



IDT INTERNATIONAL LIMITED 萬威國際有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock code 股份代號 : 167)

創新 點亮生活

Embracing **innovations**
that enhance the quality of life





Contents

目錄

2	Corporate Information 公司資料
6	Chairman's Statement 主席報告書
11	Directors and Senior Management of the Group 本集團董事及高級管理層
17	Management Discussion and Analysis 管理層討論及分析
22	Corporate Governance Report 企業管治報告書
50	Environmental, Social and Governance Report 環境、社會及管治報告
75	Directors' Report 董事會報告書
87	Independent Auditor's Report 獨立核數師報告
96	Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表
97	Consolidated Statement of Financial Position 綜合財務狀況表
99	Consolidated Statement of Changes in Equity 綜合權益變動表
100	Consolidated Statement of Cash Flows 綜合現金流量表
102	Notes to the Consolidated Financial Statements 綜合財務報表附註
200	Group Financial Summary 集團財務概要



Corporate Information 公司資料

BOARD

Executive directors:

Xu Chiming (Retired on 26 June 2019)
Zhu Yongning (Chief Executive Officer)

Non-Executive directors:

Song Rongrong (Resigned on 28 February 2020)
Wu Qing (Appointed on 31 March 2020)

Independent Non-Executive directors:

Zhou Meilin
Zhou Rui (Retired on 26 June 2019, re-appointed on 30 August 2019)

Xu Jinwen

EXECUTIVE COMMITTEE

Xu Chiming (Retired on 26 June 2019)
Zhu Yongning

AUDIT COMMITTEE

Zhou Meilin (Chairman)
Xu Jinwen
Zhou Rui (Retired on 26 June 2019, re-appointed on 30 August 2019)

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Zhou Rui (Appointed as Chairman on 30 August 2019)

Xu Chiming (Retired on 26 June 2019)
Zhou Meilin
Xu Jinwen

REMUNERATION COMMITTEE

Zhou Rui (Retired on 26 June 2019)
Song Rongrong (Resigned on 28 February 2020)
Xu Jinwen (Appointed as Chairman on 30 August 2019)

Zhou Meilin (Appointed on 30 August 2019)
Wu Qing (Appointed on 31 March 2020)

AUTHORISED REPRESENTATIVES

Shum Shing Kei (Appointed on 1 November 2019)
Xu Chiming (Retired on 31 March 2020)
Zhou Chen (Appointed on 28 February 2019 and resigned on 1 November 2019)

Zhu Yongning (Appointed on 31 March 2020)

董事會

執行董事：

徐志明(於二零一九年六月二十六日退任)
朱永寧(行政總裁)

非執行董事：

宋榮榮(於二零二零年二月二十八日辭任)
吳清(於二零二零年三月三十一日獲委任)

獨立非執行董事：

周美林
周銳(於二零一九年六月二十六日退任，
於二零一九年八月三十日獲重新委任)
徐錦文

執行委員會

徐志明(於二零一九年六月二十六日退任)
朱永寧

審核委員會

周美林(主席)
徐錦文
周銳(於二零一九年六月二十六日退任，
於二零一九年八月三十日獲重新委任)

提名及管治委員會

周銳(於二零一九年八月三十日獲委任
為主席)
徐志明(於二零一九年六月二十六日退任)
周美林
徐錦文

薪酬委員會

周銳(於二零一九年六月二十六日退任)
宋榮榮(於二零二零年二月二十八日辭任)
徐錦文(於二零一九年八月三十日獲委任
為主席)
周美林(於二零一九年八月三十日獲委任)
吳清(於二零二零年三月三十一日獲委任)

授權代表

沈成基(於二零一九年十一月一日獲委任)
徐志明(於二零二零年三月三十一日退任)
周晨(於二零一九年二月二十八日獲委任，
並於二零一九年十一月一日辭任)
朱永寧(於二零二零年三月三十一日獲委任)

Corporate Information 公司資料

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

AUDITOR

Mazars CPA Limited

SOLICITOR

Bermuda:

Conyers Dill & Pearman

SHARE REGISTRARS

Bermuda:

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton, HM 11 Bermuda

Hong Kong:

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

BERMUDA REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Block C, 9th Floor, Phase I, Kaiser Estate
41 Man Yue Street
Hung Hom
Kowloon
Hong Kong

STOCK CODE

167

WEBSITES

www.idthk.com

主要往來銀行

香港上海滙豐銀行有限公司
恒生銀行有限公司

核數師

中審眾環(香港)會計師事務所有限公司

律師

百慕達：

Conyers Dill & Pearman

股份過戶登記處

百慕達：

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton, HM 11 Bermuda

香港：

聯合證券登記有限公司
香港
北角
英皇道338號
華懋交易廣場2期
33樓3301-04室

百慕達註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

香港主要營業地點

香港
九龍
紅磡
民裕街41號
凱旋工商中心1期9樓C座

股份代號

167

網址

www.idthk.com

智能家居

洞悉先機

Connected Home & Communication

Ahead of Time





Chairman's Statement

主席報告書

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Group's annual results for the year ended 31 December 2019.

FINANCIAL RESULTS

The Group's total revenue for the year ended 31 December 2019 was amounted to HK\$270.4 million (FY2018: HK\$433.2 million), which was due to unclear global trade prospects and the weak performance of the global economy.

致各股東：

本人謹代表董事會欣然提呈本集團截至二零一九年十二月三十一日止年度之年度業績。

財務業績

截至二零一九年十二月三十一日止年度，本集團錄得總收益為港幣270.4百萬元(二零一八年年度：港幣433.2百萬元)。這是由於全球貿易經濟不明朗以及全球經濟表現疲弱。

Chairman's Statement 主席報告書

Gross profit totalled HK\$30.5 million (FY2018: HK\$28.9 million). Gross profit was increased by 5.5% for the year ended 31 December 2019 since the Group maintain strict control over the cost of goods sold during the year. Management adopted the Just In Time manufacturing strategy which the Group kept low level of inventory to increase operation efficiency. The gross profit margin was increased from 6.7% for the year ended 31 December 2018 to 11.3% for the year of ended 31 December 2019.

The Group continued to execute stringent cost controls and streamline organisational structure and operational procedures. Total operating expenses of the Group, including research costs, distribution and selling expenses and general administrative expenses, amounted to HK\$124.9 million (FY2018 (restated): HK\$189.1 million). The total operating expense was decreased by approximately 34.0% since the distribution and selling expense has dropped for approximately 59.0% which was attributable to the decrease in turnover. Further, the research expenses was reduced by 25.8% since the Group is re-shaping the product development direction and thus concentrating the researching resources for the products with market competitiveness.

Other gains during the year was mainly come from subleasing of right-of-use assets/rented premises amounting HK\$11.8 million (FY2018: HK\$10.8 million). The other losses, net during the year was recorded as HK\$7.7 million (FY2018: HK\$11.5 million), the decrease was mainly due to the combined effect of (i) net exchange gain recognised amounting HK\$2.6 million for the year while there was net exchange loss of HK\$7.0 million charged to profit or loss in 2018 and (ii) the increased impairment loss on advances to suppliers amounting to HK\$4.0 million.

Reversal of loss allowance on trade receivables was recorded as HK\$7.7 million (FY2018: impairment of HK\$10.3 million) due to decrease in credit loss of trade receivables.

Loss for the year ended 31 December 2019 was HK\$83.1 million (FY2018: HK\$215.6 million).

毛利總額為港幣30.5百萬元(二零一八年年末：港幣28.9百萬元)。截至二零一九年十二月三十一日止年度毛利增加5.5%，乃由於本集團於年內在銷售成本方面維持嚴密控制。管理層已採納準時制生產策略，使本集團保持低水平的存貨以提升經營效率。毛利率由截至二零一八年十二月三十一日止年度之6.7%增加至截至二零一九年十二月三十一日止年度之11.3%。

本集團繼續實施嚴格的成本控制、精簡組織架構和運營程序。本集團總營運開支為港幣124.9百萬元(二零一八年年末(經重列)：港幣189.1百萬元)。該等開支包括研究費用、分銷及銷售開支及一般行政開支。總營運開支減少約34.0%乃因分銷及銷售開支下跌約59.0%，可歸因於營業額減少。此外，由於本集團正在重塑產品發展方向，故將投入研究的資源集中於具市場競爭力的產品，因此研究費用減少25.8%。

本年度其他所得乃主要來自分租使用權資產／出租物業港幣11.8百萬港元(二零一八年年末：港幣10.8百萬元)。本年度錄得其他虧損，淨額港幣7.7百萬元(二零一八年年末：港幣11.5百萬元)，該減少乃主要由於以下的綜合影響所致：(i)年內確認的匯兌收益淨額為港幣2.6百萬元，而於二零一八年則有港幣7.0百萬元的匯兌虧損扣除自損益，及(ii)預付供應商款項之減值虧損增加港幣4.0百萬元。

撥回應收賬款虧損撥備為港幣7.7百萬元(二零一八年年末：減值港幣10.3百萬元)，乃由於應收賬款的信貸虧損減少所致。

截至二零一九年十二月三十一日止年度之虧損為港幣83.1百萬元(二零一八年年末：港幣215.6百萬元)。

Chairman's Statement 主席報告書

OUTLOOK

Despite the uncertain global economy and the trade war between the China and United States of America will continue to have a considerable impact on the growth of the Group, nonetheless there are still opportunities and the Group remains confident in its strategy in 2019.

The group continues to develop China market maximising customer coverage from offline and online channels, with customized product development focus on Sports Fitness Health and Smart Learning products. The group will form strategic partnerships with the leading institutes in China in the children learning and healthcare areas to develop the customised products and promotion through the joint effort.

OREGON SCIENTIFIC (“OS”)

A series of new Smart Learning & Immersive Technology (the “SLIT”) products will be launched and this category will continue to be the main product category of the OS business. The upcoming products will also come with even stronger and interactive AR technology to enhance the learning experience. Strategic partnership will be formed with Intellectual Property Publishing House which is under the National Intellectual Property Administration, PRC with focus on promoting the smart learning products into the targeted channels includes school with joint promotion effort.

Regarding the smart home category, we will continue to streamline the number of SKU and concentrated on the key ranges with good offerings. An experienced product marketing team has also been established to strengthen the launch of new products, increase existing customer participation, and explore more opportunities in existing markets and new markets.

In terms of geographic expansion, China is the key focus while we will aim at steady growth in the overseas business. We project steady growth as overall and remarkable growth in China. OS will plan to launch the healthcare products in China partnering with the health institutes.

前景

雖然全球經濟局勢不明朗以及中美貿易戰繼續對本集團發展產生巨大影響，但機會仍然存在，本集團於二零一九年仍對自身策略充滿信心。

本集團繼續大力開拓中國市場，最大限度地從線下以及在線渠道提升客戶覆蓋範圍，定制產品開發重點為運動、健體及健康以及智能教學產品。本集團將與中國領先的兒童教育及保健領域的機構建立戰略夥伴關係，共同努力開發定制產品並進行聯合推廣。

OREGON SCIENTIFIC(「OS」)

本公司將推出一系列新的智能教育與學習產品，並將繼續為OS業務的主要產品類別。即將推出的產品亦將配備更強大的互動AR技術，以增強教學體驗。本公司將與中國國家知識產權局下屬的知識產權出版社建立戰略夥伴關係，重點以聯合推廣的方式在目標渠道推廣智能教學產品。

對於智能家居產品，我們將繼續縮減SKU數量，並通過優質產品集中於關鍵領域。我們亦成立了一支經驗豐富的產品營銷團隊，以加強新產品的推出，增加現有客戶的參與度，並在現有市場及新市場中尋求更多機會。

就地域擴張而言，中國是重點，同時將關注海外業務的穩定增長。隨著中國經濟整體顯著增長，我們預計將實現穩定增長。OS計劃在中國與健康機構合作推出保健產品。

Chairman's Statement 主席報告書

From the perspective of channel development, as we have engaged several strong distribution partners in Europe in 2019, we will start to get the result in 2020 in terms of point of sales expansion in the retail network. At the same time, e-commerce will stay as the channel gets most resources and attention to increase business of B2C.

VALUE MANUFACTURING SERVICES (“VMS”)

Based on accumulative experiences and advantages through year's development, we are entering into the era of smart health. Sports, Fitness and health continue to be the key product category of the VMS business and the portion will be getting even bigger than in 2019.

Our VMS business and customers both focus on digital health products, including activity tracking, blood glucose monitoring, heart rate monitoring, blood pressure monitoring etc. All these products are related to the big data concept. As such, our customer and strategy partners will work with us to analyze and utilize these data to develop products which could suit better the consumers' need.

While we swiftly enter the digital health and smart lifestyle markets, we continue to optimize and improve the existing products. We will outsource some of our low-value products and the principle of no low margin or negative margin projects remains unchanged. We would focus on the strategic VMS customers who can contribute good scale and reasonable margin.

Besides working the existing customers and developing new ones, our focus includes continuously improving the efficiency of product developments and manufacturing operation. We continue to innovate with our VMS customers and achieve the largest results at the lowest cost. As such, our customers would gain more resources to be invested into new products and make us more competitive and grow together.

從渠道開發的角度來看，由於我們在二零一九年已與歐洲幾個強大分銷合作夥伴進行合作，我們於二零二零年將在零售網絡的銷售點擴張方面取得成效。同時，電子商務作為可獲得大部分資源和關注的渠道之一，將繼續存在以增加B2C業務。

價值製造服務(「VMS」)

基於過往多年發展所積累的經驗及優勢，我們將進入智能健康的時代。運動、健體及健康仍是VMS業務的主要產品類別，其佔比甚將超過二零一九年。

我們的VMS業務會和我們的客戶一起把重點放在數字化健康產品上，包括活動監控、血糖計量、心率監測、血壓監測等。這些產品均與大數據概念有關。這樣我們就可以和我們客戶以及戰略夥伴一起分析和利用這些數據來開發更能迎合消費者需求的產品。

在迅速進入數字化健康和智能生活領域的同時，我們在不斷優化和提升現有產品。我們將部分低價值產品外包，維持無低利潤或負利潤項目的原則不變。我們將專注於能夠帶來豐厚、合理利潤的戰略性VMS客戶。

除了維持現有客戶及吸納新客戶，我們的工作重點包括持續不斷努力提高產品開發及製造業務效能。本集團將繼續加強與VMS客戶的創新，儘量以非常少的成本取得較大的成就，從而使客戶有更多的資源進行新產品投資，增強我們的競爭力，共同成長。

Chairman's Statement 主席報告書

APPRECIATION

On behalf of the Board of Directors, I wish to express my gratitude to all shareholders and business associates for the continuous support. Our deep appreciation also goes to the management team and staff members for their hard work and dedication in the past financial period.

Zhu Yongning
Chief Executive Officer

11 June 2020
Hong Kong

致謝

本人謹代表董事會感謝各股東及業務夥伴一直對本集團之支持，亦感謝管理團隊及全體員工於上個財政期間內的辛勤工作及盡心服務。

行政總裁
朱永寧

二零二零年六月十一日
香港

Directors and Senior Management of the Group

本集團董事及高級管理層

EXECUTIVE DIRECTORS

Zhu Yongning

Executive Director and Chief Executive Officer, aged 51. Mr. Zhu graduated from Fudan University of Shanghai with a master degree in international finance, and is a senior economist. He has over 25 years of working experience in the financial sector. Mr. Zhu is an executive director of Christine International Holding Limited whose share are listed on main board in Hong Kong with stock code 01210 since 1 November 2018. From 2015, Mr. Zhu served as the chairman of Jiangsu Nandasoft Technology Company Limited, whose shares are listed on the GEM board of Hong Kong with stock code 08045. Since 1990, Mr. Zhu served successively as principal staff member of the international business department of China Construction Bank in Jiangsu province, president of a sub-branch of China Investment Bank under its Jiangsu branch, president of Hanzhong Road sub-branch of China Everbright Bank, Nanjing and investment advisor of Huaxia Securities Venture Capital Co., Ltd. (華夏證券創業投資有限公司).

NON-EXECUTIVE DIRECTOR

Wu Qing

Non-Executive Director, aged 43, is the doctor of economics, the associate professor of business school and the master supervisor of Nanjing University. Her main research area is the transformation and network economy innovation. She has published several academic papers in professional core journals such as "Business Management Journal" and "Journal of Finance and Economics". She is the host of the humanities and Social Sciences Foundation of the Ministry of Education, and she also participated in a number of national and provincial fund projects. She is one of the leading entrepreneurial talent of "Nanjing 321 Strategy" and the member of mass entrepreneurship and innovation talent plan in Jiangsu Province.

執行董事

朱永寧

行政總裁兼執行董事，51歲。朱先生畢業於上海復旦大學國際金融專業，取得碩士學位，為高級經濟師，彼有超過25年金融專業工作經驗。自二零一八年十一月一日起，朱先生擔任克莉絲汀國際控股有限公司（香港主板上市公司，股份代碼01210）執行董事。朱先生自二零一五年至今擔任江蘇南大蘇富特科技股份有限公司董事長（香港GEM上市公司，股份代碼：08045）。自一九九零年起，朱先生曾歷任江蘇省中國建設銀行國際業務部主任科員、中國投資銀行江蘇省分行支行行長、南京光大銀行漢中路支行行長、及華夏證券創業投資有限公司投資顧問。

非執行董事

吳清

非執行董事，43歲，南京大學經濟學博士、商學院副教授、碩士生導師。主要研究領域轉型與網絡經濟創新。在《經濟管理》、《財經研究》等專業核心期刊發表多篇學術論文。教育部人文社科基金主持人，參與主持多項國家、省部級基金項目。南京321領軍創業人才，江蘇省雙創人才。

Directors and Senior Management of the Group 本集團董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhou Meilin

Independent Non-Executive Director, the chairman of the Audit Committee, a member of nomination and corporate governance committee and Remuneration Committee, aged 53. Mr. Zhou is a Chinese practicing lawyer, Chinese certified public accountant (Non-practicing), tax agent, and part-time teacher of Nanjing University of finance and economics.

Mr. Zhou is an independent non-executive director of Christine International Holdings Limited whose share are listed on main board in Hong Kong with stock code 01210 since 17 December 2018. From January 2016, Mr. Zhou joined Jiangsu Deqing law firm as lawyer. Before that, Mr. Zhou worked for Nanjing Xuanwu Tax Bureau from July 1985 to December 2015, took the different positions including tax administration, tax collection and management, financial management, tax audit (From 1995 to 1996, Mr. Zhou worked for Nanjing Shicheng Accounting (Tax) Firm.). During the period in the tax bureau, Mr. Zhou was employed as a part-time teacher in tax system, participated in the compilation of provincial and municipal tax system risk platforms and inspection guidelines for many times, and participated in dozens of enterprise bankruptcy, reform, restructuring and merger and acquisition work. By virtue of his profound business skills, Mr. Zhou has won the title of tax system business expert for many times.

Mr. Zhou has extensive experience in accounting, internal control, financial statement analysis, tax planning and related laws; he is good at enterprise initial public offerings, reorganisation, merger and acquisition, bankruptcy, tax dispute settlement, tax risk prevention and tax planning. Mr. Zhou holds a bachelor's degree from Nanjing Normal University.

獨立非執行董事

周美林

獨立非執行董事、審核委員會主席以及提名及管治委員會和薪酬委員會成員，53歲。周先生是中國執業律師、中國註冊會計師(非執業)、稅務師、南京財經大學兼職教師。

自二零一八年十二月十七日起，周先生獲委任為克莉絲汀國際控股有限公司(香港主板上市公司，股份代碼01210)獨立非執行董事。自二零一六年一月至今，周先生加入江蘇德擎律師事務所任律師。在此之前，周先生於一九八五年七月至二零一五年十二月期間在江蘇省南京玄武稅務局工作，從事過稅政、徵管、財務管理、稽查等崗位(其中一九九五年至一九九六年，周先生就職於南京石城會計(稅務)師事務所)。在稅務局期間，周先生被聘為稅務系統兼職教師，多次參加省市稅務系統風險平台和稽查指南的編寫，參加過數十起企業破產、改制、重組、併購工作，憑藉其深厚的業務功力多次獲得稅務系統業務能手的稱號。

周先生在會計、企業內部控制、財務報表分析、稅務籌劃及相關法律等方面有豐富的經驗，擅長企業上市、重組、併購、破產、稅收爭議的解決、稅務風險防範和稅務籌劃。周先生擁有南京師範大學本科學歷。

Directors and Senior Management of the Group

本集團董事及高級管理層

Zhou Rui

Independent Non-Executive Director, the Chairman of the Nomination and Corporate Governance Committee, and a member of the Remuneration Committee and the Audit Committee, aged 34. Mr. Zhou Rui is the vice president of China Galaxy Securities from 2015 up to present, mainly responsible for business development and providing investment, fund-raising consultant service to public and private company. During August 2012 to February 2014, Mr. Zhou Rui worked in Beijing Hony Future Investment Advisor Ltd as a senior manager, responsible for finding right investment project, executing due diligence and investment and after investment management. During August 2009 to August 2012, Mr. Zhou Rui served as supervisor of China International Capital Corporation Limited, responsible for securities trading system's design and testing. Mr. Zhou Rui holds master degree in Mathematics from Nanjing University.

