contract liabilities as a result of advance from customers during the year	年內因客戶墊款產生的合約負債增加
Balance at 31 December	於十二月三十一日的結餘

The contract liabilities represent the Group's obligation to transfer goods for which the Group has received consideration, or for which an amount of consideration is due from customers.

32. 合約負債

以下載有客戶合約的合約負債之資料：

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
11,978	6,007
(11,978)	(6,007)
16,086	11,978
16,086	11,978

合約負債指本集團已收代價或應收客戶代價後有義務轉讓貨品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019
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33. BANK BORROWINGS

Bank loans, secured	銀行貸款，有抵押
Less: Amounts classified under current liabilities	減：分類為流動負債的款項
Secured bank loan that contain a repayment on demand clause or due within one year	包括按要求償還條款或於一年內到期的有抵押銀行貸款
Amounts classified under non-current liabilities	分類為非流動負債的款項

Carrying amount repayable: – within one year	應償還款項賬面值： – 於一年內
Secured bank loan	有抵押銀行貸款

At 31 December 2019, the bank loans were secured by charges over the Group's buildings and leasehold land of approximately RMB5,400,000 and RMB2,479,000 respectively, corporate guarantee provided by an independent third party. The weighted average effective interest rate on the short-term bank loans is 4.79% per annum.

At 31 December 2018, the bank loans were secured by charges over the Group's buildings, prepaid land lease payments of approximately RMB5,705,000 and RMB2,552,000 respectively, corporate guaranteed by an independent third party. The weighted average effective interest rate on the short-term bank loans is 4.61% per annum.

At 31 December 2019, the carrying amount of the Group's borrowings are denominated in RMB of approximately RMB40,000,000 (2018: RMB40,000,000).

33. 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
40,000	40,000
(40,000)	(40,000)
–	–

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
40,000	40,000
40,000	40,000

於二零一九年十二月三十一日，銀行貸款由本集團樓宇及租賃土地分別約人民幣5,400,000元及人民幣2,479,000元、一名獨立第三方提供的公司擔保作抵押。短期銀行貸款之加權平均實際利率為每年4.79厘。

於二零一八年十二月三十一日，銀行貸款由本集團樓宇及預付土地租賃款項分別約人民幣5,705,000元及人民幣2,552,000元、一名獨立第三方提供的公司擔保作抵押。短期銀行貸款之加權平均實際利率為每年4.61厘。

於二零一九年十二月三十一日，本集團以人民幣計值之借款之賬面值約為人民幣40,000,000元（二零一八年：人民幣40,000,000元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

34. LEASE LIABILITIES

At 31 December 2019, the Group had lease liabilities as follows:

Within 1 year	於一年內
After 1 year but within 2 years	超過一年但於兩年內
After 2 years but within 5 years	超過兩年但於五年內

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 December 2018 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 2.

34. 租賃負債

於二零一九年十二月三十一日，本集團的租賃負債如下：

2019 二零一九年 Present value of the minimum lease payments 最低租賃款項現值 RMB'000 千港元
1,477
1,294
1,968
4,739

本集團使用經修訂追溯法首次應用香港財務報告準則第16號，並調整於二零一九年一月一日期初結餘以確認與先前根據香港會計準則第17號分類為經營租賃的租賃有關的租賃負債。於二零一八年十二月三十一日的比較資料並未重列。過渡至香港財務報告準則第16號之影響的進一步詳情載於附註2。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

35. DEFERRED TAXATION

The following are the major deferred tax assets recognised and movements thereon during the current and prior years:

At 1 January 2018
Credit to profit or loss for the year (note 13)

At 31 December 2018
Credit to profit or loss for the year (note 13)

At 31 December 2019

Note:

At 31 December 2019, the Group had unused tax losses of approximately RMB6,197,000 (2018: RMB2,301,000) available for offset against future taxable profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams of the respective subsidiary of the Group which incurred the tax loss.