Xu Jinwen

Independent Non-Executive Director and the Chairman of the Remuneration Committee and the Nomination and Corporate Governance Committee and the Audit Committee, aged 54. Mr. Xu is the chairman of the board, chief executive officer and executive Director of Changjiang Securities International Financial Group Limited, and independent non-executive Director of Shenzhen Zhongheng Hwafa Co., Ltd, the shares of which are listed on the Shenzhen Stock Exchange (SZSE: 000020 and 200020). Mr. Xu served as the deputy general manager of China Construction Bank Hubei Provincial Trust and Investment Corporation (中國建設銀行湖北省信託投資公司) from December 1990 to October 1995. He worked in Guotai Securities Limited Hubei Branch* (國泰證券有限公司湖北分公司) as the deputy general manager, and Guotai Junan Securities Limited Jiangxi Branch* (國泰君安證券股份有限公司江西分公司) as the general manager from October 1995 to November 2002. Mr. Xu worked as president in Golden Sun Securities Limited* (國盛證券有限公司) from November 2002 to April 2006. Mr. Xu served as chairman in Changjiang BNP Paribas Peregrine Securities Co., Ltd. from April 2006 to May 2007. Mr. Xu was the executive vice president and the secretary of the board of Changjiang Securities Company Limited from May 2007 to March 2016. Mr. Xu has over 30 years of experience working in the financial industry, and he particularly worked in the area of securities for more than 20 years. He is very familiar with China and oversea financial markets and products, with extensive experience in the management of financial institution and investment. Mr. Xu holds a doctorate degree in Management Science and Engineering from Huazhong University of Science and Technology.

* For identification purpose only

周銳

獨立非執行董事、提名及管治委員會主席兼審核委員會成員，34歲。自二零一五年至今，周銳先生任職中國銀河證券股份有限公司副總裁，負責帶領團隊開拓業務及為公眾及私人公司提供投融资顧問服務。周銳先生於二零一二年八月至二零一五年二月擔任北京弘毅遠方投資顧問有限公司高級經理職務，負責投資項目挖掘、調研、投資和投後管理等。周銳先生於二零零九年八月至二零一二年八月擔任中國國際金融有限公司主管，負責證券交易系統的產品設計和測試工作。周銳先生持有南京大學數學碩士學位。

徐錦文

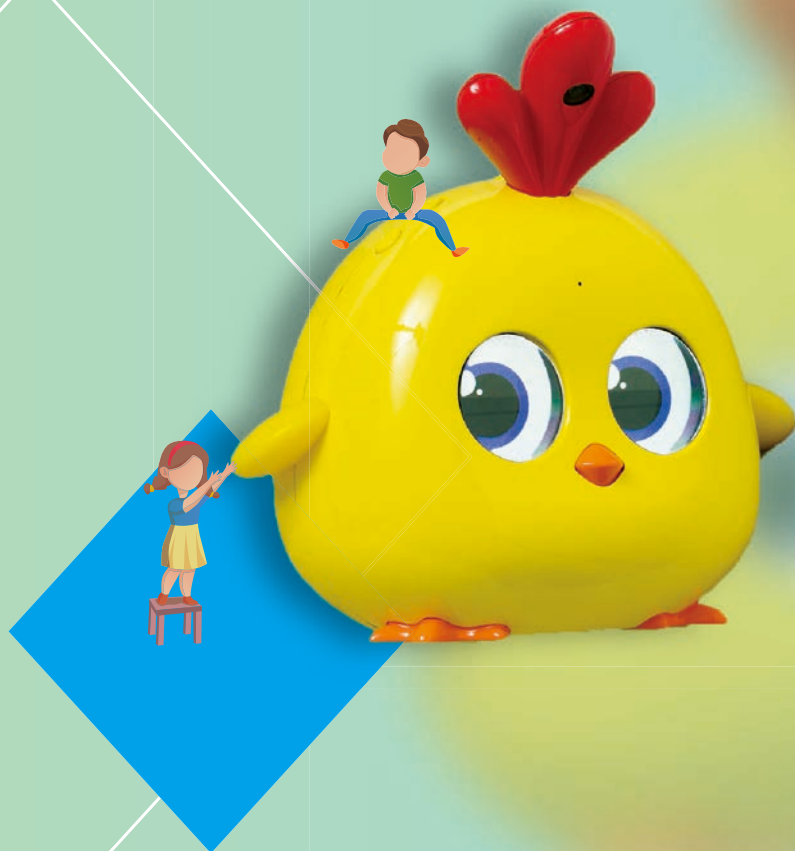
獨立非執行董事兼薪酬委員會主席、提名及企業管治委員會以及審核委員會成員，54歲。徐先生現任長江證券國際金融集團有限公司董事會主席兼行政總裁，並為執行董事，及擔任A股上市公司深圳中恒華髮股份有限公司(股票代碼：000020及200020)獨立非執行董事一職。徐先生於一九九零年十二月至一九九五年十月擔任中國建設銀行湖北省信託投資公司副總經理。彼於一九九五年十月至二零零二年十一月先後擔任國泰證券有限公司湖北分公司常務副總、國泰君安證券股份有限公司江西總部總經理。徐先生於二零零二年十一月至二零零六年四月擔任國盛證券有限公司總裁。徐先生於二零零六年四月至二零零七年五月擔任長江巴黎百富勤證券有限責任公司董事長。徐先生於二零零七年五月至二零一六年三月擔任長江證券股份有限公司執行副總裁兼董事會秘書。徐先生從事金融行業三十餘年，證券行業二十餘年，熟知中國境內外金融市場和產品，擁有豐富的金融機構管理和投資經驗。徐先生擁有華中科技大學管理科學與工程博士學位。

智能教育與學習

樂於探索

Smart Learning & Immersive Technology

Connecting Exploration
with Fun





Management Discussion and Analysis

管理層討論及分析



Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

In 2019, the overall purchase momentum particularly in the consumer electronic business still remained sluggish due to the trade war and overall unsteady global economy. The Group continued to place significant effort in re-shaping the product development direction, customer base and commercial terms, and streamlining its organizational structure, operation processes and administration costs. The Group recorded the decline in the sales revenue amounted to HK\$162.8 million and gross profit totaled at HK\$30.5 million (while the GM% has increased from 6.7% to 11.3%). With all the re-structuring key initiatives being executed, the net loss has consequentially narrowed down to HK\$83.1 million.

The Group has identified two product categories to be focused on – Smart Learning & Immersive Technology (SLIT) and Sports, Fitness and Health (SFH). The company resources such as research & development, business development and manpower were re-shuffled around it. The management carried out several measures to enhance the lean manufacturing, streamlining manpower and implementing business model change in overseas operations. The Group also focused on developing projects with good quality key customers and no low-or-negative margin project policy remained.

The Group achieved the significant improvement in the cash flow management through re-shaping the customer base and re-negotiating the commercial terms with business partners. The account receivable (AR) turnover days was reduced by 32.3% to 44 days and the AR amount was down by 21.3% to HK\$28.8 million. The streamlining of the number of SKU for more effective inventory management led to the lower inventory level amounted HK\$16.8 million.

Value Manufacturing Services (“VMS”)

In 2019, due to the weak performance of the global consumer electronics industry and the higher tariff as a result of trade war, the overall purchase momentum from the customers was affected. Overall the sales revenue of the VMS business in 2019 was HK\$181.1 million (FY2018: HK\$271.7 million), which accounted for 67.0% of the Group's total revenue. In terms of product categories, Sports, Health & Fitness is still the key, accounting for 47.8% of the VMS sales revenue and followed by the Connected Home (19.8% of the VMS sales revenue).

Despite the lower sales revenue, the Group re-shaped the customer base and re-negotiated for the more favourable commercial terms with most of the VMS customers to improve the gross margin and accelerate the account receivable collection. This assisted to set a healthier base for future business development.

業務回顧

於二零一九年，在貿易戰及全球經濟整體不穩定的影響下，電子消費品業務的整體購買意欲仍然疲弱。本集團繼續大力重塑產品發展方向、客戶群及商業條款，以及精簡組織架構、運作程序及行政成本。因此，本集團的銷售收入減少至港幣162.8百萬元，惟毛利達港幣30.5百萬元(而毛利率由6.7%增加至11.3%)。本集團實施全部主要重整架構的措施後，虧損淨額減少至港幣83.1百萬元。

本集團已確定了兩個需要關注的產品類別，即智能教育與學習產品，以及運動、健體及健康產品，並就此重新調配研發、業務發展及人力等公司資源。管理層在海外業務中採取了加強精益製造、精簡人力、實施業務模式改革等多項措施。本集團亦專注於開發具有優質關鍵客戶的項目，因此不存在低利潤或負利潤的項目政策。

本集團透過重整客戶群以及與業務合作夥伴重新商議商業條款，顯著改善了現金流量管理方式。應收賬款週轉天數減少32.3%至44天，應收賬款金額減少21.3%至港幣28.8百萬元。為了更有效的存貨管理，我們縮減SKU數量，使存貨維持於港幣16.8百萬元的低水平。

價值製造服務(「VMS」)

於二零一九年，全球消費電子大勢疲弱及貿易戰導致的較高關稅，令客戶的整體購買意欲受到影響。整體而言，VMS於二零一九年的銷售收入為港幣181.1百萬元(二零一八年年度：港幣271.7百萬元)，佔本集團收益總額的67.0%。產品類別方面，運動、健體及健康依然是主要類別，佔VMS銷售收入47.8%，緊隨其後的是智能家居(佔VMS銷售收入19.8%)。

儘管銷售收入減少，本集團已重整客戶群，並與大部分VMS客戶重新磋商以取得更有利的商業條款，以改進毛利率及加速收回應收賬款。這有助於為日後的業務發展奠定更健康的基礎。

Management Discussion and Analysis

管理層討論及分析

To maintain the leading role in technology and market competitiveness, the VMS research & development team continuously establishes strategic partnership with global innovative technology partner. The co-operation with various strategic partners such as the co-developed solution of E-ink watch, PWTT Smart blood pressure monitor, heart rate variability measurement will bring new business opportunity to grow the business.

The Group has started the association with the leading hospital and sleep science institutes in China Jiangsu province for the sleep improvement and health tracking projects, such will take an important part in the Sport, Fitness and Health category particularly for the China market.

OREGON SCIENTIFIC (“OS”)

In 2019, sales revenue of OS business totaled HK\$89.3 million (FY2018: HK\$161.5 million), 44.7% decrease compared to that of last year, accounting for 33.0% of the Group's total sales revenue. Smart Learning & Immersive Technology (SLIT) and Connected Home (CoH) were still the main product categories.

In SLIT, the market demand was trendily strong, the Group recorded strong increase in its sales revenue in Japan and Russia. The demand of other markets remained stable. The Group was in liaison with the Intellectual Property Publishing House of China for the strategic partnership and started the tailor-made product development to meet the tremendous consumer demand of the smart learning products in China.

In CoH category, the Group faced the challenge in the supply chain to fulfill the customer orders, therefore the sales revenue of this category was affected. Still through streamlining the number of SKU and selling off the on-hand inventory, the overall inventory of OS was considerably reduced. The Group still secured the business relationship with reputable distributors and the strategy of working with the strong distributors to develop the overseas markets remained.

For SLIT business in overseas market, we project a steady business as overall. Japan is our focus market with our engaged long term partner to work closely in the market. Regarding the channel development, we will continue to look for the distribution partners in North America to expand the sales network.

為了保持技術領先性和市場競爭力，VMS研發團隊不斷和全球新技術創新合作夥伴建立戰略合作夥伴關係。我們與多個戰略夥伴合作，如共同開發E-ink墨水屏手錶、PWTT智能血壓測量及心率動態測量解決方案，將能帶來發展業務的新商機。

本集團已與中國江蘇省主要醫院及睡眠科學研究所合作開展改善睡眠及追蹤健康的項目，此將對運動、健體及健康類別帶來重要影響(尤其是在中國市場)。

OREGON SCIENTIFIC(「OS」)

於二零一九年，OS業務的銷售收入總計為港幣89.3百萬元(二零一八年年度：港幣161.5百萬元)，較去年減少44.7%，佔本集團總銷售收入的33.0%。智能教育與學習及智能家居依然是主要產品類別。

智能教育與學習方面，市場需求強勁，本集團對日本及俄羅斯銷售收入均錄得大幅增長。其他市場的需求維持穩定。本集團就建立戰略合作關係而與中國知識產權出版社聯絡，並開始發展訂製產品，以滿足中國智能學習產品的龐大客戶需求。

智能家居方面，本集團供應鏈在應付客戶訂單方面面臨挑戰，故影響到該類別的銷售收入。儘管如此，透過精簡SKU數量，以及出售手頭上的存貨，OS的整體庫存得以大幅減少。本集團仍然跟聲譽良好的分銷商維持穩定的業務關係，其與實力雄厚的分銷商合作開發海外市場的策略依然不變。

對於智能學習產品在海外的市場，我們預期業務整體穩定。我們以日本為重點市場，並與長期合作夥伴保持緊密的合作，在開拓渠道方面將繼續尋找北美的合作夥伴，擴大銷售網絡。

Management Discussion and Analysis

管理層討論及分析

Regarding the CoH category, we will continue to concentrate on the existing key ranges and several new products will be launched in the meantime. One of the signature new product is using the patented technology of daylight projection with adding some innovative features on it to nurture the concept of smart living.

Europe and China will remain our key focused markets. We are negotiating with a strong partner in France for new channel distribution. Regarding the channel development and brand building, we should comply with the new trend of new media, especially to use short video and social networking sites, which have great potential in the promotion and sales.

WORKING CAPITAL

The inventory balance as at 31 December 2019 was HK\$16.8 million, decreased by 77.5% compared to the HK\$74.8 million as at 31 December 2018. The inventory turnover days decreased to 70 days (FY2018: 93 days). Trade debtor balances as at 31 December 2019 was HK\$28.8 million, decreased by 21.3% compared to the HK\$36.6 million shown as at 31 December 2018. Trade debtor's turnover days decreased to 44 days (FY2018: 65 days).

LIQUIDITY AND TREASURY MANAGEMENT

As at 31 December 2019, bank balances and cash of the Group, including short term bank deposits, were HK\$18.0 million (31 December 2018: HK\$22.3 million). During the year, the Group generated its funds mainly from operating or financing activities. The net cash position (bank balances and cash) as at 31 December 2019 amounted to HK\$18.0 million (31 December 2018: HK\$22.3 million).

CHARGES ON GROUP ASSETS

At 31 December 2019, there were no finance charges on the Group's assets.

智能家居方面，我們將繼續專注於現有的主要系列，同時將會推出多款新產品。當中一款特色新產品使用日光投射專利技術，加上多項創新功能，培養智能生活的概念。

歐洲和中國將繼續是我們的主要重點市場。我們正與法國一名強大的合作夥伴進行協商，開展新的分銷渠道。開拓渠道及塑造品牌方面，我們會緊貼新媒體趨勢，尤其是於推廣及銷售方面具有龐大潛力的短視頻及社交網站。

營運資金

於二零一九年十二月三十一日，存貨結餘為港幣16.8百萬元，較於二零一八年十二月三十一日之港幣74.8百萬元下降77.5%。存貨周轉日數減少至70日（二零一八年年末：93日）。於二零一九年十二月三十一日，應收賬款結餘為港幣28.8百萬元，較二零一八年十二月三十一日之港幣36.6百萬元下降21.3%。應收賬款周轉日數減少至44日（二零一八年年末：65日）。

流動資金及財務管理

於二零一九年十二月三十一日，本集團之銀行結餘及現金包括短期銀行存款為港幣18.0百萬元（二零一八年十二月三十一日：港幣22.3百萬元）。於本年度，本集團之資金主要來源於經營或融資活動。於二零一九年十二月三十一日，現金淨額（銀行結餘及現金）為港幣18.0百萬元（二零一八年十二月三十一日：港幣22.3百萬元）。

本集團資產抵押

於二零一九年十二月三十一日，本集團概無任何用作財務抵押之資產。

Management Discussion and Analysis 管理層討論及分析

CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment for the year ended 31 December 2019 amounted to HK\$1.0 million (FY2018: HK\$14.5 million) which was all used for business operations and product development. Source of funds were financed by internal resources and loan from a shareholder.

There were no material acquisitions or disposals of subsidiaries and associated companies in the course of the year ended 31 December 2019.

DIVIDEND

The Directors of the Company do not recommend any dividend for the year ended 31 December 2019 (FY2018: Nil).

CONTINGENT LIABILITIES

As set out in the 2018's annual report of the Company, an indirect wholly-owned subsidiary of the Company, Oregon Scientific Brasil Ltda, was involved in a tax dispute with the State of Sao Paulo, the Federative Republic of Brazil, which may cause a maximum tax payment including penalty and interest of approximately Brazilian Real 3.6 million (equivalent to approximately HK\$7.3 million). Currently, the Company is still assessing whether provision should be made in the consolidated financial statements for the year ended 31 December 2019.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2019, the Group had 483 employees. The Group fully recognises the importance of its employees who contribute significantly to its success and continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training.

資本開支

截至二零一九年十二月三十一日止年度，物業、機器及設備之資本開支為港幣1.0百萬元（二零一八年年度：港幣14.5百萬元），主要用於業務運作及產品發展。資金來源主要是內部資源撥付及股東貸款。

截至二零一九年十二月三十一日止年度，本集團並無進行有關附屬公司及聯營公司之重大收購或出售。

股息

本公司董事不建議派付截至二零一九年十二月三十一日止年度之任何股息（二零一八年年度：無）。

或然負債

誠如本公司二零一八年年報內所載，本公司的間接全資附屬公司 Oregon Scientific Brasil Ltda 與巴西聯邦共和國聖保羅州發生稅務糾紛，可能導致繳納最高稅款（包括罰金及利息約為3.6百萬巴西雷亞爾）（相當於約港幣7.3百萬元）。目前，本公司仍在評估是否應於截至二零一九年十二月三十一日止年度之綜合財務報表作出撥備。

人力資源及薪酬政策

於二零一九年十二月三十一日，本集團合共聘用483名僱員。本集團深明僱員對本集團取得今日成就實在功不可沒，並為員工提供充足及定期培訓，藉以保持及不斷提升員工之工作表現。

Management Discussion and Analysis

管理層討論及分析

The Group's remuneration policy is to provide compensation packages at market rates which reward individual's performance and attract, retain and motivate high quality employees. The compensation packages offered by the Group are comparable with other organisations of similar size and business nature and are reviewed annually. The components of employee's remuneration package consist of base salary, double pay, fringe benefits including pension scheme, medical insurance, life and personal accident insurance, employee compensation and business travel insurance as well as incentives like discretionary cash bonus.

In Xixiang, Shenzhen, China where the Xixiang facilities are located, staff welfare rates are set with reference to the prevailing labour laws in China. Accommodation and leisure facilities are also provided to local staff at Xixiang facilities.

The Group's remuneration philosophy for senior executives is based upon creating a strong link between performance and reward in accordance with the following principles:

1. Fixed salaries and benefits are set at median-market level against comparable groups of companies selected on the basis of similar size and business nature and benchmarked with the prevailing market conditions; and
2. Performance-related bonus is linked to the achievement of pre-defined performance targets including financial targets, performance index and pre-agreed management objectives.

The emolument of the directors is recommended by the remuneration committee with reference to companies of comparable business type or scale, and the nature and quantity of work at both Board and Board Committee levels (including frequency of meetings and nature of agenda items) in order to compensate directors reasonably for their time and efforts spent. The directors' emolument is approved by the Board pursuant to the mandate granted by the shareholders at annual general meetings. Remuneration are paid to a director for appointment as a member of a particular committee. Non-executive directors receive no base pay, benefits, bonus or pension except reimbursement for expenses incurred in connection with their directorship of the Company. No individual director is allowed to participate in the procedures for deciding his/her individual remuneration package. Full details of the remuneration of and fees paid to the directors for the year ended 31 December 2019 are set out in note 10 of to the consolidated financial statements.

本集團之薪酬政策旨在提供符合市場水平的薪津組合，以回報僱員之個人表現，並且吸引、挽留並激勵能幹員工。本集團之薪津組合可與其他規模和業務性質相若之機構提供薪津組合媲美，而本集團亦會每年對此進行檢討。僱員之薪津組合包括基本薪金、雙糧、額外福利(包括退休保障計劃、醫療保險、人壽及個人意外保險、僱員補償及公幹保險)，以及酌情現金花紅等獎勵。

於西鄉設施之所在地，中國深圳西鄉，員工福利水平乃參考中國現行之勞工法而制定。駐西鄉設施之本地員工均獲提供住宿及消閒設施。

本集團釐定高級行政人員薪酬之理念為使其表現與回報緊密掛鉤，當中所根據之原則如下：

1. 本集團先選出一系列規模及業務性質相若之公司作比較指標，使固定薪金及福利定於市場水平的中位數，並以現行市況作基準；及
2. 績效花紅與能否達到既定表現目標(包括財務目標、表現指數及預先協議之管理目標)掛鉤。

董事酬金由薪酬委員會參考業務種類或規模相若之公司，以及董事會與董事委員會之工作性質和工作量(包括會議次數及議題性質)後提出建議，務求董事可就所付出之時間及貢獻得到合理報酬。董事酬金由董事會根據股東於股東周年大會上授予之授權而批准。如董事獲委任為個別委員會之成員，其將獲發袍金。除出任本公司董事而獲得之可報銷開支外，非執行董事並不獲發基本薪金、福利、花紅或退休保障。各董事不得參與釐定本身薪酬福利之程序。截至二零一九年十二月三十一日止年度支付予董事之薪酬及袍金的詳情載於綜合財務報表附註第10項。

Corporate Governance Report

企業管治報告書

The Group is committed to achieving a up to stipulated standard of corporate governance to safeguard the interests of all shareholders and to enhance corporate value and accountability. Throughout the year ended 31 December 2019 under review, the Company has applied the principles and complied with all code provisions and where applicable, the recommended best practices prescribed in the Corporate Governance Code (“CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), save for the deviation from the Code Provision A.2.1 and A.6.7. This report describes its corporate governance practices, explains the applications of the principles of the CG Code and deviations during the year ended 31 December 2019 under review.

BOARD OF DIRECTORS

Board

During the period between 1 January 2019 and 26 June 2019, the Board comprised six directors of whom two are executive directors and one is non-executive director and three are independent non-executive directors. For the period between 26 June 2019 and 30 August 2019, the Board comprised of four directors of whom one is executive director, one is non-executive director and two are independent non-executive directors (which once fell below the minimum numbers requirement of independent non-executive directors and audit committee members under Rules 3.10 and 3.21 of the Listing Rules). For the period between 30 August 2019 and 31 December 2019, the Board comprised five directors of whom one is executive director and one is non-executive Director and three are independent non-executive directors.

Brief biographical details of the directors appear in the Directors and Senior Management of the Group section on pages 11 to 13. An updated list of directors of the Company and their respective roles and functions are posted on the Stock Exchange’s website and the Company’s website.

為保障全體股東權益及提升企業價值和問責性，本集團一向承諾恪守奉行乎合規定水平之企業管治。回顧截至二零一九年十二月三十一日止年度，本公司已應用並遵守香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載之企業管治守則（「企業管治守則」）的所有原則及守則條文（惟偏離守則條文第A.2.1條及第A.6.7條除外），以及建議最佳常規（如適用）。本報告書詳述本集團於回顧截至二零一九年十二月三十一日止年度之企業管治常規，並闡釋企業管治守則之原則應用及偏離行為。

董事會

董事會

於二零一九年一月一日至二零一九年六月二十六日期間，董事會由六名董事組成，其中兩名為執行董事、一名為非執行董事及三名為獨立非執行董事。於二零一九年六月二十六日至二零一九年八月三十日期間，董事會由四名董事組成，其中一名為執行董事、一名為非執行董事及二名為獨立非執行董事（期間有一次未達到上市規則第3.10條及第3.21條項下之獨立非執行董事及審核委員會成員最低人數規定）。於二零一九年八月三十日至二零一九年十二月三十一日期間，董事會由五名董事組成，其中一名為執行董事、一名為非執行董事及三名為獨立非執行董事。

董事之履歷簡表載列於第11至13頁之本集團董事及高級管理層部分。本公司董事最新的名單及各董事之職責及職能載於聯交所網站及本公司網站。

Corporate Governance Report 企業管治報告書

Appointment, Re-election and Retirement of Directors

The Nomination and Corporate Governance Committee (“NCGC”) reviews the profiles of the candidates and makes recommendations to the Board on the appointment, re-election and retirement of directors.

The Company recognises the importance of having the appropriate board composition. In deciding the board composition, the attributes, skills and expertise among the directors are considered appropriate to effectively lead and control the Group, taking into account the scope and nature of its operations. The directors have a mix of core competencies in areas such as accounting and finance, business and management, industry knowledge and marketing strategies. The size of the Board is conducive to effective discussion and decision-making and has an appropriate balance of independent directors to exercise independent judgment.

In accordance with the Company’s Bye-Laws, at each annual general meeting, one-third of the directors shall retire from office. The directors to retire in every year shall be those who have been longest in office since their last election or re-election. Further, any director appointed by the Board as an additional Board member or fill in a casual vacancy shall hold office until the following annual general meeting (“AGM”) and shall then be eligible for re-election at the AGM immediately following their appointments. The new directors shall not be taken into account in determining the number of directors who are to retire by rotation at that annual general meeting. Election and re-election of directors will be done by separate resolution.

The names and biographical details of the directors who will offer themselves for re-election at the forthcoming AGM are set out in the circular accompanying the notice of AGM.

董事之委任、重選及告退

提名及企業管治委員會（「提名及企業管治委員會」）負責考慮審閱候選人之履歷及就董事委任、重選及退任之事宜向董事會作出建議。

本公司深明具備恰當的董事會組合之重要。在考慮董事會組合的事宜上，就本集團之業務範疇及性質而言，董事所具備之特質、技能及專業知識足以令彼等能有效地引領及監控本集團。董事具有各方面如會計及財務、商業及管理、業界知識及市場策略等專才。董事會之規模能促使有效之討論及決策；同時，董事會亦包含獨立董事作為恰當的平衡，以使其能作出獨立判斷。

根據本公司章程細則，於每屆股東周年大會上，三分之一董事必須退任。每年之退任董事須為彼等自上次獲選或重選以來任期為最長者。再者，獲董事會委任作為新增董事會成員或填補董事空缺之新董事將一直留任，直至本公司下屆股東周年大會（「股東周年大會」）為止，並須於緊隨彼等獲委任後之股東周年大會上膺選連任。於釐定股東周年大會上須輪值告退之董事人數時，毋須計及該新任董事。選舉及重選董事將以獨立決議案來完成。

將於應屆股東周年大會上膺選連任董事之姓名及履歷載於致股東之通函隨附股東周年大會通告內。

Corporate Governance Report

企業管治報告書

BOARD DIVERSITY POLICY

The Board adopted a Board diversity policy setting out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Board diversity will be considered by the Company from a number of aspects, including but not limited to cultural and educational background, experience, skills, knowledge, length of service, age and gender. The Board composition is reviewed, considered and discussed by the NCGC on an annual basis and it will make recommendations to the Board after the review. The Company's business needs will also be taken into account in determining the optimum composition of the Board. In reviewing and assessing the composition of the Board as well as selecting candidate(s), the NCGC will consider all diversity elements according to the Policy and also devised guidelines for ideal board size, optimum number of executive and non-executive directors and board membership criteria. The Policy and those guidelines shall be reviewed and revised periodically to meet business needs of the Group.

Induction and Continuous Professional Development

Newly appointed directors of the Company will receive induction and reference materials to enable him/her to familiarise himself/herself with the Group's history, mission, business operations and board and company policies. Each director is briefed and updated from time to time to ensure that he/she has a proper understanding of the operations and business of the Group and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements and the governance policies of the Company and Latest Listing Rules and Legislation.

Directors are encouraged to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities. For the year ended 31 December 2019, relevant reading materials including regulatory update, seminar handouts and latest regulatory case selection etc. have been provided to the Directors for their reference and studying.

董事會成員多元化政策

董事會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之方式。本公司明白並深信擁有多元化董事會成員能提高董事會表現質素之裨益。本公司會從多個方面衡量董事會之多元化，包括但不限於文化及教育背景、經驗、專長、知識、服務年期、年齡及性別。董事會之組成每年由提名及企業管治委員會作出檢討、考慮及商討，其於檢討後會向董事會作出建議。本公司之業務需要亦會被考慮在內，以釐定董事會之最佳組合。在考慮及評估董事會組合及挑選候任董事時，提名及企業管治委員會將考慮該政策以及就董事會之適當成員數目、適當之執行董事及非執行董事人數，以及擔任董事會成員之先決條件制定之指引，該政策及該等指引將會定期予以檢討及修訂以合乎本集團的業務需要。

入職及持續專業發展

本公司新委任董事將獲發指引及參考資料，以便其熟識本集團業務運作、董事會及公司政策、上市規則等。各董事不時獲簡要提示最新資料，確保其妥為了解本集團運作及業務，並知悉其根據普通法、上市規則、適用法例及其他監管規定與本公司管治政策須承擔之各項責任、最新上市規則及法例。

本集團鼓勵董事參與持續專業發展，以更新彼等之知識及技能，以便履行其作為本公司董事的職責。於截至二零一九年十二月三十一日止年度，董事已獲提供相關閱讀數據(包括上市規則修訂、更新的董事指引、最新監管案例選等)，以供彼等參考及學習。

Corporate Governance Report

企業管治報告書

A summary of training taken by the Directors since 1 January 2019 up to 31 December 2019 is set out as follows:

以下列表概述自二零一九年一月一日至二零一九年十二月三十一日董事所接受之培訓：

Directors	董事	Training activities including in-house activities/briefings, seminars/talks held by professional organisations and/or reading materials on relevant topics 培訓活動(包括公司內部活動/會議、專業組織舉辦之研討會/講座及/閱讀相關課題之材料)
Executive Directors:	執行董事：	
Xu Chiming (Retired on 26 June 2019)	徐志明(於二零一九年六月二十六日退任)	√
Zhu Yongning	朱永寧	√
Non-Executive Directors:	非執行董事：	
Song Rongrong (Resigned on 28 February 2020)	宋榮榮(於二零二零年二月二十八日辭任)	√
Wu Qing (Appointed on 31 March 2020)	吳清(於二零二零年三月三十一日獲委任)	N/A 不適用
Independent Non-Executive Directors:	獨立非執行董事：	
Zhou Meilin	周美林	√
Zhou Rui (Retired on 26 June 2019, re-appointed on 30 August 2019)	周銳(於二零一九年六月二十六日退任，於二零一九年八月三十日獲重新委任)	√
Xu Jinwen	徐錦文	√

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the Code Provision A.2.1, the roles of the Chairman and the Chief Executive Officer (the "CEO") should be separate and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual.

After the retirement of Mr. Xu Chiming, the then Chairman, on 26 June 2019, Mr. Zhu Yongning, the CEO of the Company, took up the responsibilities of both the Chairman and CEO of the Company. The Board understands that the roles of the Chairman and the CEO should be independent, and hence, the Group will recruit a suitable person who has an extensive understanding of the Group's business as soon as possible to manage the day-to-day business.

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，並由不同人士擔任，以確保權力和授權分布均衡，不致權力僅集中於一位人士。

在徐志明先生於二零一九年六月二十六日退任後，本公司行政總裁朱永寧先生兼任主席及本公司行政總裁職務。董事會明白主席與行政總裁的角色應有區分，因此，本集團將盡快招聘深入了解本集團業務之適合人選以管理日常業務。

Corporate Governance Report 企業管治報告書

Responsibilities of the Board and delegations to management

The Board is responsible to the shareholders for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group. The principal functions of the Board are to:

- establish the strategic direction and development of the Group;
- determine the broad policies, strategic plans and performance objectives of the Group;
- monitor management performance;
- approve financial plans and annual budgets, major funding proposals, key funding and investment proposals;
- oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approve the nominations of directors and appointment of key personnel; and
- assume responsibility for corporate governance.

The Board delegates daily operations of the Group to executive directors and senior executives, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive directors who have attended at Board meetings and circulation of minutes of Board meetings to the management.

董事會職責及管理層指派

董事會就領導及監控本公司向股東負責，並且透過帶領及監管本公司之事務，共同負責促進本公司及其業務之成功。

董事會專注於整體策略及政策，尤其關注本集團之增長及財務表現。董事會之主要功能如下：

- 制訂本集團之策略性方向及發展；
- 決定本集團主要政策、策略計劃及績效目標；
- 監察管理層之表現；
- 批准財政計劃及年度預算、重大撥款建議、主要融資及投資建議；
- 監察內部監控是否足夠的評估過程、風險管理、財務匯報及守規之程序；
- 批准提名董事及委任主要人員；及
- 就企業管治承擔責任。

董事會委派執行董事及高級行政人員處理日常營運事宜，惟保留批准若干重要事項之權利。董事會之決定透過出席董事會會議之執行董事，及給予管理層傳閱董事會會議之會議記錄而下達至管理層。

Corporate Governance Report 企業管治報告書

The Board has adopted a set of guidelines to clearly divide the responsibilities of the Board and the management. Matters reserved for decision and consideration of the Board include, among others, all matters of strategic importance, corporate governance practices, legal and regulatory compliance, internal control and risk management, corporate strategy, operating and capital budgets, statutory financial reports, changes in Board members, major transactions and investment commitments and remuneration policy of directors and senior management, financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Coming from diverse business and professional backgrounds, the independent non-executive directors of the Company have shared their valuable experience with the Board in the interests of promoting the best interests of the Company and its shareholders. The independent non-executive directors of the Company have made significant contribution of their skills and expertise to the Board committees. All independent non-executive directors are appointed for a fixed term of three years and are subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company's Bye-Laws.

All independent non-executive directors are expressly identified in all corporate communications that disclose the names of the directors of the Company. The functions of independent non-executive directors include, but not limited to:

- participating in Board meetings to bring in independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- taking the lead where potential conflicts of interests arise;
- serving on board committees, if invited; and
- scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

董事會對須獲其批准之事宜採納一系列指引，以明確界定董事會及管理層之職責。須獲董事會決定及考慮之事宜其中包括所有重大策略性事宜、企業管治常規、法例及規管的遵守、內部監控、風險管理、企業策略、營運及資金預算、法定財務報告、董事會成員變動、主要交易及投資承諾以及董事及高級管理人員之薪酬政策，營運及資本開支、貨物與服務之採用及投資項目之收購與出售之財務授權與批准限額。

獨立非執行董事

為了提高本公司及股東之最佳利益，本公司來自不同業務及專業背景的獨立非執行董事均向董事會分享其寶貴經驗。本公司獨立非執行董事以其專業及技能向董事委員會作出重要的貢獻。獨立非執行董事以三年固定任期委任，並須根據本公司章程細則於本公司股東周年大會上輪值告退並由股東重選連任。

所有獨立非執行董事均在披露本公司董事姓名之所有企業通訊中明確識別。獨立非執行董事之職能包括，但不限於：

- 參加董事會會議，就公司策略、公司績效、問責性、資源、委任要員及操守准則作出獨立判斷；
- 在出現潛在利益衝突時引領董事會；
- 應邀出任董事會屬下委員會職務（如獲邀請）；及
- 詳查集團績效是否達到既定的企業目標和目的，並監察公司匯報表情況。

Corporate Governance Report

企業管治報告書

During the year ended 31 December 2019, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive directors including at least one independent non-executive director with appropriate professional qualifications or accounting or relating financial management expertise, except for the period from 26 June 2019 to 30 August 2019 in which only two independent non-executive directors were appointed. In assessing the independence of the directors, the Board has examined the different relationships identified under the Listing Rules that might impair the directors' independence and objectivity. The Board considers that all of the independent non-executive directors are independent and are satisfied with the directors' ability to act with independent judgment. Furthermore, each of the independent non-executive directors has provided to the Company an annual confirmation of independence required by Rule 3.13 of the Listing Rules. The Company considers all its independent non-executive directors to be independent. Each director is subject to retirement by rotation at least once every three years. Any further re-appointment of an independent non-executive director, who has served the Board for more than nine years, will be subject to separate resolution to be approved by the shareholders of the Company.

The Company has also complied with Rule 3.10A of the Listing Rules that the independent non-executive directors are representing at least one-third of the Board.

RELATIONSHIP

There is no financial, business, family and other material relationship among other members of the Board.

There has been an effective and balanced Board collectively responsible for the Company's activities and affairs. The Board members are free to discuss issues properly put to the Board meetings and express their views and concerns. No individual or small group can dominate the Board's decision-making process.

截至二零一九年十二月三十一日止年度，本公司遵守上市規則第3.10(1)及3.10(2)條有關委任最少三名獨立非執行董事，其中包括最少一名獨立非執行董事必須具有恰宜之專業資格或會計或有關財務管理專業知識之規定(除二零一九年六月二十六日至二零一九年八月三十日期間僅委任兩名獨立非執行董事外)。於評估董事之獨立性時，董事會已檢查訂明於上市規則內有可能損害董事獨立性及客觀性不同的關係。董事會認為所有獨立非執行董事皆為獨立並滿意彼等之能力可作出獨立之判斷。再者，每位獨立非執行董事均按上市規則第3.13條之規定向本公司提供年度獨立確認書。本公司視所有獨立非執行董事皆具獨立性。每位董事皆需最少每三年依章告退。如再委任任何已服務本公司逾九年之獨立非執行董事，將須根據本公司股東以獨立議案予以批准。

本公司亦遵守上市規則第3.10A條有關董事會須有至少三分之一成員為獨立非執行董事之規定。

關係

董事會其他成員之間概無任何財務、業務、家族及其他重要關係。

董事會維持高效率及平衡之架構，並集體負責本公司業務及事務。董事會成員可自由討論於董事會會議上適當提出之事宜，並表達其意見及關注。概無個別人士或小組可主導董事會之決策過程。

Corporate Governance Report 企業管治報告書

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution of the Board. The Board will take into account the exceptions to the general voting prohibition, as set out in the Listing Rules when considering whether a director shall vote on any board resolution approving any matters in which he has material interests or shall he be counted in the quorum present at the meeting.

MEETINGS

The Board meets regularly at least 4 times a year and holds additional meetings as and when the Board thinks appropriate. Board committees also hold regular scheduled meetings to discharge their duties. Meetings via telephone or video-conference are permitted under the Bye-Laws of the Company. Attendance record of the Board and Board Committees meetings during the year ended 31 December 2019 is set out on page 31, 34, 35 and 39.

All Directors have access to the company secretary who is responsible for ensuring that Board/Board committees meeting procedures are observed and advising the Board/Board committees on compliance matters.

In an attempt to accommodate the competing time commitments of directors who sit on multiple boards, dates of Board/Board committees meetings are scheduled well in advance at the beginning of every calendar year. The Company has given at least 14 days' notice for regular Board and Board Committees meetings. For all other Board/Board committees meetings, reasonable notices are given. Draft agendas for Board and Board Committee meetings are prepared by the company secretary and are circulated to all directors for comment before the meetings. The directors were given the opportunities to include matters to be discussed in the agenda for all Board and Board Committees meetings. The company secretary is delegated with the responsibility to prepare these agendas and, where appropriate, take into account any matters proposed by each director/committee member for inclusion in the agenda.

倘董事會認為主要股東或董事在董事會將予考慮的事項中存有董事會認為屬重大的利益衝突，該事項將以舉行一次董事會會議而非以董事會書面決議進行議決。董事會在考慮該董事應否放棄於董事會上表決有關批准其擁用重大利益等事宜時或應否計入出席會議之法定人數內時，將會考慮上市規則所載一般禁止表決例外情況。

會議

董事會每年定期舉行最少四次會議及按情況需要召開額外會議。董事委員會亦定期舉行會議以履行其職務。本公司章程細則批准透過電話或視像方式舉行會議。於截至二零一九年十二月三十一日止年度，董事出席董事會及委員會會議次數之紀錄載列於第31、34、35及39頁。

全體董事均可聯絡公司秘書；公司秘書負責確保遵守董事會／董事委員會會議程序並向董事會／董事委員會就守規事宜作出建議。

為確保身兼多個董事會職務之董事能抽空出席會議，董事會／董事委員會會議日期於每年年初先行擬定。定期董事會及董事委員會會議通告最少於會議日期前十四天發出。所有其他董事會／董事委員會會議均給予合理之通知時間。公司秘書會草擬董事會及董事委員會會議議程並於會議舉行前給各董事審議。全體董事均有機會提出將予商討事項，以供列入董事會及董事委員會會議之議程內。公司秘書有責任編製會議議程，並(如適合)考慮將各董事／委員會成員建議之任何事項，加載議程內。

Corporate Governance Report

企業管治報告書

The agenda accompanied by detailed board papers (prepared in such form and manner as will enable the Board to make an informed decision on matters placed before it, including but not limited to, background or explanatory information relating to matters to be brought before the Board and internal financial information such as quarterly management accounts, forecasts and budgets with material variance between projections and actual results explained) are circulated to all directors in a timely manner and at least three days before the date of scheduled meeting.

Minutes of Board/Board committees meetings are recorded in detail regarding the matters considered and decisions reached, including concerns raised by directors or dissenting views expressed. Draft minutes are circulated to relevant directors/committee members within a reasonable time after the meetings for comments and will then be approved by the Board/Board committees at the following meeting. Minutes of Board and Board Committees meetings are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any director.