35. 遞延稅項

於本年度及過往年度確認的主要遞延稅項資產及負債及其變動如下：

Allowance
for expected
credit loss on
trade and other
receivables
應收貿易及
其他款項的預期
信貸虧損撥備
RMB'000
人民幣千元

於二零一八年一月一日 532
計入年度損益(附註13) 319

於二零一八年十二月三十一日 851
計入年度損益(附註13) 1,024

於二零一九年十二月三十一日 1,875

附註：

於二零一九年十二月三十一日，本集團擁有可用作抵銷未來應課稅溢利的未動用稅務虧損約人民幣6,197,000元(二零一八年：人民幣2,301,000元)。由於產生稅務虧損的本集團相關附屬公司未來溢利流的不可預測性，故並無就估計未動用稅務虧損確認遞延稅項資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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36. OPERATING LEASE COMMITMENT

The Group as lessee

At 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases within fall due as follows:

		2018 二零一八年 RMB'000 人民幣千元
Within one year	一年內	2,580
In the second to fifth years inclusive	第二至第五年(包括首尾兩年)	5,244
		<u>7,824</u>

Operating lease payments represent rentals payable by the Group for its warehouse, factory and office premises. Leases are negotiated for a range from 1 to 5 years and rentals are fixed over the lease terms and do not include contingent rentals. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

36. 經營租賃承擔

本集團作為承租人

於二零一八年十二月三十一日，本集團之不可撤銷經營租賃在下列期間屆滿的未來最低租賃款項承擔如下：

經營租賃款項指本集團就倉庫、工廠及辦公室物業應付的租金。租期議定為介乎1至5年，而租金按租賃條款釐定，不包括或然租金。本集團並無於租期屆滿時購買租賃資產之選擇權。

37. 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 flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

37. 融資活動產生的負債對賬

下表詳述本集團融資活動產生的負債之變動，包括現金及非現金變動。融資活動產生的負債為現金流量或未來現金流量將於本集團綜合現金流量表分類為融資活動的負債。

		Bank borrowings 銀行借款 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	39,850	39,850
Accrued interest	應計利息	1,974	1,974
Interest paid	已付利息	(1,974)	(1,974)
Financing cash inflows	融資現金流入	40,000	40,000
Financing cash outflows	融資現金流出	(39,850)	(39,850)
At 31 December 2018	於二零一八年十二月三十一日	<u>40,000</u>	<u>40,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

37. 融資活動產生的負債對賬(續)

		Lease liabilities 租賃負債 RMB'000 人民幣千元	Bank borrowings 銀行借款 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年一月一日	-	40,000	40,000
Accrued interest	應計利息	290	1,911	2,201
Interest paid	已付利息	(290)	(1,911)	(2,201)
Additions to lease liabilities	租賃負債添置	6,421	-	6,421
Financing cash inflows	融資現金流入	-	40,000	40,000
Financing cash outflows	融資現金流出	(1,682)	(40,000)	(41,682)
At 31 December 2019	於二零一九年十二月三十一日	4,739	40,000	44,739

38. CAPITAL COMMITMENT

The Group has no material capital commitment as 31 December 2019 (2018: Nil).

38. 資本承擔

本集團於二零一九年十二月三十一日並無重大資本承擔(二零一八年:無)。

39. PLEDGE OF ASSETS

At 31 December 2019, certain property, plant and equipment (Note 18), leasehold land (Note 19) of the Group were pledged as collateral for secured banking facilities granted to the Group.

39. 資產抵押

於二零一九年十二月三十一日,本集團若干物業、廠房及設備(附註18)以及租賃土地(附註19)已抵押作為本集團獲授有抵押銀行融資之抵押品。

At 31 December 2018, certain property, plant and equipment (Note 18) and prepaid land lease payments (Note 20) of the Group were pledged as collateral for secured banking facilities granted to the Group.

於二零一八年十二月三十一日,本集團之若干物業、廠房及設備(附註18)及預付土地租賃款項(附註20)已抵押作為本集團獲授有抵押銀行融資之抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

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40. RETIREMENT BENEFITS SCHEME

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary established in the PRC are members of a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of this subsidiary. The only obligation of this subsidiary with respect to the central pension scheme is to meet the required contributions under the scheme.

41. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances as disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transaction with related parties during the year.

(a) Compensation of key management personnel

Compensation for key management personnel, including amount paid to the Group's directors and the senior executive is as follows:

Salaries and other short-term benefits	薪金及其他短期利益
Employer contribution to pension scheme	退休金計劃僱主供款

40. 退休福利計劃

本集團根據香港強制性公積金計劃條例為香港所有合資格僱員設立強制性公積金計劃(「強積金計劃」)。本集團向強積金計劃之供款乃按照僱員薪金及工資之5%計算,每名僱員每月供款上限為1,500港元。當已向強積金計劃作出供款後,即盡歸僱員所有。