Directors are provided in a timely manner with complete, adequate explanation and information about the Company and its subsidiaries, its activities, performances and its projects particularly including any significant variances from a planned course of actions to enable them to make an informed decision or assessment of the Group's performance, position and prospects and to discharge their duties and responsibilities. In case when the directors have queries, they are provided with the names and contact details of the Group's senior executives for separate and independent access to them and they are able to obtain more information than is volunteered by the management. Senior executives are from time to time brought into formal and informal contact with the Board at Board meetings and other events.

The Board and Board committees are provided with sufficient resources to properly discharge their duties including access to independent professional advisers under agreed procedures, upon reasonable request, at the expense of the Company.

董事會議程連同隨附之文件(編製之形式及方式須能致使董事會就提呈事項作出知情決定,包括但不限於有關向董事會提呈之事項背景或說明數據以及內部財務數據,例如管理帳目、預測及預算,並闡釋任何預期與實際業績分歧)將適時傳遞予全體董事傳閱,期限為擬舉行會議日期前最少三日。

董事會/董事委員會會議之會議記錄均詳盡記錄會議所考慮之事項及達成之決定,包括董事所關注之事宜或發表之反對意見。會議記錄草稿於會議後一段合理時間內傳遞予有關董事/委員會成員審閱並於下一次董事/董事委員會會議予以批准。該等記錄由公司秘書存置,並於任何董事發出合理通知後於任何合理時間內供查閱。

董事適時獲提供有關本公司及其附屬公司、其業務、績效及其項目(尤其包括與一系列已計劃之行動有重大差異者)之完整且足夠的闡釋及資料,以便彼等就本集團績效、狀況及前景作出知情決定或評估,並履行彼等之職務及責任。倘董事有任何疑問,彼等可獲取本集團高級行政人員之姓名及聯絡資料,以分別獨立聯絡有關人士,並可要求管理層提供(主動提供以外)其他額外數據。高級管理人員不時與董事會於董事會會議及其他活動作正式及非正式的接觸。

董事會及董事委員會獲得足夠之資源以妥善履行彼等之職責,其中包括於既定的程序下,在合理要求,諮詢獨立專業顧問,有關費用由本公司支付。

Corporate Governance Report

企業管治報告書

The Board held a full board meeting each quarter.

董事會每季均會舉行全體成員列席會議。

Details of the attendance of the meetings of the members of the Board during the year under review are as follows:

董事會成員在回顧年內出席董事會會議之記錄詳情如下：

Directors	董事	2019 BOARD	
		MEETING 二零一九年 董事會會議	2019 AGM 二零一九年 股東周年大會
Executive Directors:	執行董事：		
Xu Chiming (Retired on 26 June 2019)	徐志明(於二零一九年六月二十六日退任)	1/5	0/1
Zhu Yongning	朱永寧	3/5	0/1
Non-Executive Directors:	非執行董事：		
Song Rongrong (Resigned on 28 February 2020)	宋榮榮(於二零二零年二月二十八日辭任)	3/5	0/1
Wu Qing (Appointed on 31 March 2020)	吳清(於二零二零年三月三十一日獲委任)	N/A 不適用	N/A 不適用
Independent Non-Executive Directors:	獨立非執行董事：		
Zhou Meilin	周美林	3/5	0/1
Zhou Rui (Retired on 26 June 2019, re-appointed on 30 August 2019)	周銳(於二零一九年六月二十六日退任， 於二零一九年八月三十日獲重新委任)	2/5	0/1
Xu Jinwen	徐錦文	3/5	1/1

In addition to the above regular board meetings during the year, the members of the Board of Directors followed the principles of good corporate governance and the best practices of the relevant code provisions and recommendations of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules and maintained a continuous dialogue with shareholders, especially through the annual general meeting or other plenary meetings to communicate with the shareholders. Pursuant to code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meeting. However, Mr. Song Rongrong, the non-executive director and Mr. Zhou Meilin and Mr. Zhou Rui, the independent non-executive directors, were unable to attend the 2019 AGM due to their other prior engagements.

除上述年內定期董事會會議外，董事會成員遵循《上市規則》附錄十四的《企業管治守則》關於良好企業管治的原則與有關守則條文及建議最佳常規，與股東保持持續對話，尤其是藉股東周年大會或其他全體會議與股東溝通。根據企業管治守則第A.6.7條，獨立非執行董事及其他非執行董事應出席股東週年大會。然而，非執行董事宋榮榮先生及獨立非執行董事周美林先生及周銳先生因有其他要務而未能出席二零一九年股東週年大會。

Corporate Governance Report 企業管治報告書

BOARD COMMITTEES

To maximise the effectiveness of the Board and to encourage active participation and contribution from Board members, the Board has established four Board committees, namely the executive committee, audit committee, nomination and corporate governance committee and remuneration committee with specific written terms of reference that clearly deal with their authority and duties, to oversee particular aspects of the Company's affairs, assist in the execution of the Board's responsibilities enable the Board committees to perform their functions properly. Board committees report to the Board on their work and findings. They adopt as far as practicable, the principles, procedures and arrangements of the Board in relation to scheduling and conduct of meetings, notice of meetings and inclusion of agenda items, recording and availability of minutes. The written terms of reference of the audit committee, nomination and corporate governance committee and remuneration committee, which are in line with the CG Code, are available on the website of the Company and the Stock Exchange and will be reviewed from time to time. The quorum necessary for transaction of business of each Board committee is two.

Executive Committee ("EC")

During the year ended 31 December 2019, the EC comprised of all executive directors.

The EC meets as and when required to oversee the day-to-day management of the Group and has all the general powers of the Board except those matters specifically reserved for the Board.

The principal duties of EC include:

- managing the business and investments by overseeing the Group's operations, projects, assets and liabilities, budgets, compliance obligations and financial performance in accordance with the policies and directives of the Board;
- making recommendations to the Board as to the Group's overall policies, strategies and financial objectives in the development of its business and ensuring their implementation and execution; and
- providing leadership to staff and management and nominating key personnel and ensuring appropriate levels of authority are delegated to them.

董事委員會

為提高董事會效能以及鼓勵董事會成員積極參與及作出貢獻，董事會已成立四個董事委員會分別為執行委員會、審核委員會、提名及企業管治委員會及薪酬委員會，並列明特定職權範圍以協助各委員會執行職務。該職權範圍清晰列明該等委員會之職權及職責，以監督本公司特定方面之事務，並協助執行董事會之職責。董事委員會向董事會報告其工作及調查結果。彼等按實際可行情況採納董事會有關擬定會議時間表及會議進行方式、會議通告及加載議程項目、保存及提供會議記錄等之原則、程序及安排。審核委員會、提名及企業管治委員會及薪酬委員會包含列明符合企業管治守則之職權範圍，均上載於本公司網頁及聯交所網站；並不時作出檢討。每個董事委員會處理事務之法定人數為兩人。

執行委員會(「執行委員會」)

截至二零一九年十二月三十一日止年度，執行委員會由全體執行董事組成。

執行委員會於需要時舉行會議以便監察本集團日常管理事務，除需要董事會作出決定之特別事宜外。

執行委員會之主要職責包括：

- 透過監察本集團之營運、項目、資產與負債、預算、守規責任及財務表現，依照董事會之政策及指示以管理業務及投資；
- 就本集團業務發展而制定之整體政策、策略及財務目標向董事會作出建議，以及確保該等建議得以實施及執行；及
- 領導員工及管理層、提名要員及確保授予彼等適當之權力。

Corporate Governance Report 企業管治報告書

Nomination and Corporate Governance Committee (“NCGC”)

During the period between 1 January 2019 and 26 June 2019, the NCGC is chaired by Mr. Xu Chiming (the then Chairman of the Board) and comprised two independent non-executive directors, namely, Mr. Xu Jinwen and Mr. Zhou Meilin. During the period between 26 June 2019 and 30 August 2019, the NCGC comprised two independent non-executive directors, namely, Mr. Xu Jinwen and Mr. Zhou Meilin and it did not have a chairman as required under Rule 3.25 of the Listing Rules and the Code Provision A5.1. During the period between 30 August 2019 and 31 December 2019, the NCGC is chaired by Mr. Zhou Rui, an independent non-executive director, and comprised another two independent non-executive directors, namely, Mr. Xu Jinwen and Mr. Zhou Meilin. The NCGC meets at least once a year. As at 31 December 2019, all NCGC members are independent non-executive directors.

The principal functions of the NCGC include:

- making recommendations to the Board on all new appointments or reappointments of directors, the establishment of a succession plan for directors, in particular the chairman and chief executive officer and the composition of the Board;
- identifying and nominating qualified individuals, subject to the approval of the Board, to be additional directors or to fill vacancy in the Board as and when they arise;
- reviewing on an annual basis the Board structure, size and composition and the independent element of the Board;
- developing the criteria for selection of directors;
- assessing the independence of independent non-executive directors;
- developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

提名及企業管治委員會(「提名及企業管治委員會」)

於二零一九年一月一日至二零一九年六月二十六日期間，提名及企業管治委員會由徐志明先生(時任董事會主席)擔任主席，且包括兩位獨立非執行董事成員，即徐錦文先生和周美林先生。於二零一九年六月二十六日至二零一九年八月三十日期間，提名及企業管治委員會包括兩名獨立非執行董事，即徐錦文先生及周美林先生，且並無上市規則第3.25條及守則條文第A5.1條項下規定之主席。於二零一九年八月三十日至二零一九年十二月三十一日期間，提名及企業管治委員會由周銳先生擔任主席，另包括兩位獨立非執行董事成員，即徐錦文先生和周美林先生。該委員會每年最少舉行一次會議。於二零一九年十二月三十一日，所有提名及企業管治委員會成員均為獨立非執行董事。

提名及企業管治委員會之主要職責包括：

- 就新委任或續聘董事、制訂董事繼任計劃(尤其是主席及行政總裁)及董事會組合向董事會作出建議；
- 物色及提名合資格之人選(須待董事會批准)為新增董事或於董事會出現空缺時填補人選；
- 每年審閱董事會架構、規模及組合以及董事會之獨立元素；
- 制訂挑選董事之標準；
- 評估獨立非執行董事之獨立性；
- 擬定及檢討本公司的企業管治政策及實務守則，並向董事會作出建議；

Corporate Governance Report

企業管治報告書

- reviewing and monitoring the training and continuous professional development of directors and senior management;
 - reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
 - developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and
 - reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.
- 檢討及監察董事及高級管理層的培訓及持續專業發展；
 - 檢討及監察本公司的政策及實務守則，確保符合法律及監管規定；
 - 制訂、檢討及監察僱員及董事的操守準則及合規手冊(如有)；及
 - 檢討本公司是否遵守企業管治守則及企業管治報告披露的資料。

The chairman of the NCGC will report to the Board on its proceedings and recommendations after each meeting.

提名及企業管治委員會之主席須於每次會議後向董事會匯報會議進程及向其作出建議。

During the year under review, two meetings were held by the Nomination and Corporate Governance Committee. Details of the attendance of the nomination committee meeting are as follows:

於回顧年內，提名及企業管治委員會共舉行兩次會議。董事出席提名委員會會議之記錄詳情如下：

Directors	董事	Attendance 出席次數
Zhou Rui (Appointed as Chairman on 30 August 2019)	周銳(於二零一九年八月三十日獲委任為主席)	0/2
Xu Chiming (Ex-chairman and retired on 26 June 2019)	徐志明(前任主席並於二零一九年六月二十六日 退任)	0/2
Xu Jinwen	徐錦文	2/2
Zhou Meilin	周美林	2/2

The main works performed by NCGC during the year ended 31 December 2019 included reviewing the structure and composition of the Board, assessing independence of existing independent non-executive directors and putting forward recommendations to the Board on re-election of retiring directors as well as reviewing the updated Board Diversity Policy and recommending the same to the Board for approval.

提名及企業管治委員會於截至二零一九年十二月三十一日止年度履行之主要工作包括檢討董事會的結構和組成、評估現任獨立非執行董事的獨立性及向董事會建議重選退任董事與檢討及向董事會建議批准更新的董事會多元化政策。

Corporate Governance Report 企業管治報告書

Remuneration Committee (“RC”)

During the period between 1 January 2019 and 26 June 2019, the RC is chaired by Mr. Zhou Rui (an independent non-executive director) and comprised two members, namely, Mr. Song Rongrong and Mr. Xu Jinwen. During the period between 26 June 2019 and 30 August 2019, the RC comprised two members, namely, Mr. Song Rongrong and Mr. Xu Jinwen. During the period between 30 August 2019 and 31 December 2019, the RC is chaired by Mr. Xu Jinwen (an independent non-executive director) and comprised two members, namely, Mr. Song Rongrong and Mr. Zhou Meilin. All RC members, except Mr. Song Rongrong, are independent non-executive directors.

The RC consults the chairman and chief executive officer about its proposals relating to the remuneration of other executive directors and has access to professional advice if considered necessary. The principal functions of the RC include:

- recommending to the Board on the Company's policies and structure for the remuneration of the directors and senior management of the Group;
- recommending to the Board the remuneration packages of all executive directors and senior management; and
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives.

The chairman of the RC will report to the Board on its proceedings and recommendations, where appropriate, for the Board's consideration and/or approval.

During the year under review, two meetings were held by the remuneration committee. Details of the attendance of the remuneration committee meeting are as follows:

Directors	董事	Attendance 出席次數
Zhou Rui (Ex-chairman and retired on 26 June 2019)	周銳(前任主席並於二零一九年六月二十六日退任)	1/2
Song Rongrong (Resigned on 28 February 2020)	宋榮榮(於二零二零年二月二十八日辭任)	2/2
Xu Jinwen (Appointed as Chairman on 30 August 2019)	徐錦文(於二零一九年八月三十日獲委任為主席)	2/2
Wu Qing (Appointed on 31 March 2020)	吳清(於二零二零年三月三十一日獲委任)	N/A 不適用

薪酬委員會(「薪酬委員會」)

於二零一九年一月一日至二零一九年六月二十六日期間，薪酬委員會由周銳先生(獨立非執行董事)擔任主席，並包括兩位成員，即宋榮榮先生及徐錦文先生。於二零一九年六月二十六日至二零一九年八月三十日期間，薪酬委員會包括兩位成員，即宋榮榮先生及徐錦文先生。於二零一九年八月三十日至二零一九年十二月三十一日期間，薪酬委員會由徐錦文先生(獨立非執行董事)擔任主席，並包括兩位成員，即宋榮榮先生及周美林先生。除宋榮榮先生外，所有薪酬委員會成員均為獨立非執行董事。

薪酬委員會就其建議其他執行董事之薪酬事宜徵詢主席及行政總裁之意見，並可於有需要時諮詢專業意見。其主要職能包括：

- 就本集團董事及高級管理層薪酬之本公司政策及架構向董事會作出建議；
- 就所有執行董事及高級管理層之薪酬計劃向董事會作出建議；及
- 根據董事會的企業目的和目標檢討及批准管理層的薪酬建議。

薪酬委員會主席須向董事會匯報會議進程及(如適當)向董事會要求對其建議作出考慮及/或接納。

於回顧年內，薪酬委員會共舉行兩次會議。董事出席薪酬委員會會議之記錄詳情如下：

Corporate Governance Report

企業管治報告書

The main works performed by RC during the year ended 31 December 2019 included reviewing the annual remuneration of directors and senior management and recommending the remuneration of newly appointed directors to the Board of Directors.

A general description of the Group's emolument policy and long-term incentive schemes as well as the basis of determining the emolument payable to each directors for the year ended 31 December 2019 are disclosed on pages 20 to 21 of this annual report.

Audit Committee ("AC")

During the period between 1 January 2019 and 26 June 2019, the AC consisted of three independent non-executive directors, namely, Mr. Zhou Meilin (chairman), Mr. Zhou Rui and Mr. Xu Jinwen. During the period between 26 June 2019 and 30 August 2019, the AC consisted of two independent non-executive directors, namely, Mr. Zhou Meilin (chairman) and Mr. Xu Jinwen (which once fell below the minimum numbers requirement of AC members under Rules 3.21 of the Listing Rules). During the period between 30 August 2019 and 31 December 2019, the AC consisted of three independent non-executive directors, namely, Mr. Zhou Meilin (chairman), Mr. Zhou Rui and Mr. Xu Jinwen. The Board is of the opinion that the majority of the members of the AC possess accounting and financial management expertise or experience required to discharge their duties.

The major duties of AC include:

- considering and recommending the appointment, re-appointment and removal of external auditor;
- approving the remuneration and terms of engagement of external auditor, any questions of resignation or dismissal of that auditor;
- reviewing and monitoring external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussing with external auditor the nature and scope of the audit and reporting obligations before the audit commences;

薪酬委員會於截至二零一九年十二月三十一日止年度履行之主要工作包括檢討董事及高管年度薪酬狀況，向董事會建議新任命董事的薪酬。

有關本集團之薪酬政策及長期獎勵計劃以及釐訂各董事於截至二零一九年十二月三十一日止年度應收薪酬標準的概括說明載於本年報第20至21頁內。

審核委員會(「審核委員會」)

於二零一九年一月一日至二零一九年六月二十六日期間，審核委員會由三位獨立非執行董事組成，即周美林先生(主席)、周銳先生及徐錦文先生。於二零一九年六月二十六日至二零一九年八月三十日期內，審核委員會由兩位獨立非執行董事組成，即周美林先生(主席)及徐錦文先生(期間有一次未達到上市規則第3.21條項下之審核委員會成員最低人數規定)。於二零一九年八月三十日至二零一九年十二月三十一日期內，審核委員會由三位獨立非執行董事組成，即周美林先生(主席)、周銳先生及徐錦文先生。董事會認為，大部份審核委員會成員均擁有會計及財務管理專業知識或經驗，以履行彼等之職務。

審核委員會主要職責包括：

- 考慮及建議委任、續聘及罷免外聘核數師；
- 批准外聘核數師之薪酬、聘用條款及該核數師辭任或辭退之任何問題；
- 根據適用標準審閱及監察外聘核數師之獨立性及客觀性，以及核數程序之有效性；
- 於開始進行核數前與外聘核數師討論有關核數之性質及範疇和申報責任；

Corporate Governance Report

企業管治報告書

- developing and implementing policy on the engagement of an external auditor to supply non-audit services and making recommendation of any measures for improvements to be taken;
- monitoring integrity of financial statements, annual and interim reports and reviewing significant financial reporting judgment contained in them. In this regard, the AC reviews the quarterly, interim and annual financial statements and the annual and the interim reports before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting; and
 - (vii) any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function or auditors;
- reviewing the Group's financial controls, internal control and risk management systems;
- discussing with the management the system of internal control and ensuring that the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- 就聘用外聘核數師提供非審核服務制訂及落實政策，並就需要改善之事宜提出建議措施；
- 監察財務報表、年度及中期報告的完整性，並審閱其所載有關財務申報之重大判斷。就此而言，審核委員會於遞交董事會前先行審閱季度、中期及年度財務報表與年度及中期報告時，尤其集中於以下各項：
 - (i) 任何會計政策及慣例變動；
 - (ii) 涉及重要判斷的地方；
 - (iii) 因核數所產生之重大調整；
 - (iv) 企業持續經營假設及任何保留意見；
 - (v) 是否遵守會計準則；
 - (vi) 是否遵照上市規則及其他有關財務申報之法例規定；及
 - (vii) 由本公司負責會計及財務申報工作之員工或核數師所提出之任何事宜；
- 檢討本集團之財務監控、內部監控及風險管理制度；
- 與管理層討論內部監控系統，並確保管理層履行其職責，以維持有效之內部監控制度，包括提供足夠資源、聘請具備足夠資歷之員工負責本公司之會計及財務申報工作以及確保有足夠預算用作該等員工之培訓計劃；

Corporate Governance Report

企業管治報告書

- considering major investigations of findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- reviewing the internal audit programme, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company and reviewing and monitoring the effectiveness of the internal audit function;
- reviewing the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response and ensuring that the Board will provide a timely response to the issues raised;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the arrangements the Group's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The AC should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- reporting to the Board on matters set out above and to consider other topics, as defined by the Board.
- 應董事會的委派或主動就有關內部監控事宜的重要調查結果及管理層對調查結果的回應進行重大研究；
- 檢討內部審核規劃，確保內部審計部及外聘核數師通力合作，並確保內部審計功能有足夠資源運作，且於本公司內有適當的地位，以及檢討及監控內部審計職能之有效性；
- 檢討外聘核數師呈交予管理層的函件，以及核數師就會計記錄、財務賬目或監控系統向管理層提出任何重大疑問及管理層之回應，以確保董事會對提出之事宜及時作出回應；
- 檢討本集團之財務及會計政策與慣例；
- 檢討為本集團僱員所設的保密安排，讓他們表達關乎財務匯報、內部管控或其他事宜之可能不當行為的關注疑慮。審核委員會應確保設有妥善安排公平獨立調查上述事宜，以及採取適當的跟進行動；及
- 就上述各項所載的事宜向董事會匯報，及研究其他由董事會界定的課題。

The AC has explicit authority to investigate any matter under the scope of its duties and the authority to obtain independent professional advice. It is given full access to and cooperation of the management. It has been provided with reasonable resources to discharge its duties properly. In the course of reviewing the Group's financial information, the AC members liaise closely with the Board and the chief financial officer to gather relevant information.

審核委員會具有明確權力，按其職責範圍調查任何事宜及有權獲取獨立專業意見，並獲管理層提供全面的支持及通力合作。審核委員會並獲提供合理的資源，以妥為履行其職務。在審閱本集團之財務資料的過程中，審核委員會與董事會及財務總監緊密聯繫以取得有關資料。

Corporate Governance Report

企業管治報告書

During the year under review, 2 meetings were held by the audit committee. Details of the attendance of the audit committee meetings are as follows:

審核委員會於回顧年內舉行兩次會議。審核委員會會議之出席記錄詳情如下：

Directors	董事	Attendance 出席次數
Zhou Meilin (Chairman)	周美林(主席)	1/2
Xu Jinwen	徐錦文	2/2
Zhou Rui (Retired on 26 June 2019, re-appointed on 30 August 2019)	周銳(於二零一九年六月二十六日退任， 於二零一九年八月三十日獲重新委任)	2/2

The major works performed by the AC during the year ended 31 December 2019 included the review and consideration of the announcements relating to the Group's interim and annual results; interim and annual reports; significant accounting and audit issues arising from annual audit of the Group's financial statements; budget; periodic reports from internal audit department; internal audit plan; external auditor's audit and non-audit fees as well as the assessment and recommendation of re-appointment of auditor for the coming year.

於截至二零一九年十二月三十一日止年度，審核委員會履行之主要工作包括審閱及考慮有關本集團中期及全年業績之公佈；中期及年度報告；年度審核本集團財務報表所產生之重大會計及審核事宜；預算案；內部審計部之定期報告；內部審核計劃；外部核數師之審核及非審核費用以及評估及建議續聘來年公司核數師。

Full minutes of the AC are kept by the company secretary of the Company. Draft and finalised minutes of the AC meetings are circulated to all members of the AC for their comment and records respectively, in both cases within reasonable time after the conclusion of the meetings.

審核委員會之詳盡會議記錄由本公司公司秘書存置，審核委員會會議記錄之草稿及最終稿，於會議結束後一段合理時間內傳遞予全體審核委員會成員，以供彼等提出意見及存檔。

Securities Transactions by Directors and Officers

The Company has adopted a code of conduct by Directors and Officers of the Group on terms no less favourable than the standards set out by the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix 10 to the Listing Rules.

董事及高級職員進行證券交易

本公司已採納本集團董事及高級職員進行證券交易的守則，其條款並不較上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)之條款寬鬆。

Having made specific enquiries to all Directors, save as disclosed above, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions throughout the year ended 31 December 2019.

向全體董事作出特定查詢後，除上文所披露者外，全體董事確認彼等已於截至二零一九年十二月三十一日止整個年度遵守標準守則及證券交易之行為守則所載之標準。

Corporate Governance Report 企業管治報告書

The Board members have been reminded of their obligation to comply with the Model Code.

Directors and Officers as defined in the Code who are in possession of unpublished inside information in relation to the Company or its shares are prohibited from dealing in shares of the Company and are also prohibited from dealing in shares during the black-out period.

INSURANCE

The Group has appropriate insurance cover in place in respect of any legal actions against its directors and officers.

ACCOUNTABILITY AND AUDIT

Financial reporting

The directors acknowledge their responsibility for preparing the financial statements which give a true and fair view of the state of affairs and results of the Company and of the Group. Their responsibilities have also been stated in the section headed "Independent Auditor's Report" on pages 87 to 95 of this annual report. In preparing the financial statements for the year ended 31 December 2019, the directors have selected suitable accounting policies and applied them consistently and made accounting judgments and estimates that are prudent and reasonable in the circumstances. With the assistance of the Finance Department, the directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards.

Management recognises the importance of providing the Board with appropriate and relevant information on an accurate and timely basis. Quarterly business review and financial reports comparing the Group's actual performance with budget and highlighting major relevant issues are provided to the Board to enable it to make an informed assessment on the Group's performance, position and prospects. Under the CG Code, monthly updates are required to be provided to all directors.

董事會成員獲提醒其有義務遵守標準守則。

被視為知悉有關本公司或其股份未經公佈內幕消息數據之董事及高級職員(定義見守則)禁止於限制期間及禁售期間買賣本公司股份。

保險

本集團已為董事及高級職員因法律訴訟引起之責任購買恰當之保險。

問責及審核

財務匯報

董事會知悉其責任乃編製反映本公司及本集團真實公平事務狀況及業績之財務報表。彼等之責任於本年報第87至95頁之「獨立核數師報告」一節內提及。於編製截至二零一九年十二月三十一日止年度之財務報表時，董事已挑選適合之會計政策及貫徹應用，並作出審慎合理之判斷及估計。在財務部協助下，董事確保本集團之財務報表乃根據法例規定及適當財務報告準則而編製。

管理層認同在準確與及時的基準上向董事會提供適當及相關之數據的重要性。董事會獲提供季度業務回顧及財務報告(載有本集團實際表現與預算案之比較及主要相關事項摘要)，使其對本集團之績效、情況及前景能作出知情評估。根據企業管治守則，每月需向所有董事提供更新數據。

Corporate Governance Report 企業管治報告書

The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's position and prospects to extend to the Group's financial reporting including annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to statutory requirements.

The Company publishes its interim and annual financial results and reports in accordance with the requirements under the Listing Rules.

External Auditor and Auditor's Remuneration

The external auditor of the Company is Mazars CPA Limited ("Mazars"). The Audit Committee is responsible for considering the selection, appointment, resignation or dismissal of external auditors. The Board has no disagreement with the Audit Committee's view on the re-appointment of external auditor.

The statement of Mazars, the independent auditor of the Company, regarding their reporting responsibility on the financial statements of the Group for the year ended 31 December 2019 is set out in the section headed "Independent Auditor's Report" on pages 87 to 95 of this annual report. Representatives from Mazars met up with the Audit Committee meeting to answer questions.

During the year ended 31 December 2019, the fees paid to Mazars, the Company's external auditor, for audit services of the Company and its subsidiaries amounted to HK\$1.2 million (For the year ended 31 December 2018: HK\$2.6 million paid to Deloitte Touche Tohmatsu). The fee paid for non-audit related services, representing mainly taxation services, amounted to HK\$0.1 million for the year ended 31 December 2019 (2018: HK\$0.6 million paid to Deloitte Touche Tohmatsu).

董事會致力確保對本集團之狀況及前景作出客觀、明確及可理解之評估，並將範圍擴大至本集團之年度及中期報告財務申報、其他涉及股價敏感資料之公佈、其他根據上市規則須予披露之財務資料、致監管機構之報告書以及法定須予披露之其他數據。

本公司遵照上市規則之規定刊發中期及全年財務業績及報告。

外聘核數師及核數師酬金

本公司之外聘核數師為中審眾環(香港)會計師事務所有限公司(「中審眾環」)。審核委員會負責考慮甄選、委任、離任及罷免外聘核數師等事宜。董事會於續聘外聘核數師一事並無與審核委員會持不同意見。

本公司獨立核數師中審眾環對其就本集團截至二零一九年十二月三十一日止年度財務報表承擔之報告責任所作聲明載於本年報第87至95頁之「獨立核數師報告」一節內。中審眾環之代表與審核委員會成員會面以回答問題。

於截至二零一九年十二月三十一日止年度，支付予本公司外聘核中審眾環為本公司及其附屬公司提供核數服務之金額為港幣1.2百萬元(截至二零一八年十二月三十一日止年度：支付予德勤•關黃陳方會計師行港幣2.6百萬元)。於截至二零一九年十二月三十一日止年度，就非核數相關服務(主要為稅務服務)支付的費用為港幣0.1百萬元(二零一八年：支付予德勤•關黃陳方會計師行0.6百萬元)。

Corporate Governance Report 企業管治報告書

Risk Management and Internal Controls

The Board is responsible for maintaining a sound and effective risk management and internal control systems of the Group, and for reviewing their design, operational adequacy and effectiveness.

The Group's risk management and internal control systems encompass their policies, processes, tasks, and other aspects of the Group that taken together:

- facilitate their effective and efficient operation by allowing it to respond appropriately to significant business, operational, financial, compliance and other risks with a view to achieving business objectives. This includes the safeguarding of assets from inappropriate use or from loss and fraud and ensuring that liabilities are identified and managed;
- help ensure maintenance of proper accounting records for the provision of reliable financial information for internal or external reporting; and
- help ensure compliance with relevant legislation and regulations, and also with internal policies with respect to the conduct of business.

The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

風險管理及內部監控

董事會負責維護本集團健全及有效的風險管理及內部監控制度，並審查有關設計、操作的充分性和有效性。

本集團之風險管理及內部監控系統包含其政策、程序、工作，連同本集團其他範疇，旨在：

- 容許其適當地於重大業務、營運、財務、合規及其他風險等方面作出意見，促進營運之效率及成效以達到業務目標。此包括保障投資免受不適當的使用損失及詐騙，並且保證責任得以確定及處理；
- 確保保存妥當的會計記錄以提供可靠之財務數據供內部使用或對外匯報；及
- 確保遵守相關法例及規定，以及有關工作方式遵守內部政策。

風險管理及內部監控制度乃為合理但非絕對地確保防範重大錯誤陳述或損失，以及旨在管理而非消除營運制度失當之風險，以達致本集團之目標。

Corporate Governance Report 企業管治報告書

The key procedures that the Board established to provide effective risk management and internal controls are as follows:

- A distinct organisation structure exists with defined lines of authority and responsibilities. Division/department heads are involved in preparing the strategic plan which lays down the corporate strategies to be pursued in the coming year for achieving the annual operating plan and the annual operational and financial targets. Both the strategic plan and the annual operating plan lay down the foundation for the preparation of the annual budget by which resources are allocated in accordance with identified and prioritised business opportunities. The annual operating plan is submitted for approval by the Executive Committee subject to regular review. The strategic plan is presented to the Board by management subject to regular review and the annual budget is approved by the Board yearly;
- A comprehensive monthly management reporting system is in place providing financial and operational performance indicators to the management, and the relevant financial information for reporting and disclosure purposes. Variances against budgets are analysed, and explained, and appropriate actions are taken, if necessary, to rectify deficiencies noted; and
- System and procedures are in place to identify, measure, manage and control risks including legal, credit, market, operational, environmental, behavioral and system risks that may have an impact on the Group.

The Group's Internal Audit Department ("IA") performs audit reviews of the risks and key controls of the Group. IA plays an important role in monitoring the Group's internal governance, evaluating the quality of the risk management and internal control systems and informing the Board whether sound risk management and internal control systems are maintained and operated by the management in compliance with agreed processes and standards. To preserve the independence of the internal audit function, the Head of IA reports directly to the AC on audit matters and to the chief executive officer on administrative matters.

董事會為提供有效風險管理及內部監控而制訂之主要程序如下：

- 訂定一個權力範圍與責任界定清楚的企業架構。分部／部門主管參予準備策略性計劃，當中列出來年須跟隨之企業策略以達成年度營運計劃及年度營運與財務目標。策略性計劃及年度營運計劃均為準備年度預算案之基礎，並按既定及優先的商業契機分配資源。該年度營運計劃已經由執行委員會批准並須定期進行檢討。策略性計劃已經由管理層向董事會匯報並須定期進行檢討；而年度預算案則由董事會每年批准；
- 訂立每月詳細的管理匯報制度，以向管理層提供財務及營運表現指標，並提供財務資料，供有關匯報及披露用途。對預算差異作出分析及闡釋，並於有需要時採取適當之行動以彌補所知之不足；及
- 訂立制度及程序以識別、衡量、管理及監控可能影響本集團之法律、信貸、市場、營運、環境、行為及制度等風險。

本集團內部審計部（「內部審計部」）就本集團之風險及主要監控進行審核檢討。內部審計部於監察本集團內部管治上、評估風險管理及內部監控系統質素及向董事會匯報管理層是否已遵照協議之程序及標準以及實施妥善之風險管理及內部監控制度上擔當重要角色。為保留內部審計功能之獨立性，內部審計部主管直接向審核委員會匯報有關審核事宜及向行政總裁匯報行政事宜。

Corporate Governance Report

企業管治報告書

Using a risk management-based approach audit, IA plans its internal audit projects annually in consultation with, but independent of, management. The audit methodology and process adopted by IA include understanding and analysing the business, determining risk areas within key processes; analysing and evaluating the process control effectiveness and communicating results and follow up. Independent reviews of different financial, business and functional operations and activities will be conducted with audit resources being focused on higher risk areas. Ad-hoc reviews will also be conducted on areas of concern identified by the AC and the management.

The Company has established written policies and procedures on daily operations, covering process flow, methodology adopted, reviewing process and reporting system. Division/Department Heads will be notified of the control deficiencies noted for rectification, and IA will follow up with the implementation of audit recommendations. Significant internal control weaknesses are brought to the attention of the AC and if necessary to the Board, and to the senior management for remedial actions.

During the period under review, the Board, through the AC, has conducted reviews on a regular basis, of the effectiveness of the Group's risk management and internal control systems covering all material controls, including financial, operational and compliance controls, and risk management functions and gave due deliberation/consideration to the adequacy of resources, staff qualifications and experience of the accounting and financial reporting function.

Furthermore, the whistleblowing policy has been adopted by the Board for the Group's employees, customers and suppliers to raise concerns, in confidence, about possible improprieties in any matters related to the Group.

內部審計部採用風險管理為本之審核方法，規劃其年度內部審核規劃(會諮詢但獨立於管理層)。內部審計部所採納之一般方法及程序包括理解及分析業務、在主要程序上決定風險範圍、分析及評估程序監控之有效性及傳達結果與跟進。不同之財政、業務、功能運作及活動之獨立檢討將配合審核資源進行，並集中於高風險之範圍。倘審核委員會及管理層識別出值得關注之事宜，亦會以專責方式進行檢討。

本公司已為日常經營、流程、採用方法、評核流程及上報制度制定列明的政策及程序。分部／部門主管將獲通知監控不足之處以進行修正，而內部審計部將跟進落實審核建議之事宜。重要之內部監控不足將提呈審核委員會請予注意(及如有需要提呈予董事會)，及高級管理層以作出補救行動。

回顧期間，董事會已通過審核委員會定期對本集團風險管理及內部監控系統的有效性(涵蓋所有重大監控、包括財務、營運及合規監控，以及風險管理程序)進行檢討；並對資源、員工在會計及財務匯報的經驗及合適性作謹慎考慮。

再者，董事會採納了舉報政策以讓本集團之員工、顧客及供貨商對本集團任何可能處理不當之事宜提出保密舉報。

Corporate Governance Report 企業管治報告書

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHT

Shareholders Communication

The Company strives to convey to shareholders pertinent information in a clear, detailed, timely manner and on a regular basis and to take into consideration their views and inputs, and address shareholders' concerns. Their views are communicated to the Board as a whole.

The Company communicates with its shareholders through the publication of annual and interim reports, results announcements, other announcements and documents required to be published pursuant to the Listing Rules, and press releases. All shareholders' communications are also available on the Stock Exchange's website at www.hkex.com.hk or the Company's website at www.idthk.com.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. The chairman of the Board as well as chairmen of AC, NCGC and/or RC, or in their absence, members of the Board committees are generally available to answer shareholders' questions.

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual directors. Votes cast on each resolution at the general meetings are properly counted and recorded.

At each general meeting, the shareholders will be informed of the detailed procedures for conducting a poll and answers will be provided if there are any questions from the shareholders. The poll results are posted on the Stock Exchange's website and the Company's website.

與股東之溝通及股東權益

股東溝通

本公司致力向股東傳達明確、詳盡、適時及定期之相關數據，並考慮彼等之意見及建議以及處理股東關注之事宜。彼等之意見會整體向董事會傳達。

本公司透過刊發年報、中期報告、業績公佈、根據上市規則須刊發的公佈及文件，及新聞稿與股東溝通。所有與股東之通訊亦載於聯交所網站www.hkex.com.hk或本公司網站www.idthk.com。

本公司股東周年大會為股東與董事會交換意見之有用論壇。董事會主席以及審核委員會、提名及企業管治委員會及／或薪酬委員會之主席（如彼等缺席，則委員會成員）通常會出席回答股東之問題。

每一個實質上獨立之個別事項（包括推選個別董事）均以獨立決議案提呈於股東大會上。股東大會上對每項決議案的票數均獲妥為點算及記錄在案。

在每一個股東大會上，股東將獲通知有關投票表決之詳細程序。股東如有任何提問亦將獲得解答。投票結果會於聯交所網站及本公司網站公佈。

Corporate Governance Report

企業管治報告書

PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING (“SGM”)

The directors of the Company, notwithstanding anything in its Bye-Laws shall, on the requisition of shareholders of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a SGM of the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and addressed to the company secretary and deposited at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's share registrars and upon their confirmation that the request is proper and in order, the company secretary will ask the Board to include the resolution in the agenda for the SGM.

If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for shareholders to put forward proposals at general meetings

Shareholders who want to put forward proposals at an AGM or SGM should submit a written notice of those proposals with their detailed contact information to the company secretary at the Company's principal place of business in Hong Kong. The request will be verified with the Company's share registrars and upon their confirmation that the request is proper and in order, the company secretary will ask the Board to include the resolution in the agenda for the general meeting.

股東召開股東特別大會(「股東特別大會」)之程序

即使本公司章程細則另有任何規定，本公司董事須於收到本公司股東(該等股東於送達要求日期當日持有本公司截至該日附帶本公司股東大會投票權的實繳股本不少於十分之一)要求時，立即著手正式召開本公司之股東特別大會。

該要求須述明有關會議之目的，並須由要求人簽署及送達本公司之香港主要營業地點交予公司秘書。

本公司會向本公司之股份過戶登記處核實該要求，於獲得股份過戶登記處確認為正式及妥為提交之要求後，公司秘書將要求董事會在股東特別大會的議程內加入有關決議案。

倘董事於上述要求之送達日期二十一日內並無正式召開會議，要求人(或代表要求人總投票權超過一半以上之任何要求人)可自行召開會議，惟所召開之任何會議不得於上述日期起計三個月屆滿後舉行。

股東於股東大會作出提案之程序

股東若要在股東周年大會或股東特別大會上提出提案，須書面提交該等提案，並連同詳細聯絡資料，送達本公司之香港主要營業地點交予公司秘書。本公司會向本公司之股份過戶登記處核實該要求，於獲得股份過戶登記處確認為正式及妥為提交之要求後，公司秘書將要求董事會在股東大會的議程內加入有關決議案。

Corporate Governance Report 企業管治報告書

Procedures for Shareholders to Send Enquiries to the Board

Shareholders' enquiries must be in writing setting out their contact information and addressed to the company secretary and deposited at the Company's principal place of business in Hong Kong at Block C, 9th Floor, Phase I, Kaiser Estate, 41 Man Yue Street, Hungghom, Kowloon, Hong Kong.

COMPANY SECRETARY

The company secretary is responsible to the Board for ensuring that the Board procedures and policies are followed and also responsible for ensuring that the Board is fully apprised of the relevant regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of directors. Mr. Shum Shing Kei, the company secretary of the Company during the year ended 31 December 2019, had attended relevant professional seminars to update his knowledge and skills. He had complied with the Listing Rules and taken no less than 15 hours of relevant professional training.

INVESTOR RELATIONS

The Board recognises that effective communication to investors is the key to establish investor confidence and attracting new investors.

Measures taken by the Group include:

- Annual and interim reports are prepared and issued to all shareholders within the prescribed period stipulated by the Stock Exchange. All results announcements and reports are posted on the Stock Exchange's website and the Company's website.
- The Group regularly releases corporate information such as awards received, product launches and the latest news of the Group's developments on the Company's website. The public are welcome to give their comments and make their enquiries through the Company's website and the management will provide their prompt response.
- The constitutional documents of the Company can be found on the websites of the Company and the Stock Exchange and there is no change in the Company's constitutional documents during the period.