於中國成立之本集團附屬公司之僱員為地方市政府營運之中央退休金計劃成員。該附屬公司須按僱員基本薪金及工資之若干百分比向中央退休金計劃供款,作為退休福利之資金。地方市政府承諾承擔該附屬公司所有現有及未來退休僱員之退休福利責任。該附屬公司就中央退休金計劃之唯一責任是根據計劃作出所需供款。

41. 重大關連方交易

除綜合財務報表內其他部份披露的交易及結餘外,年內本集團與關連方訂有以下重大交易。

(a) 主要管理人員之酬金

主要管理人員之酬金,包括已付本集團董事及高級行政人員金額如下:

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	2,725	2,478
	13	13
	2,738	2,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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截至二零一九年十二月三十一日止年度

42. SHARE OPTION SCHEME

The Company adopted the Scheme on 5 June 2015 which will remain in force for a period of 10 years from the effective date of the Scheme and will expire on 4 June 2025.

Under the Scheme, the Directors may at their discretion grant options to the eligible participants, including but not limited to, any Directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of the Group or any other person, who has contributed to the Group.

The maximum number of shares in respect to which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. At 31 December 2018, an aggregate of 337,000,000 share options granted under the Scheme remained outstanding, which represented approximately 17% of the issued share capital of the Company. The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

42. 購股權計劃

本公司於二零一五年六月五日採納該計劃，該計劃自生效日期起十年內有效，而屆滿日期將為二零二五年六月四日。

根據該計劃，董事可酌情向合資格參與者授出購股權，包括但不限於任何董事（不論是執行或非執行及是否獨立）及本集團之任何僱員（不論是全職或兼職）或對本集團有貢獻之任何其他人士。

根據該計劃授出之購股權獲行使時，可予發行之股份數目最多不超過本公司於採納該計劃當日之已發行股本10%。該上限可隨時更新，惟新限額合共不得超過股東於股東大會批准當日，本公司之已發行股本之10%。然而，根據該計劃及本公司任何其他計劃已授出但尚未行使之全部購股權獲行使時，可予發行之股份總數不得超過不時已發行股份之30%。於二零一八年十二月三十一日，根據該計劃授出的共計337,000,000份購股權未行使，佔本公司已發行股本約17%。於任何十二個月期間內，向任何個別人士授出之購股權獲行使時，可予發行之股份最高數目不得超過該十二個月期間最後一天本公司之已發行股份之1%，除非按照上市規則經由本公司股東批准則作別論。象徵式代價1港元須於接納授出購股權時支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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42. SHARE OPTION SCHEME (Continued)

Options may be exercised at any time from the date of grant of the option to the 10th anniversary of the date of grant as may be determined by the Directors. The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of a share.

Details of the movements of the share options granted by the Company pursuant to the Share Option Scheme from the date of grant are as below:

Date of grant	Outstanding at 1 January 2018	Movement during the year 年內變動			Outstanding at December 2018	Granted	Exercised	Lapsed	Outstanding before share consolidation (note)	Outstanding at 31 December 2019	Exercise period
		Granted	Exercised	Lapsed							
於二零一八年一月一日 尚未行使											
授出日期		已授出	已行使	已失效	於二零一八年十二月 尚未行使	已授出	已行使	已失效	於二零一九年十二月 尚未行使 (附註)	於二零一九年十二月 三十一日 尚未行使	行使期
Employees and others 僱員及其他	31 May 2017 二零一七年五月三十一日	138,000,000	-	-	138,000,000	-	-	(82,800,000)	55,200,000	11,040,000	31 May 2017 to 30 May 2027 二零一七年五月三十一日至 二零二七年五月三十日
	14 November 2017 二零一七年十一月十四日	199,000,000	-	-	199,000,000	-	-	-	199,000,000	39,800,000	14 November 2017 to 13 November 2027 二零一七年十一月十四日至 二零二七年十一月十三日
	4 April 2019 二零一九年四月四日	-	-	-	-	120,000,000	-	-	120,000,000	24,000,000	4 April 2019 to 3 April 2029 二零一九年四月四日至 二零二九年四月三日
Total 總計		337,000,000	-	-	337,000,000	120,000,000	-	(82,800,000)	374,200,000	74,840,000	

Note: The Share Consolidation of every five issued and unissued existing shares of par value of HK\$0.1 each in the share capital of the Company into one consolidated share with a par value of HK\$0.5 each was effective on 27 December 2019. The corresponding share option and exercise price were revised.