股東向董事會查詢之程序

股東提出的查詢須以書面方式連同查詢人之聯絡資料送達本公司之香港主要營業地點交予公司秘書，地址為香港九龍紅磡民裕街41號凱旋工商中心1期9樓C座。

公司秘書

公司秘書向董事會負責，旨在確保董事會程序及政策獲得遵循。彼亦負責確保董事會就有關本集團在規管及企業管治發展等方面獲得全面報告，並支持及協助董事的培訓及專業發展。於截至二零一九年十二月三十一日止年度，本公司之公司秘書沈成基先生已出席多個相關的專業講座，以更新其知識及技能。彼已遵守上市規則之規定及接受不少於15小時的相關專業培訓。

投資者關係

董事會深知與投資者之有效溝通，乃建立投資者信心及吸引新投資者之關鍵。

本集團所實行之有關舉措包括：

- 本集團於聯交所規定期間內編製年度及中期報告，並刊發予全體股東。所有業績公佈及報告均載於聯交所網站及本公司網站。
- 本集團定期於本公司網站公佈公司資料，例如其所獲得獎項、產品推出情況及本集團發展之最新消息等。本集團歡迎公眾人士透過本公司網站提出意見及查詢，管理層將會迅速跟進。
- 本公司之憲章文件可於本公司及聯交所網站查閱。期內，憲章文件並無任何變動。

健康及保健

你的健康之道

Health & Wellness

The Path to a Healthier You





Environmental, Social and Governance Report 環境、社會及管治報告

The Group complies with the requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). During the year under review, it was committed to raising the environmental, social and governance of the Group (“Environmental, Social and Governance”) to a higher level, and hereby presents its Environmental, Social and Governance Report for the year ended 31 December 2019 prepared in accordance with the Environmental, Social and Governance Reporting Guide contained in Appendix 27 of the Listing Rules.

I. SCOPE

This report is focused on reporting the performance of the Group in promoting corporate social responsibility (“Corporate Social Responsibility”) during the period from 1 January 2019 to 31 December 2019, mainly including the disclosure of the policies and practices which are of material concern to the stakeholders as well as the key performance indicators, covering the Branded sales and OEM/ODM Sales business segments owned by the Company and its subsidiaries (the “Group”), and the daily operations of the Group’s Hong Kong office and Shenzhen factory.

本集團遵守香港聯合交易所有限公司(「香港聯交所」)證券上市規則(「上市規則」)之要求，於回顧年度內，致力於將本集團的環境、社會及管治(「環境、社會及管治」)提升至更高水平，並按照上市規則附錄二十七《環境、社會及管治報告指引》刊發本集團截至二零一九年十二月三十一日止年度之環境、社會及管治報告。

I. 範圍

本報告重點匯報本集團於二零一九年一月一日至二零一九年十二月三十一日期間在推行企業社會責任(「企業社會責任」)方面之表現，主要囊括與主要權益人重要相關的環境與社會範疇之政策常規及關鍵績效指標披露，其中涵蓋本公司及其附屬公司(「本集團」)所擁有的品牌銷售與原設備製造／原設計製造銷售之業務分部，與本集團旗下香港辦公室及深圳工廠之日常營運。

Environmental, Social and Governance Report

環境、社會及管治報告

2. COMMUNICATION WITH STAKEHOLDERS

The Group has established various channels to allow key social institutions and individuals, including investors, employees, customers, government, suppliers and contractors, communities and the public (the “stakeholders”) to participate in the Company’s operations, and to understand and monitor the Company’s operating conditions, so as to promote the formation of a community of harmony and common interest between the Group and stakeholders and realise maximum comprehensive social interest, which includes optimal corporate revenue. Stakeholders can participate in the Company’s operations through the following channels:

2. 權益人的參與

本集團為投資者、員工、客戶、政府、供貨商、承包商、社區及公眾等在內的社會有關組織和個體(簡稱「權益人」)開放多種管道參與到公司運營中，了解和監督公司的運營狀況，意在營造一個和諧共榮的利益共同體，促進本集團與權益人的和諧共榮，實現包括企業收益最大化在內的社會綜合效益最大化。權益人可從以下途徑參與本公司的運營：

Stakeholders 權益人	Key targets and interests 主要目標及關注點	Channels and means of communication and participation 溝通參與方式和管道	Company measures 公司措施
Shareholders and investors 股東及投資者	Robust operations, revenue and returns, protection of shareholders' interest, true, accurate and timely disclosure of information. 穩健運營，收益回報，股東權益保護，信息披露真實、準確、及時。	General meetings, investors' conferences and site visits, disclosure of information (including financial statements) and contact information of the Company. 股東大會，投資者諮詢和考察，信息披露(含財務報表)，公司聯繫方式。	Publication of notifications and resolutions of the shareholders' meetings and disclosure of information of the Company in accordance with rules; organisation of various investor activities to enhance investor recognition; publication of the Company's contact information on the Company's website and reports, and ensuring communication channels remain smooth. 按規定發佈股東大會通知和議案，披露公司信息。開展多種形式的投資者活動，提高投資者的認可度。在網站和報告中公開公司聯繫方式，並確保各種溝通管道暢通。
Employees 員工	Protection of basic rights, welfare and remuneration, work environment, development opportunities, occupational health and safety, realisation of self-worth. 基本權益保障，福利薪酬待遇，工作環境，發展空間，職業健康與安全，自我價值實現。	Workers union, communication channels between employees and management, feedback boxes, staff activities, training and education. 工會，員工與管理層溝通管道，意見箱，員工活動，培訓與學習。	Establishment of workers union to provide workers with a platform to communicate; payment of salaries and benefits in full and on time; payment of social security insurance in accordance with law; provision of a healthy and safe working environment; establishment of a fair promotion mechanism; caring about our employees, organising employee activities, trainings and learning activities. 成立工會組織，提供員工交流平台；及時足額發放薪酬福利，依法繳納社會保險；提供健康、安全的工作環境；建立公平的晉升機制；關愛員工，說明困難職工，組織員工活動，培訓與學習。

Environmental, Social and Governance Report

環境、社會及管治報告

Stakeholders 權益人	Key targets and interests 主要目標及關注點	Channels and means of communication and participation 溝通參與方式和管道	Company measures 公司措施
Customers 客戶	Guarantee product quality and delivery, long-term stable co-operation. 產品質量和供貨保證，長期穩定合作。	Regular visits and communication. Strengthening of quality control, assurance of steady production and smooth logistic process; provision of adequate products; entering into long term sales agreements with customers. 定期拜訪，保持日常溝通。加強質量管理，保證生產穩定和運輸通暢，提供足量產品，簽訂長期戰略合作協議。	A central email system, Red-Mine, has been implemented throughout the Group, to improve email communication and follow-up efficiency, and a technical study into an automatic reply smart service for our customer email mailbox is in progress. 集團各地已統一使用中央電郵系統 Red-Mine 以提升電郵溝通及跟進效率，並正進行在顧客電郵信箱加入自動回復之智慧服務方面的技術研究。
Government 政府	Lawful operations, payment of tax in accordance with the law, production safety, fulfillment of social responsibility. 合法經營，依法納稅，安全生產，履行社會責任。	Site visits, inspections, work conference and discussion, work reports, submissions and approvals. 現場視察、檢查，工作會議研討，工作報告、報送、審批。	Conduction of operation in accordance with the law; compliance management, payment of tax in accordance with the law; strengthening of the Company's safety management; acceptance of government supervision, inspection and examination in accordance with regulations, active assumption of social responsibilities. 合法經營，合規管理、依法納稅，加強公司安全管理；按規定接受政府監督、檢查及現場考察，積極承擔社會責任。

Environmental, Social and Governance Report

環境、社會及管治報告

Stakeholders 權益人	Key targets and interests 主要目標及關注點	Channels and means of communication and participation 溝通參與方式和管道	Company measures 公司措施
Suppliers and contractors	Fair bidding, long-term stable cooperation and timely payment.	Public bidding meetings and business meetings, regular communications.	Fair bidding, selection by merit, performance of contractual obligations, strengthening of regular communications, maintenance of longterm cooperation with quality suppliers and contractors.
供貨商、承包商	公平招標，長期穩定合作，按時付款。	招投標會議，洽談會，日常溝通。	公平招標，擇優選擇，按約履行合同，加強日常交流，與優質供貨商和承包商長期合作。
Community and the public	Job opportunities, community development, ecological environment, compensation and assistance.	Co-hosting of community activities, charity, volunteer service and co-construction of the community.	Promotion of community building and development, provision of volunteer service, establishment of communication channels for the community and the community members; hosting of community activities, promotion of the building of harmonious community.
社區與公眾	就業機會，社區發展，生態環境，補償與援助。	共辦社區活動，慈善援助，志願者服務，社區共建活動。	促進社區建設和發展，提供志願者服務，開放與社區和社區成員的溝通管道；共辦社區活動，促進建設和諧社區。

Environmental, Social and Governance Report

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

3.1 Environment

3.1.1 Emissions

Responding actively to the global trend of emission reduction, and the Group is committed to minimising release of greenhouse gases, wastewater, solid wastes and other pollutants in its daily operations. Therefore, a series of environmental policies have been developed to strengthen the control of emissions, including:

Waste reduction

Most of the electronic waste generated in the manufacturing process, including the scrapped circuit boards, scrapped parts and malfunctioned components, are returned or handled directly by recycling companies. At the same time, the Group continues to seek improvements in the manufacturing process and technology in order to increase productivity and reduce generation of scrapped electronic products and parts during the production process.

To reduce the generation of waste from factory logistics, the application of reusable boxes has been increased, reducing waste generated from the use of easily damaged logistics equipment made of paper or plastic.

The Group conducts waste categorisation for proper disposal. Recyclables are identified and sorting bins are placed while waste sorting training programmes are conducted to encourage employees to actively participate in waste recycling.

Electronic products involve application of batteries. The Group understands the far-reaching impact of batteries on the environment and therefore has designated old battery collection locations to promote appropriate handling and recycling of disposed batteries.

3. 環境、社會及管治表現

3.1 環境

3.1.1 排放物

集團積極響應全球關注的減排趨勢，在日常營運中致力避免產生溫室氣體、廢水、固體廢物等污染物，故制定了一系列的環保政策加強控制，其中包括：

減少廢棄物

集團在製造業務上產生的電子廢品，包括報廢的電路板，零部件，壞掉的部件，大部分都會安排退貨或者直接由回收商回收，同時不斷尋求完善製造過程及技術，以提高生產效益，減少在生產過程中報廢的電子產品及部件。

為了減少在工廠物流中所產生的廢棄物，增加周轉箱的應用，減少因採用紙質或塑料等容易損毀的搬運工具而產生的廢棄物。

集團會對不同的廢棄物分類作合適的處理，確認可回收的廢物，並設立分類垃圾桶，舉辦垃圾分類培訓活動以鼓勵員工積極參與回收廢棄物。

電子產品涉及不少電池的應用，集團了解電池對環境的深遠影響，因此設立廢舊電池回收處，且倡導廢舊電池回收處理。

Environmental, Social and Governance Report

環境、社會及管治報告

Other than used batteries, the Group is also concerned with waste cardboard. Therefore, recycling bins have been set up and recycling companies have been engaged to handle waste papers.

The Group regularly evaluates the production process to find out the sources of hazardous wastes, and defines action plans to reduce these wastes. The Group also put labels to differentiate hazardous and non-hazardous wastes to facilitate hazardous wastes being handled properly by the qualified service providers.

Currently, the hazardous wastes produced by the Group include used batteries, sewage sludge, oil rags and contaminated gloves; whereas non-hazardous wastes mainly include disposed capsules and carton wastes.

The Group has demonstrated the following results in the reporting period through the implementation of the aforesaid policies and measures for waste reduction:

除了廢電池，集團亦關注紙箱的廢棄，故增設回收箱收集廢紙，並安排回收商前來處理。

集團定期評估生產流程，找出有害廢棄物產生的源頭，制定減少有害廢棄物的行動計劃；並且將有害廢棄物及無害廢棄物作不同標識，以便安排有害廢棄物交由合資格的服務商適當地處置。

目前集團業務所產生的有害廢棄物包括廢電池、廢水處理後的污泥、油抹布、用後受污染的手套等，而一般的無害廢棄物主要為廢膠囊、廢棄包裝箱等。

透過落實以上政策及措施，集團於報告期間在廢物排放的表現如下：

Types of wastes	廢棄物種類	Total annual weight (tons)	Intensity per production unit (gram/piece) 每生產單位的排放密度 (克/件)
Hazardous waste	有害廢棄物	3.4	4.90
Non-hazardous waste	無害廢棄物	7.6	10.94

Environmental, Social and Governance Report

環境、社會及管治報告

Reduction of wastewater discharge

The Group's factory in Shenzhen discharges both industrial and domestic wastewater. The factory has installed sewage treatment facilities to reduce the pollutants in the wastewater, and has additional facility for re-use of the treated wastewater. This approach not only reduces wastewater discharge but also helps the Group to use less fresh water.

Reduction of greenhouse gas (GHG) emission

The Group seeks to adopt renewable or other clean energy in replacement of coal combustion facilities in order to reduce the generation and emission of sulphur and nitrogen oxides. In addition, the Group actively implements other administrative means to reduce GHG emissions, including:

– Reduction of business trips

The Group thoroughly understands that business trips increase energy consumption and lead to an increase in GHG emissions; therefore, the Group actively decreases the number of business trips to reduce GHG emissions, and switches to other effective communication methods, including avoidance of long-distance meetings which are replaced with telephone and/or video conferences, as well as using bulk courier service instead of conducting delivery ourselves to reduce GHG emissions from additional traffic.

– Sourcing from local suppliers

Similar to business trips, sourcing with non-local suppliers requires additional transportation which increases energy consumption and GHG emissions. Preference is given to local suppliers as long as they meet the Group's requirements. In each procurement process, the Group will firstly consider and invite local suppliers to provide quotations and product information, and then giving balanced consideration to factors such as raw material quality, cost and environmental protection. Non-local procurement will be considered only when the local suppliers fail to meet the relevant conditions.

減少廢水排放

集團在深圳的工廠業務會產生工業廢水及生活廢水，工廠已建設污水處理設備以減少廢水內的污染物，還增加設備把經處理後的廢水再循環使用，在減少廢水排放的同時為集團節省用水量。

減少溫室氣體

集團尋求採用可再生或其他潔淨能源，代替燃煤設備，減少硫化物、氮氧化物的產生和排放。此外，更積極以其他行政手段減少溫室氣體的排放，包括：

— 減少商務出差

集團深切理解商務出差會增加能源消耗，導致溫室氣體排放的增加，故積極減少公幹次數，降低因公幹而導致的溫室氣體排放，改用其他有效的溝通方法，包括避免舉行長途的親身見面會議，以電話及／或視像會議取代，並且以速遞集體寄送物料以取代自行送貨，致力減少由額外交通造成的溫室氣體排放。

— 支持本地供貨商採購

採用非本地供貨商須要額外的運輸過程，情況如同商務出差，對應增加能源消耗及溫室氣體的排放，故在符合集團要求的條件下，優先選用本地供貨商。在每次的採購過程，集團會先考慮及邀請本地供應商作報價及提供產品數據，集團會平衡地考慮原材料質量、成本、環境保護等因素，只有在本地供貨商供貨不符合相關條件時，才考慮非本地採購。

Environmental, Social and Governance Report

環境、社會及管治報告

– Environmental education

The Group understands the long-term impact of the electronics industry on the environment, and hence has taken on an active role in the supply chain to promote the importance of emission reduction. The Group has established environmental management measures for suppliers to follow, including: for all vehicles that enter the Group's premises, engines must be turned off and may not be kept idle which emits exhaust within the factory's premises; the exhaust emissions need to comply with the environmental requirements; all persons within the factory's premises shall abide by the requirements such as waste classification, no littering and no smoking. In addition, the Group requires chemical suppliers and transporters to ensure that chemicals are protected against leakage before arrival and the packaging, containers and labels of chemicals must comply with the relevant regulatory requirements; and the supply of materials, semi-finished products and finished products shall not contain any intentional or unintentional addition of flammable and explosive substances.

The Group also incorporates the concept of environmental protection into employee's annual training program to enhance their environmental awareness. Environmental training topics include RoHS, ISO 14001 environmental awareness, waste classification, chemical safety and so on. For key positions such as manufacturing and cleaning, trainings are provided to new employees of each month to ensure that they can classify and identify hazardous and non-hazardous wastes as well as arrange the qualified recycling companies for handling.

– 環保教育

集團明白電子產業對環境的長遠影響，故在供應鏈中擔當積極的角色，致力推廣減排的重要性，制定了環境管理措施要求供貨商遵守，包括：凡進入集團內的車輛，停車後必須熄匙，不得保持引擎轉動並在廠區內排放廢氣；尾氣的排放量須符合環保要求；進入廠區所有人員必須遵守垃圾不落地、垃圾分類及禁止吸煙等要求。此外，集團要求化學品供應及運輸商確保化學品在運抵前做好防洩漏措施，而化學品的包裝、容器及標識等必須符合相關法例要求；及供應的物料、半成品和成品亦不得包含任何有意或非故意添加的易燃易爆物質。

集團亦將環境保護概念納入員工的年度培訓計劃中，提升他們的環保意識。環保培訓課題包括RoHS、ISO 14001環保意識、廢棄物分類、化學品安全等。針對製造及清潔等關鍵崗位，更為每月新入職的員工提供培訓，確保他們能分類及標識有害廢棄物與無害廢棄物，並安排合資格的回收商處理。

Environmental, Social and Governance Report

環境、社會及管治報告

During the reporting period, the Group did not have any non-compliance incidents of environmental legislations. The sources and emission volumes of GHG are as follows:

在報告期間，集團沒有任何違反環境法例的個案發生，而報告期內所產生的溫室氣體的源頭及排放量如下：

GHG emission sources	溫室氣體的排放源	GHG emission volumes (kg carbon dioxide equivalent)	
		Total consumption volumes	溫室氣體排放量 (公斤二氧化碳含量)
Diesel consumption from stationary sources (litres)	固定源的柴油耗量(公升)	0	0
Diesel consumption from mobile sources (litres)	流動源的柴油耗量(公升)	60	160
Gasoline consumption from mobile sources (litres)	流動源的汽油耗量(公升)	17,891	40,673
Natural gas consumption (cubic meters)	天然氣耗量(立方米)	15,711	34,440
Power consumption of facilities (kWh)	設施耗電量(千瓦時)	2,776,492	2,342,757
Total GHG emissions	溫室氣體的排放總量	–	2,418,030
Production volume (piece)	生產量(件)	–	694,439
GHG emission intensity	溫室氣體排放密度	–	3.48

(kg carbon dioxide equivalent/piece)
(公斤二氧化碳含量/件)

Environmental, Social and Governance Report

環境、社會及管治報告

3.1.2 Use of Resources

The Group understands that the resources on the planet are limited, therefore appropriate measures have been implemented to enhance the efficiency of resources used, including:

Energy saving

In order to reduce energy consumption, the Group uses energy-efficient products and equipment as much as possible, and actively plans to replace equipment with high energy consumption, such as replacement of the factory's traditional electric lights with LED lights in 2018. The air conditioning system uses a central control to effectively manage the temperature of each department and automatic shutdown is scheduled at a specified time to reduce additional energy consumption caused by uncontrolled temperature adjustments. In addition, an employee's code for energy saving has been formulated, which requires employees to turn off electrical devices in office and production when off work, in order to ensure all machinery are shut down when out of working hours. The goal is to help employees nurture a habit of "shutting down machinery when leaving workplace".

Water conservation

In addition to re-use of treated wastewater, the Group has adopted various administrative measures to enhance water consumption efficiency. Wastewater is collected in daily operations and used for non-production purposes, such as toilet flushing or floor cleaning. Inspection and timely repairs for leakage are conducted on water-consuming equipment in the production workshops and offices to avoid water wastage. Also, water conservation slogans are posted on bulletin boards to enhance employees' awareness of water conservation, and remind employees and visitors of water saving. During meetings, bottled water is replaced by reusable water containers to change the unfavourable employees' habit of using bottled water at meetings.

3.1.2 資源使用

集團明白地球上的資源有限，故推行適當措施以提升資源使用的效率，包括：

節約能源

為了減少能源的消耗，集團儘量使用能源效益較高的產品及設備，積極計劃更換高能耗的設備，如於二零一八年度將工廠內所有的傳統電燈更換成LED燈。空調系統採用中央控制，有效管理各部門的溫度，並設定在指定時間後自動關閉中央空調，以減少非受控的溫度調整而導致額外的能源消耗。此外，制定員工節約用電守則，要求員工每天下班離開工作位置時必須關閉辦公及生產用電設備，確保所有機器在下班時都關掉，目標是養成員工「人走關機」的習慣。

節約用水

除了循環使用經處理後的廢水，集團亦採用多重的行政手段以提升用水效益。在日常營運中會收集廢棄水，用作一般非生產的用途，如沖廁或沖洗地板等。對在生產車間及辦公室的用水設備，進行檢查並及時改善設備滴漏的狀況，防止滴漏浪費水資源。此外，在宣傳欄張貼節約用水標語，加強員工節約用水的意識，提醒員工及訪客節約用水。在舉辦會議時，以可重用的盛水器皿取代瓶裝水，改變員工在會議時使用瓶裝水的壞習慣。

Environmental, Social and Governance Report

環境、社會及管治報告

The Group's production site in Shenzhen has demonstrated the following achievements in the reporting period through the implementation of the aforesaid policies and measures for water conservation:

透過落實以上節約用水措施，集團的深圳生產基地在報告期間已取得以下成效：

Sources/types of water used 用水種類／源頭	Volume of water saved 節省用水量
Re-use of treated production wastewater 循環使用處理後的生產廢水	10 cubic meters per month 10立方米／月
Wastewater used for flushing toilets and cleaning floors 廢棄水用作沖廁或沖洗地板	5 cubic meters per month 5立方米／月
Bottled water replaced by reusable water container in meeting 可重用的盛水器皿取代瓶裝水	30 bottles per meeting 30瓶水／會議

Saving of office resources

節約辦公室資源

Electronic documentation is promoted in daily operation hardcopies are replaced by electronic files in computer and whenever possible paperless office operation is implemented to reduce the use of paper consumables. The Group sets targets on paper usage, setting out expectations on paper saving for all departments. Employees are required to practice double-sided printing. When copying or printing files, paper with only one side used should be collected for re-use to save paper. The amount of paper used in 2019 decreased by 21.8% compared to 2018.

在日常營運中提倡加強文件電子化的要求，使用計算機存盤代替紙質文件，儘量實行無紙化辦公，以減少紙質辦公用品的使用；並設定紙用量的目標指針，對集團各部門定下節約用紙的期望；要求員工紙張採用雙面打印。在複印或打印文件時，將單面用過的紙張回收再利用，節約用紙。二零一九年的用紙量較二零一八年減少21.8%。

A summary of various key resources consumed by the Group's operations during the reporting period is as follows:

在報告期內，集團在運作期間所消耗的各種主要資源概列如下：

GHG Emission Sources 溫室氣體的排放源		Annual consumption (tons) 全年總量(噸)		Intensity per production unit 每生產單位的排放密度	
		Hong Kong 香港	Shenzhen 深圳	Hong Kong 香港	Shenzhen 深圳
		Electricity (KWh)	電力(千瓦時)	201,852	2,574,640
Water (cubic meters)	水(立方米)	20	117,675	0	0.169
Packaging materials (paper) (piece)	包裝物料(紙材) (以個計算)	N/A 不適用	4,721,126	N/A 不適用	6.798
Packaging materials (plastic) (piece)	包裝物料(膠材) (以個計算)	N/A 不適用	6,730,737	N/A 不適用	9.692

Environmental, Social and Governance Report

環境、社會及管治報告

3.1.3 The Environment and Natural Resources

The Group understands the environmental concerns from both community and customers. The Company promotes policy on green manufacturing and green procurement policy:

Green procurement policy

Subject to fulfillment of the Group's operating and pricing requirements, preference is given to suppliers who are able to provide environmentally friendly products and/or services, including environmentally certified materials or services (such as RoHS and REACH compliant materials), use of products made of natural materials, products free of toxic and hazardous substances, and other products/devices compliant with the relevant environmental regulations. The Group has been actively promoting the proportion of environmental suppliers (the proportion of suppliers providing environmentally friendly materials to the total suppliers), with the goal that the materials provided by suppliers are 100% RoHS compliant.

Green manufacturing policy

Since the Group's business is the manufacturing of electronic products, the main environmental impacts are electronic waste generation and resource consumption during the production process. Therefore, a green manufacturing policy has been implemented along with the green procurement policy to provide customers with environmental compliant products, including compliance with the local environmental laws for importing countries, such as RoHS, REACH.

The Group is committed to the use of energy-efficient and water-efficient equipment in the manufacturing process. Resource recycling process is established to collect the reusable packaging materials for proper handling, in order to reduce waste generation and wastage of various production resources. A sewage treatment plant treats wastewater from production to meet environmental standards, which is then recycled to be used for production or other purposes. This not only reduces wastewater discharge but also decreases the total water consumption.

3.1.3 環境及自然資源

集團了解社會及客戶對環保議題的關注，公司提倡綠色製造及綠色採購政策：

綠色採購政策

在符合集團營運要求及價格因素的情況下，優先選擇能提供環保產品及／或服務的供應商，覆蓋有環保認證的物料或服務（如RoHS、REACH的合規物料），採用天然材料製造的產品，不含有毒、有害物質的產品及其他符合環境相關法例要求的產品／設備等。集團積極提升環保供應商的比重（提供環保物料的供應商佔全部供應商的比例），目標是供應商提供的物料皆為100%符合RoHS的產品。

綠色製造政策

因應集團業務為電子產品的製造，主要的環境影響在電子廢物的產生及生產過程中的資源耗用，故奉行綠色製造政策，配合綠色採購，向客戶提供符合環保要求的產品，包括符合入口國當地的環保法例如RoHS、REACH等。

在製造的過程上，致力採用節能節水的設備。設立資源回收過程，對可回收的包材進行回收處理，降低各種生產資源的浪費，減少產生廢棄物，並設有污水處理池，將生產廢水處理並當達到環保標準後，再循環使用作生產或其他用途，減少廢水排放的同時又可節省總用水量。

Environmental, Social and Governance Report

環境、社會及管治報告

The Group has formulated day-to-day management measures to reduce and control the emissions of hazardous wastes. Annual environmental trainings are provided to employees to enhance their environmental awareness and to implement environmental management measures.

In addition, the Group regularly monitors its significant environmental impacts to ensure compliance with local regulations. Regular environmental investigations are conducted to ensure timely discovery of non-compliance incidents and implementation of corrective and preventive actions.

集團制定日常管理措施以減少及控制有害廢棄物的排放。每年提供環保培訓予員工，提升他們的環保意識及落實環保管理措施。

此外，集團定期對重大環境影響的因素進行監測，確保遵守業務當地的法例要求。定期進行環境審核，及時發現不符合事項並且採取糾正與預防措施。

3.2 Society

3.2.1 Employment

In addition to complying with local employment regulations, the Group has also formulated a series of employment policies to ensure that employees are treated in a fair and reasonable manner.

Recruitment and promotion

The Group recruits employees through the company's website, email, advertisements, etc., and gives equal opportunity to every job applicant. The Group does not reject applicants out of gender, age, race, and other physical conditions. Employment decisions are solely based on fulfilment of the job requirements, and the Group does not discriminate against physically disabled applicants. Besides local applicants, applicants of other ethnicities and nationalities are also considered at the time of recruitment, including ethnic minorities and expatriates.

Regarding the mechanism for employee's promotion, the Group only refers to the employee's performance, experience and competence, and does not consider other irrelevant attributes such as marital status, physical condition and gender, etc.

3.2 社會

3.2.1 僱傭

集團除了遵守業務當地的僱傭條例要求，亦制定了一系列的僱傭政策，保障僱員獲得公平合理的對待。

招聘及晉升

集團通過公司網站、電郵、廣告等招聘員工，對每位工作應徵者都給予平等的權利，絕不會因性別、年齡、種族及其他身體狀況拒絕應徵者。聘請的決定都是從符合工作要求的角度去考慮，不會歧視身體有障礙的應徵者。在招聘時，除了本地人的申請，還會考慮其他種族及國家的人，包括少數族裔和外籍人士。

對於員工的晉升機制，集團只會參考員工的工作表現、經驗及個人能力，不會考慮其他無關係的因素如婚姻、身體狀況及性別等。

Environmental, Social and Governance Report

環境、社會及管治報告

Wages and benefits

The Group enters into a contract of employment with its employees in accordance with local laws to ensure employees' legal rights in the employment relationship, including the payment of legal minimum wage, and employees' entitlement to paid holidays, vacation, sick leave and leave for work-related injury. In addition to the purchase of social insurance for employees according to local employment regulations, the Group also purchases commercial insurance beyond the local regulations in order to reduce employee's cost of seeking for medical services. In case of work-related injuries and accidents, the Group will arrange reasonable compensation for its employees and their families in accordance with laws.

During the reporting period, the Group did not discover or receive any violations or complaints regarding discrimination or recruitment. As of 31 December, 2019, the total number and distribution of employees within the Group are as follows:

薪酬與福利

集團按業務當地的法例與員工簽定僱傭合約，保障員工在僱傭關係上的法定權益，包括確保最低工資的支付，員工依法享有帶薪節日假期，病假和工傷假等。除了按當地的僱傭條例為員工購買社會保險，更為員工購買法例要求以外的商業保險，降低員工使用醫療服務的成本。遇到工傷事故及意外時，集團會依法對員工及其家屬安排合理賠償。

在報告期內，集團沒有發現或收到有關於歧視或招聘的違規事件或投訴個案。截至二零一九年十二月三十一日，集團內的員工總數及分佈概述如下：

		Number of Employees 員工人數	
		Hong Kong 香港	Shenzhen 深圳
Gender 性別			
Male 男性		4	148
Female 女性		6	325

		Number of Employees 員工人數	
		Hong Kong 香港	Shenzhen 深圳
Job type 工作類別			
Full-time 全職		10	473
Part-time 兼職		0	0

Environmental, Social and Governance Report

環境、社會及管治報告

Age	員工年齡	Number of Employees 員工人數	
		Hong Kong 香港	Shenzhen 深圳
18 – 30	18 – 30	0	45
31 – 45	31 – 45	5	315
46 – 60	46 – 60	5	113
> 60	> 60	0	0
Total	總數	10	473

Gender	性別	Average Monthly Employee Turnover Rate (%) 每月僱員流失率(%)	
		Hong Kong 香港	Shenzhen 深圳
Male	男性	12.5	3.15
Female	女性	4.17	2.87

Age	員工年齡	Average Monthly Employee Turnover Rate (%) 每月僱員流失率(%)	
		Hong Kong 香港	Shenzhen 深圳
18 – 30	18 – 30	8.33	10.37
31 – 45	31 – 45	6.67	2.59
46 – 60	46 – 60	6.67	0.96
> 60	> 60	0	8.33
Total average	總平均數	7.22	7.42

Environmental, Social and Governance Report

環境、社會及管治報告

3.2.2 Health and Safety

The Group is committed to achieving the goal of zero work accidents through different measures to prevent the occurrence of occupational diseases and work-related injuries and fatalities.

Workplace Safety Management

The Group conducts annual safety monitoring to identify potential safety hazards, and implement corrective and preventive actions in a timely manner. The Group installed protective devices for the production equipment and machinery in the workplace to ensure that employees are not exposed to dangerous parts. The compliance of the workplace is monitored, including the provision of adequate fire equipment and regular safety inspection. In addition, suppliers are requested to follow safety practice within the Group's premises. All vehicles within the premises must be limited to the speed of 10 km/hour with no horns allowed. Their driving routes shall follow the instructions from the security team.

Employee Safety Training

The Group provides personal protective equipment to employees where necessary, and arranges appropriate occupational health and safety trainings, including the proper usage of protective equipment, awareness of safety risks in the work place, content in the material safety data sheet (MSDS) and the use, storage and emergency response to leakage of chemicals. The Group also arranges fire and emergency drills regularly to train employees on the evacuation routes at dangerous situations.

3.2.2 健康與安全

集團致力達致零工作意外的目標，以不同方面的措施防範員工職業病與工業傷亡的發生。

工作場所之安全管理

集團進行年度安全監測工作，找出安全隱患，及時執行糾正及預防措施。對工作場所的生產設備及機器，安裝防護裝置，確保員工接觸不到危險的部份。監控工作場所的合規狀況，包括配備足夠的消防器材，並定期進行安全檢查。此外，要求供貨商在集團範圍內進行安全操作，凡進入公司的車輛一律限速每小時10公里以內，嚴禁鳴按喇叭，行駛路線須按值班保安調度。

員工安全培訓

集團提供個人防護裝備給相關員工，並安排適當的職業健康及安全培訓，包括正確使用防護裝備的方法，認識工作處所中的安全風險，物質安全數據表(MSDS)的內容，化學品安全使用、儲存、洩漏應急等方面的培訓。集團亦安排員工定期進行消防及應急演習，培訓員工在危急時的逃生路線。

Environmental, Social and Governance Report

環境、社會及管治報告

Work-life Balance

The Group never forces employees to work overtime, and regularly organises recreational activities, psychological counselling and trainings to help employees relief stress, including psychological health seminars, family days, tug-of-wars, seaside walk, watching movies, hand-craft, and explores various sport activities amongst employees.

In addition, the Group is very concerned about how employees view the company, therefore employees' communication channels and suggestion boxes have been set up. The suggestions collected from the employees are followed up on a regular basis. Employee representatives are selected from each department with the Group and they shall meet regularly for discussion and sharing.

During the reporting period, the Group did not discover any violations against the local occupational health and safety regulations. Within the reporting period, no work-related fatality and lost day due to work-related injury was found.

3.2.3 *Development and Training*

The Group has established a comprehensive training system. Apart from general classroom trainings, the Group emphasises on-the-job exercises and a mentor is assigned to every new employee. Through this apprenticeship programme, the mentor gives hands-on guidance and supervises the new employee in accomplishing his/her work, which enhances training efficiency and the new employee's performance. Adjustments could be made to the apprenticeship program according to the new employee's competence and experience. At the same time, based on the Group's strategies for product and business development, career development plans are formulated for employees to support the sustainable development of the Group's business.

工作與生活的平衡

集團絕不會強迫員工超時工作，並會定期舉辦娛樂活動、心理轉導、培訓等幫助員工減壓，包括曾提供心理健康講座、舉辦家庭親子日、拔河比賽、海濱徒步、觀影、手工制作等員工娛樂活動、開展各式各樣的員工業餘體育活動。

除此之外，集團非常關注員工對公司的意見，故制定員工溝通管道，設立員工意見收集箱，定期對收集的員工意見跟進。在集團各部門選出員工代表，定期組織員工代表開會、討論與交流。

在報告期間，集團沒有發現違反業務當地職業健康及安全相關的法例。在報告期內，沒有發現僱員因工作關係而死亡。

3.2.3 *發展及培訓*

集團建立完善的培訓體系，除了一般的課堂培訓外，集團強調工作實踐，故安排指導工給每位新員工，以「師帶徒」的方式親身指導及監督新員工完成工作，提升培訓效益及新員工的績效。「師帶徒」培訓可以按新員工的不同能力及經驗水平作出彈性調整，同時因應產品開發與業務拓展策略，對員工制定職業發展計劃，及推動集團業務的持續發展。

Environmental, Social and Governance Report

環境、社會及管治報告

During the reporting period, the monthly average percentage of employees who have received training within the Group and the monthly average number of trained hours received by each employee are as follows:

在報告期間，集團內部接受培訓僱員的百分比及每名僱員的平均培訓時數如下：

Gender	性別	Monthly average percentage of trained employees (%) 接受培訓的僱員的 每月平均百分比		Monthly average number of trained hours per employee 每名僱員的 每月平均培訓時數	
		Hong Kong 香港	Shenzhen 深圳	Hong Kong 香港	Shenzhen 深圳
Male	男性	0.4	146	0.01	2.95
Female	女性	0.4	173	0.01	3.53

Employee level	僱員級別	Monthly average percentage of trained employees (%) 接受培訓的僱員的 每月平均百分比		Monthly average number of trained hours per employee 每名僱員的 每月平均培訓時數	
		Hong Kong 香港	Shenzhen 深圳	Hong Kong 香港	Shenzhen 深圳
Senior management	高級管理層	0.8	–	0.02	–
Middle management	中級管理層	0.8	9	0.02	0.24
Junior employee	初級員工	–	572	–	11.36

Environmental, Social and Governance Report

環境、社會及管治報告

3.2.4 Labour Standards

The Group strictly prohibits the employment of child labour and will only employ employees aged 18 or above. The Group follows the principle of voluntary overtime to ensure that employees are willing to work and employee's personal freedom is protected. The Group is committed not to force employees to work overtime nor to work in any form of forced labour, including not using any bonded labours such as prison workers.

For effective prevention of child labour, the applicant's identity document will be carefully examined at the time of recruitment to confirm the age of the applicant, and the application from an applicant less than 18 years of age shall be excluded. In addition, the Group's personnel management system set up an alert function to signal any applicant under the age of 18. With this double gate-keeping mechanism, the risk of recruitment of child labour could be avoided. Under the daily management, child labour will be terminated immediately when he/she is discovered within the Group.

The Group has also set up measures to prevent forced labour. Employees are required to submit working hours to their immediate supervisors. The human resources department will review employees' working hours, and would investigate immediately and stop the relevant work assignment in case of involuntarily overtime identified.

During the reporting period, the Group did not discover any employment of child labour nor any violation against the laws and regulations related to forced labour.

3.2.4 勞工準則

集團嚴格禁止聘用童工，只會聘請年滿18歲或以上的員工，及奉行自願加班原則，確保員工自願工作，保障員工人身自由，承諾不強迫員工超時工作及不以任何形式強迫僱員工作，包括不使用強迫勞動工如囚工等。

為了有效的防止童工，在招聘時會仔細查看應徵者的身份證明文件以確認應徵者的年齡，會剔除未滿18歲應徵者的申請。此外，集團的人事管理系統設置了年齡未滿18歲的提醒功能，在此雙重查核的機制下避免誤聘童工的風險。在日常管理下如發現童工在集團內工作，將會立刻停止僱用。

集團亦制定防止強制勞工的措施，員工需每天呈交工作時數予其直屬上司，人力資源部查看員工的工時記錄，當發現不自願超時情況，會立刻調查，並制止不自願的超時工作。

在報告期間，集團未有發現聘用童工及違反強制性勞動相關的法例。

Environmental, Social and Governance Report

環境、社會及管治報告

3.2.5 Supply Chain Management

The Group has developed supplier management policy for communication to the suppliers the expectations of the Group and the requirements that they need to abide by. The policy covers quality, environmental management, health and safety, social responsibility, and anti-terrorism management, etc. and these aspects are also the criteria for supplier selection. The Group has established a supplier selection and evaluation procedure, which conducted an initial review of new suppliers and an annual evaluation of key suppliers in the form of on-site audits or questionnaires. The contents of the evaluation include product quality, delivery time, environment, use of environmental friendly materials, and management of hazardous substances. After the evaluation, results shall be recorded as monitoring evidence for the subsequent long-term partnership.

Besides the aforesaid evaluation scope, procurement preference will be given to local suppliers over their non-local counterparts who demonstrated the same performance level from evaluation. Non-local suppliers shall be considered only when no qualified local supplier available. Currently, local suppliers account for approximately 60.6%. As of 31 December 2019, the geographical distribution of the Group's suppliers is as follows:

3.2.5 供應鏈管理

集團制定供貨商管理政策，向供應商溝通集團的期望並要求他們及其人員遵守的事項。這些管理政策覆蓋的範圍包括質量、環境管理、健康安全、社會責任、反恐管理等多方面，而這些方面亦是挑選供貨商的準則。集團建立了供貨商選擇及評審程序，對新供貨商進行首次評審及對關鍵供貨商進行年度評審，形式以現場審核或調查表執行。評審內容包括產品質量、交貨期、環境、環保物質使用、有害物質管理，評審後將結果形成記錄作為日後長期合作夥伴的監控依據。

在考慮上述評審範圍的同時，會優先考慮有相同條件的本地供貨商，在沒有合適的本地供貨商時才會向外採購。目前本地供貨商佔大約60.6%，截至二零一九年十二月三十一日止，集團供貨商的地理分佈如下：

Geographical locations	地理區域	Number of suppliers 供應商數量
China	中國	177
Hong Kong	香港	95
USA	美國	7
Taiwan	台灣	5
Germany	德國	3
Other	其他	5

Environmental, Social and Governance Report

環境、社會及管治報告

3.2.6 Product Responsibility

All products of the Group are subject to strict quality inspection/testing before shipping out of the factory, including the sampling and monitoring of hazardous substances in incoming materials such as 2011/65/EU the management procedure for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products, in-process quality control, and safety verification of the final products.

For product promotion and selling, the Group will ensure that the product information provided to the customer is true and accurate to avoid misleading the customer at the time of purchase. The Group also has designated customer service personnel responsible for responding customer inquiries and initiating product recall when necessary.

The Group has formulated a complaint handling mechanism to analyse with the quality control department any complaints received from customers, and will report the results of analysis and follow-up actions to customers within the specified time frame.

During the reporting period, the Group did not discover any customer complaint or violation against regulations related to product responsibility; and no item among all products sold was recalled due to product safety and health reasons.

Quality Assurance Process

The Group starts the quality control of products at the source. Materials from suppliers are verified for quality before production, alternatively the supplier is requested to provide a quality verification report for raw materials. During the manufacturing process, production lines are inspected and semi-finished products are sampled for verification to assure the process meets the specified technical requirements. Final verification shall be executed by the quality control department at the end of production; only finished products which pass the verification could be delivered and sold.