42. 購股權計劃(續)

購股權可於授出購股權日期起計，直至授出日期十週年的任何時間內行使，而期限由董事決定。行使價則由董事釐定，並將不會低於以下之較高者：(i) 於購股權授出日期股份在聯交所每日報價表所報之收市價；(ii) 緊接購股權授出日期前五個營業日股份在聯交所每日報價表所報之平均收市價；或(iii) 股份面值。

本公司根據購股權計劃授出的購股權自授出日期起的變動詳情如下：

附註：股份合併為將本公司股本中每股面值0.1港元的每五股已發行及未發行現有股份合併為一股每股面值0.5港元的合併股份，自二零一九年十二月二十七日生效。相應購股權及行使價已經修訂。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

42. SHARE OPTION SCHEME (Continued)

The fair value of share options were calculated using the Binomial Model. The inputs into the model were as follows:

Date of grant	授出日期	2019.04.09 二零一九年 四月九日	2017.11.14 二零一七年 十一月十四日	2017.05.31 二零一七年 五月三十一日
Grant date share price	授出日期的股份價格	HK\$0.067港元	HK\$0.111港元	HK\$0.141港元
Exercise price before Share Consolidation	股份合併前的行使價	HK\$0.1港元	HK\$0.1124港元	HK\$0.1442港元
Exercise price after Share Consolidation	股份合併後的行使價	HK\$0.5港元	HK\$0.562港元	HK\$0.721港元
Expected volatility	預期波幅	75.596%	80.272%	80.169%
Expected life	預期年限	10 years年	10 years年	10 years年
Risk-free rate	無風險利率	1.559%	1.763%	1.243%
Expected dividend yield	預期股息收益率	0%	0%	0%

During the year ended 31 December 2019, the equity-settled share-based payment were approximately RMB2,866,000.

42. 購股權計劃(續)

購股權的公平值使用二項式模型計算。模型計入的輸入參數如下：

2019.04.09 二零一九年 四月九日	2017.11.14 二零一七年 十一月十四日	2017.05.31 二零一七年 五月三十一日
HK\$0.067港元	HK\$0.111港元	HK\$0.141港元
HK\$0.1港元	HK\$0.1124港元	HK\$0.1442港元
HK\$0.5港元	HK\$0.562港元	HK\$0.721港元
75.596%	80.272%	80.169%
10 years年	10 years年	10 years年
1.559%	1.763%	1.243%
0%	0%	0%

截至二零一九年十二月三十一日止年度，以權益結算並以股份為基礎支付的款項約為人民幣2,866,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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

43. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 31 December 2019

43. 本公司財務狀況表之資料

於二零一九年十二月三十一日

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
ASSETS	資產		
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司的投資	18,760	18,760
Right-of-use assets	使用權資產	31	-
		18,791	18,760
Current assets	流動資產		
Prepayments and deposits	預付款項及按金	161	63
Amounts due from subsidiaries (note 1)	應收附屬公司款項(附註1)	95,221	93,312
Cash and bank balances	現金及銀行結餘	60	1,089
		95,442	94,464
Total assets	資產總額	114,233	113,224
EQUITY	權益		
Capital and reserves attributable to the owners of the Company	本公司擁有人應佔資本及儲備		
Share capital	股本	163,359	163,359
Reserves (note 2)	儲備(附註2)	(53,477)	(53,434)
Total equity	權益總額	109,882	109,925
LIABILITIES	負債		
Current liabilities	流動負債		
Accruals and other payables	應計費用及其他應付款項	4,319	3,299
Lease liability	租賃負債	32	-
		4,351	3,299
Total liabilities	負債總額	4,351	3,299
Total equity and liabilities	權益及負債總額	114,229	113,224
Net current assets	流動資產淨額	91,091	91,165
Total assets less current liabilities	總資產減流動負債	109,882	109,925

Approved by the Board of Director on 14 May 2020 and signed on its behalf by:

Zhuang Yuejin
莊躍進
Director
董事

於二零二零年五月十四日由董事會批准並由下列人士代表簽署:

Wong Ho Yin
黃浩然
Director
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註 (續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

43. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

- (1) The amounts due from subsidiaries are non-trade nature, unsecured, interest-free and recoverable on demand.
- (2) Movement of the Company's reserves

43. 本公司財務狀況表之資料 (續)

附註：

- (1) 應收附屬公司款項為非貿易性質、無抵押、免息及按要求收回。
- (2) 本公司儲備之變動

		Share premium	Contributed surplus	Foreign currency translation reserve	Share option	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	137,996	17,219	11,859	21,353	(149,462)	38,965
Loss for the year	年度虧損	-	-	-	-	(102,042)	(102,042)
Other comprehensive income for the year	年度其他全面收益	-	-	9,643	-	-	9,643
Total comprehensive loss for the year	年度全面虧損總額	-	-	9,643	-	(102,042)	(92,399)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日	137,996	17,219	21,502	21,353	(251,504)	(53,434)
Loss for the year	年度虧損	-	-	-	-	(5,075)	(5,075)
Other comprehensive income for the year	年度其他全面收益	-	-	2,166	-	-	2,166
Total comprehensive loss for the year	年度全面虧損總額	-	-	2,166	-	(5,075)	(2,909)
Share based payment expenses	股份付款開支	-	-	-	2,866	-	2,866
Transfer of share option reserve upon the lapse of share options	購股權失效時轉撥購股權儲備	-	-	-	(6,102)	6,102	-
At 31 December 2019	於二零一九年十二月三十一日	137,996	17,219	23,668	18,117	(250,477)	(53,477)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

44. NON-CASH TRANSACTION

During the year ended 31 December 2019, the equity-settled share-based payment were approximately RMB2,866,000.

45. COMPARATIVE FIGURES

Comparative figures have been adjusted on the assumption that the share consolidation had been effective in the prior period.

46. EVENTS AFTER THE REPORTING PERIOD

Since January 2020, the outbreak on Novel Coronavirus ("COVID-19") has impacted the global business environment. Up to the date of these financial statements, COVID-19 has not resulted in material impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

On 3 March 2020, the Company completed the Capital Reduction and the Share Sub-division in the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of HK\$0.495 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.5 to HK\$0.005, each of the authorised but unissued Consolidated Shares of par value HK\$0.5 each be sub-divided into one hundred (100) New Shares of par value HK\$0.005 each.

47. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 14 May 2020.

44. 非現金交易

截至二零一九年十二月三十一日止年度，以權益結算並以股份為基礎支付的款項約人民幣2,866,000元。

45. 比較數字

比較數字已基於股份合併於過往期間已生效之假設作出調整。

46. 報告期後事項

自二零二零年一月起，新型冠狀病毒(「COVID-19」)的爆發影響全球商業環境。截至該等財務報表之日，COVID-19尚未導致對本集團的重大影響。取決於財務報表日期之後COVID-19的發展及蔓延情況，本集團由此引致的經濟狀況的進一步變動或會影響本集團的財務業績，其程度於該等財務報表之日尚無法估計。本集團將繼續監控COVID-19的發展並積極採取措施應對其對本集團財務狀況及經營業績的影響。

本公司於二零二零年三月三日完成股本削減，本公司已發行股本中的股份拆細將透過注銷當時已發行合併股份之已繳足股本每股0.495港元，將每股已發行合併股份之面值由每股0.5港元減至每股0.005港元，每股法定但未發行每股面值0.5港元的合併股份將分為一百(100)股每股面值0.005港元的新股。

47. 授權刊發綜合財務報表

綜合財務報表已於二零二零年五月十四日獲董事會批准及授權刊發。

SUMMARY OF FINANCIAL INFORMATION

財務資料概要

The following is a summary of the published results and of the assets and liabilities of the Group prepared on the bases set out in the note below:

以下為本集團按下列附註所載基準編製之已刊發業績與資產及負債概要：

		Year ended 31 December 截至十二月三十一日止年度				
		2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Revenue	收入	195,804	207,824	227,562	194,527	260,896
Gross profit	毛利	30,372	25,962	22,637	17,959	23,940
(Loss)/profit before tax	除稅前 (虧損)/溢利	168,006	(135,933)	(234,485)	(63,636)	(31,482)
(Loss)/profit for the year attributable to owners of the Company	本公司擁有人 應佔年度 (虧損)/溢利	131,977	(133,580)	(236,820)	(64,925)	(30,176)
Basic loss/earnings per share (RMB cents)	每股基本虧損/盈利 (人民幣分)	8.8	(7.6)	(12.0)	(16.3)	(7.6)
		As at 31 December 於十二月三十一日				
		2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Non-current assets	非流動資產	59,150	292,055	125,148	69,749	71,503
Current assets	流動資產	594,039	327,471	254,694	255,432	251,059
Current liabilities	流動負債	55,864	125,681	123,775	126,432	143,187
Non-current liabilities	非流動負債	35,436	-	-	-	3,262
Net assets	淨資產	561,889	493,845	256,067	198,749	176,113



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