3.2.6 產品責任

集團所有產品在出廠前均須接受嚴格的質量檢測，包括來料抽樣監測有害物質如2011/65/EU電器電子產品有害物質限制使用管理辦法，過程中的質檢控制，及最終產品須接受的安全驗證。

所有產品在銷售時，集團確保提供給客戶的產品信息必須是真實及準確，避免客戶在購買時被誤導。集團亦設有售後客戶服務專員，負責跟進客戶的查詢及必要時啟動產品回收程序。

集團制定了投訴處理機制，在收到客戶投訴後會與質量部一同分析個案，在指定期限內把分析結果及跟進工作向客戶反映。

在報告期間，集團未有發現違反產品責任相關的法例或顧客投訴；並且在已售產品總數中未有發現有產品因安全與健康理由而需要回收。

質量檢定過程

集團對產品的質量控制由源頭開始。供貨商提供的物料在使用前會驗收其質量，或要求供貨商提供原材料的合格驗收報告。在製造過程中，巡查生產線和抽檢半成品以確認過程符合相關的技術要求。製造完成後由質量部進行成品檢驗，只有檢驗合格後方可出售貨品。

Environmental, Social and Governance Report

環境、社會及管治報告

Upon identification of abnormal products through either external or internal findings, the Group shall discuss amongst the relevant departments about the need for identification, segregation and recall of the abnormal products when necessary. Whenever product recall is necessary, the Group shall collect the relevant batches of products from the customer, and implement the procedure of nonconforming products for analysis and disposal.

Product Recall/Return Procedure

The Group has established a product recall/return channel that allow customers to report product defects through telephone or email. Internal staff in the Group shall then evaluate the decision on product return upon receipt of customer's report. Whenever product return is deemed necessary, the marketing department shall inform the customer to return the relevant product. The warehouse department will record and track the returned products, and notify the quality department to conduct cause analysis in order to identify solutions and subsequent preventive measures.

Intellectual Property Protection

All products sold by the Group are newly designed on our own. To confirm intellectual property, products are regularly sampled to check if their designs belong to the Group's own companies. Upon discovery of designs that infringe copyright, the product will immediately be taken off shelves.

The Group only adopts products from its own design centre, and the design centre does not plagiarize the design of other institutions. Design department employees are prohibited by their employment contracts from any acts of plagiarism and are required to undertake that all produced designs are company property and to assume responsibility for the confidentiality of their own produced designs.

不管通過外部或內部的發現，當集團確認異常產品，會與相關部門討論對異常產品的標識、隔離及回收的必要性。如有回收的必要性，集團將會向客戶回收相關批次的產品，並按不良品的程序分析及處理。

產品回收／顧客退貨程序

集團制定了回收／退貨渠道，可讓顧客致電或電郵闡述產品問題，集團內部相關人員在收到意見後會評估產品退回的決定。若須退貨，市場部會通知顧客以退回確認的相關產品。貨倉部會將所有退回的產品進行記錄跟蹤，並通知質量部對產品進行原因分析，尋找解決方案及日後的預防措施。

知識產權的維護

集團出售的產品都是全新自家設計。為了確知識產權，會定期抽查產品的設計是否由自家公司擁有。當發現有違權的設計，會立刻安排產品下架。

集團只會採用由自家設計中心的產物，設計中心不會抄襲其他機構的設計。在僱傭合約中，亦要求設計部員工不容許有任何抄襲行為，承諾所有設計產物都屬公司資產及須對自己設計的產物承擔保密責任。

Environmental, Social and Governance Report 環境、社會及管治報告

Currently, the Group has 4 product patents registered in the United States, and 9 product patents registered in PRC. For management of information security, the Group has established a KMS system through which information of the Group's own design and product specifications from customers are encrypted to prevent data leakage.

The Group undertakes not to purchase any pirated office software, and such software shall only be purchased from suppliers who have the appropriate copyright; in addition, the IT Department conducts internal audit to monitor any download of pirated software by employees. When employees are discovered using pirated software, he/she will be instructed to delete the pirated software immediately and issued a warning letter for prevention of recurrence.

Privacy Protection of Consumer Information

The Group has developed a policy for protection of consumer information and privacy. Consumer information will not be used for publicity or promotion without consumer's permission. If business operations require passing consumer data to contractors, the Group shall enter into a confidentiality agreement with the contractor and require the contractor to have a comprehensive information security management system for preventing leakage and theft of customer information.

到目前為止，集團有4個產品專利在美國註冊，有9個在中國註冊。在信息安全管理方面，集團建立KMS系統，自家設計與客戶提供的產品規格等信息均透過此系統加密保護以防數據外泄。

在辦公室應用的軟件，集團承諾不會購買任何盜版軟件，只從持有版權的供貨商採購；另外，信息科技部會進行內審，監察員工有否下載盜版軟件的狀況。如發現員工使用盜版軟件，會立即通知員工移除，並向其發出警告信防止再犯。

消費者數據的私隱保障

集團制定了消費者資料的私隱及保障政策，未經客戶允許一概不會將客戶數據用於公開宣傳。如在業務的運營上有需要將消費者資料交由承包商處理，集團會與相關的承包商簽定保密協議，並要求承包商有完善的信息安全管理系統，以防客戶數據外泄及被盜。

Environmental, Social and Governance Report

環境、社會及管治報告

3.2.7 Anti-Corruption

The Group has established corporate governance policies in accordance with the Code of Corporate Governance from the Hong Kong Stock Exchange. Also, the Group has formulated an anti-corruption policy and prohibits the Company's directors, managers, employees and other representatives from giving or accepting bribes.

Internal Audit of Corporate Governance

The Group has established an Audit Committee which is responsible for developing internal audit control procedures and annual audit plans for the Group. The Audit Committee conducts audits in an ongoing and systematic manner in accordance with the annual audit plan and the additional tasks delegated by the top management. Audit reports are regularly communicated with the management and disclosed to the Audit Committee. Corrective actions and subsequent follow-ups shall be implemented in accordance with the time frame specified in the audit report.

Moreover, the Group engages an independent third party to audit the Group's financial accounts, to ensure the company's accounts are clear and accurate for enhancement of internal financial control and supervision so that the interests of shareholders are protected.

Anti-Corruption Awareness Training

The Group declares its internal code of integrity at least once a year with an emphasis on the awareness of corporate integrity; this includes the principle that the Group never owes compensation, benefits and bonuses to its employees and never owes payments to its suppliers. Also, additional effort is made to strengthen the awareness of anti-corruption to key departments and positions. The Group communicates anti-corruption and integrity through hotline, website and posters, and has established investigation channel for employees to report suspected fraud or corruption and other illegal incidents such as extortion and money laundering.

3.2.7 反貪污

集團按照香港聯交所企業管理守則，制定企業管治政策；並制定防止貪污政策，禁止公司董事、經理、員工及其他代表贈送或收授賄賂。

企業管治內部審核

集團設有審計委員會，制定內部審計管制程序及企業內部審計年度計劃，根據年度審計計劃及領導層額外公佈的工作任務，持續有序开展審計項目。審計報告定期與管理層進行溝通並向審計委員會披露，根據審計報告規定的時間整改及進行後續跟進。

此外，集團聘用獨立第三方機構核算集團的財務帳目，確保公司的帳目分明準確，加強內部財務控制制度與監督，以保障股東的權益。

反貪意識培訓

集團每年至少一次宣佈企業內部誠信準則，強調企業誠信意識，包括從不拖欠員工薪酬、福利、獎金；不拖欠供貨商貨款，並特別對關鍵部門與崗位加強反貪意識。在集團內通過熱線、網站、海報等溝通企業反貪誠信，並設置調查渠道供員工舉報疑似舞弊、貪污或其他違法事件如勒索、洗黑錢等。

Environmental, Social and Governance Report 環境、社會及管治報告

Whistle-blowing Procedure

The Group has a whistle-blowing mechanism and communication channel for employees, customers and suppliers to freely report any on fraud, corruption and other illegal incidents. The reporting person may send a written message to the mailbox of Internal Audit Department in confidence and with anonymity. Upon receipt, the Internal Audit Department shall conduct investigation with other relevant departments such as human resources, legal, logistics and career development, and then return the investigation results to the reporting person.

Anti-Corruption Measures

In addition, the Group has established anti-corruption measures for various aspects, including the declaration of personal interests by new employees upon commencing employment. Further, directors are required to declare according to the law their own interests including those in the competition business; regarding procurement, evaluation from at least three suppliers is required to obtain fair and reliable quotes for making procurement decision; for approval of service contracts, different levels of personnel are authorized corresponding to different levels of contract amount in order to ensure adequate review.

During the reporting period, the Group did not discover any legal cases or complaints related to corruption.

舉報程序

集團設有告密機制及溝通渠道，供員工、客戶及供貨商自由舉報關於舞弊、貪污或其他違法事件，舉報人士可以保密及匿名的書面方式發送至內審部郵箱，收到後內審部與其他相關部門如人力、法務、物流、事業發展部門進行調查，把調查結果反饋給舉報人士。

反貪措施

除此以外，集團制定不同範疇的反貪措施；包括新員工在入職時需申報個人利益。另外，董事也按法律規定申報其董事權益及在競爭業務中擁有的權益。對於採購管控，要求收集三家供貨商或以上的評估資料才作出採購決定，確保公平公正的採購報價。對於服務合約的審批，針對不同的合約金額授權不同級別的審批人，以確保足夠的查核。

在報告期間，集團未有發現與貪污相關的違例案件或投訴。

Directors' Report 董事會報告書

The directors (the "Directors") of IDT International Limited (the "Company") are pleased to present to the shareholders their annual report and audited financial statements of the Company and its subsidiaries (the "Group") during the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its principal subsidiaries are engaged in investment holdings, design, development, manufacturing, marketing and distribution of lifestyle electronic products. Details of the principal activities of the Group are set out in note 1 to the Consolidated Financial Statements.

REVENUE AND SEGMENT INFORMATION

Details of revenue and segment information are set out in note 6 to the Consolidated Financial Statements.

RESULTS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 96 and further analysis is given in the accompanying notes to the financial statements.

DIVIDENDS

No interim dividend was paid for the year ended 31 December 2019 (2018: nil).

The Directors do not recommend the distribution of a final dividend for the year ended 31 December 2019 (2018: nil).

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 200.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2019 are set out in note 25 to the Consolidated Financial Statements.

萬威國際有限公司(「本公司」)董事會(「董事會」)欣然向各股東呈覽本公司及其附屬公司(「本集團」)截至二零一九年十二月三十一日止年度之報告書及經審核財務報表。

主要業務

本公司乃一間投資控股公司。各主要附屬公司從事投資控股、設計、開發、製造、市場推廣及分銷時尚生活電子產品。本集團主要業務之詳情載於綜合財務報表附註第1項。

收益及分部資料

收益分部資料詳情載於綜合財務報表附註第6項。

業績

本集團截至二零一九年十二月三十一日止年度之業績載於第96頁之綜合損益及其他全面收益表，進一步分析則載於隨附之財務報表附註。

股息

本公司並無於截至二零一九年十二月三十一日止年度派付中期股息(二零一八年：無)。

董事會不建議就截至二零一九年十二月三十一日止年度派發末期股息(二零一八年：無)。

集團財務概要

本集團過去五個財政年度之業績及資產與負債概要載於第200頁。

股本

本公司於截至二零一九年十二月三十一日止年度股本之變動詳情載於綜合財務報表附註第25項。

Directors' Report

董事會報告書

RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 99, and the financial information of the Company in note 36 to the Consolidated Financial Statements, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2019, the Company did not have reserves available for distribution as calculated in accordance with the provisions of the laws of Bermuda.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2019, the Group spent an aggregate amount of approximately HK\$1.0 million (for the year ended 31 December 2018: HK\$14.5 million) on the acquisition of property, plant and equipment for the purpose of business expansion.

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the Consolidated Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, the aggregate percentage of purchases attributable to the Group's five largest suppliers in the year accounted for approximately 23.7% of the Group's purchases and the purchases attributable to the largest supplier accounted for approximately 8.9% of the Group's purchases.

During the year ended 31 December 2019, the aggregate percentage of turnover attributable to the Group's five largest customers was approximately 58.7% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 25.9% of the Group's turnover.

None of the directors, their associates or shareholders, who to the knowledge of the Directors own more than 5% of the Company's share capital, had any interest in any of the five largest customers.

儲備

本集團及本公司於本年度內儲備之變動詳情分別載於第99頁之綜合權益變動表及綜合財務報表附註第36項之本公司財務資料。

可供分派儲備

於二零一九年十二月三十一日，根據百慕達法律條文計算，本公司並無可供分派儲備。

物業、機器及設備

本集團於截至二零一九年十二月三十一日止年度就業務擴充購置物業、機器及設備之支出合共約港幣1.0百萬元(截至二零一八年十二月三十一日止年度：港幣14.5百萬元)。

本集團於本年度內物業、機器及設備之變動詳情載於綜合財務報表附註第14項。

主要客戶及供貨商

於截至二零一九年十二月三十一日止年度，向本集團五大供貨商之採購貨額合共佔本集團之採購額約23.7%，而向最大供貨商之採購額則佔本集團之採購額約8.9%。

於截至二零一九年十二月三十一日止年度，本集團五大客戶之營業額合共佔本集團之營業額約58.7%，而來自本集團最大客戶之營業額則佔本集團之營業額約25.9%。

各董事、彼等之聯繫人士或據董事所知擁有本公司5%以上股本之股東，概無在任何五大客戶中擁有任何權益。

Directors' Report 董事會報告書

DIRECTORS

The Directors who held office during the year ended 31 December 2019 and up to the date of this report are:

Executive directors:

Xu Chiming (Retired on 26 June 2019)
Zhu Yongning (Chief Executive Officer)

Non-Executive directors:

Song Rongrong (Resigned on 28 February 2020)
Wu Qing (Appointed on 31 March 2020)

Independent Non-Executive directors:

Zhou Meilin
Zhou Rui (Retired on 26 June 2019, re-appointed on 30 August 2019)

Xu Jinwen

In accordance with Bye-Law 89 of the Company's Bye-Laws, any Director appointed as an additional Director or to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Company considers all the independent non-executive Directors as independent.

董事

截至二零一九年十二月三十一日止年度及直至本報告日期之本公司在任董事如下：

執行董事：

徐志明(於二零一九年六月二十六日退任)
朱永寧(行政總裁)

非執行董事：

宋榮榮(於二零二零年二月二十八日辭任)
吳清(於二零二零年三月三十一日獲委任)

獨立非執行董事：

周美林
周銳(於二零一九年六月二十六日退任，
於二零一九年八月三十日獲重新委任)
徐錦文

根據本公司章程細則第89條，額外獲委任加入董事會或填補臨時空缺之任何董事將僅任職直至本公司下屆股東周年大會，屆時將合資格在會上獲重選連任，惟於釐定應於該股東大會輪值告退的董事人選或董事數目時不應被計入在內。

本公司已接獲各獨立非執行董事根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第3.13條之規定每年作出之獨立確認書。本公司視所有獨立非執行董事屬獨立。

Directors' Report 董事會報告書

DIRECTORS BIOGRAPHY

Biographical details of the existing Directors are set out on pages 11 to 13 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of three years which can be terminated by either party giving a three month's written notice to the other party. Under such service contract, each of the independent non-executive directors is subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-Laws, and is entitled to a fee subject to such adjustments as the Board of the Company considers appropriate and the approval of the shareholders at annual general meeting of the Company. Remuneration shall be paid to a director for appointment as a member of a particular committee.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year ended 31 December 2019.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year ended 31 December 2019.

董事之履歷

現任董事之履歷詳情載於本年報第11至13頁。

董事服務合約

各獨立非執行董事亦已與本公司訂立服務合約，任期三年，可由其中一方向另一方發出三個月之書面通知予以終止。根據該服務合約，各獨立非執行董事須遵照本公司章程細則於本公司股東周年大會上輪值告退。各獨立非執行董事有權收取所約定的董事袍金，此袍金可由本公司董事會認為適當時予以調整，惟調整需於本公司股東周年大會上經股東批准。如董事獲委任為個別委員會之成員，其將獲發袍金。

董事概無訂立任何於一年內若無賠償(法定賠償除外)則不可由本集團終止之服務合約。

董事於重要合約之權益

本公司或其任何附屬公司於截至二零一九年十二月三十一日止年度年終或年內任何時間概無訂立任何董事於其中直接或間接擁有重大權益之重要合約。

管理合約

於截至二零一九年十二月三十一日止年度概無簽訂或存在任何有關本公司全部或重要部份業務之管理及行政合約。

Directors' Report 董事會報告書

DIRECTORS' INTERESTS IN SECURITIES

The directors or chief executives of the Company or any of their associates had, as at 31 December 2019, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under the provisions of the SFO) or which were recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Name 姓名	Nature of Interests 權益性質	No. of shares held 所持股份數目	% of the issued shared capital 佔已發行股本百分比
Zhu Yongning (Note 1) 朱永寧(附註1)	The interests of the controlled corporation 所控制的法團的權利	753,997,995 (L)	29%

Note:

- (1) Zhu Yongning holds 100% of the equity interests of China Huaneng Foundation Construction Investment Ltd ("Huaneng"). Therefore, it is deemed to be interested in the interest in the shares of the Company held by Huaneng through its subsidiary.

The letter "L" denotes the shareholder's long position in the shares.

SHARE OPTION SCHEME

The effective share option scheme (the "2012 Share Option Scheme") was adopted by the Company on 29 August 2012. During the period under review, no share was granted, exercised, lapsed or cancelled under the 2012 Share Option Scheme. As at 31 December 2019, there was no outstanding share option of the Company.

董事之證券權益

於二零一九年十二月三十一日，本公司董事及行政總裁以及彼等之任何聯繫人士，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)之股份、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香港聯合交易所有限公司(「聯交所」)(包括根據該等證券及期貨條例條文被當作或視作擁有之權益或淡倉)或本公司根據證券及期貨條例第352條須予備存之登記冊所記錄或根據上市發行人董事進行證券交易的標準守則須知會本公司及聯交所之任何權益及淡倉。

No. of shares held 所持股份數目	% of the issued shared capital 佔已發行股本百分比
---------------------------------	--

附註：

- (1) 朱永寧持有中國華能基礎建設投資有限公司(「華能」)100%股本權益，因而被視為通過其全資控股公司擁有華能所持有本公司股份的權益。

[L]代表董事在此等股份中所持之好倉。

購股權計劃

本公司現時有效的購股權(「二零一二年購股權計劃」)於二零一二年八月二十九日採納。於回顧期內，根據二零一二年購股權計劃，概無任何購股權被授予、獲行使、失效或被取消。於二零一九年十二月三十一日，本公司並無已經授出但尚未行使的購股權。

Directors' Report

董事會報告書

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

No share options were granted to or exercised by the Directors during year ended 31 December 2019 and there is no outstanding balance as at 31 December 2019.

Save as disclosed above, at no time during the year ended 31 December 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their respective spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, the following persons (other than the Directors or the chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company:

董事購買股份或債權證之權利

於截至二零一九年十二月三十一日止年度董事並無獲授或行使購股權及於二零一九年十二月三十一日並無尚未行使之購股權。

除上文所披露者外，於截至二零一九年十二月三十一日止年度，本公司或其任何附屬公司概無參與任何安排，使董事或其個別之配偶或十八歲以下之子女可藉購買本公司或任何其他法人團體之股份或債權證而獲得利益。

主要股東

於二零一九年十二月三十一日，除本公司董事或行政總裁外，下列人士於本公司之股份及相關股份中，擁有本公司根據證券及期貨條例第336條須予備存之登記冊所記錄或須知會本公司之權益或淡倉：

Name	名稱	No. of shares held 所持股份數目	% of the issued shared capital 佔已發行股本百分比
China Huaneng Foundation Construction Investment Ltd	中國華能基礎建設投資有限公司	753,997,995 (L)	29.00%
Zhu Yongning (note 1)	朱永寧(附註1)	753,997,995 (L)	29.00%
Jiangsu Hongtu High Technology Co., Ltd (note 2)	江蘇宏圖高科技股份有限公司(附註2)	556,898,770 (L)	21.42%
Jiangsu Hongtu High Technology (Hong Kong) Co. Limited (note 3)	江蘇宏圖高科技(香港)股份有限公司(附註3)	556,898,770 (L)	21.42%
Hongtu High Technology Int'l Inc.	Hongtu High Technology Int'l Inc.	556,898,770 (L)	21.42%
Chan Pau Shiu Yeng Shirley (note 4)	陳鮑雪瑩(附註4)	130,412,067 (L)	5.02%
Raymond Chan (note 4)	陳煒文(附註4)	130,412,067 (L)	5.02%

Directors' Report

董事會報告書

Notes:

- (1) Zhu Yongning holds 100% of the equity interests of China Huaneng Foundation Construction Investment Ltd ("Huaneng"). Therefore, it is deemed to be interested in the interest in the shares of the Company held by Huaneng through its subsidiary.
- (2) Jiangsu Hongtu High Technology Co., Ltd. holds 100% of the equity interests of Jiangsu Hongtu High Technology (Hong Kong) Co. Limited ("Hongtu (HK)"). Therefore, it is deemed to be interested in the interest in the shares of the Company held by Hongtu (HK) through its subsidiary (see note 3 below).
- (3) Hongtu (HK) holds 100% of the issued share of Hongtu High Technology Int'l Inc. ("Hongtu (Seychelles)"). Therefore, Hongtu (HK) is deemed to be interested in the 556,898,770 shares of the Company beneficially owned by Hongtu (Seychelles) by virtue of its shareholding of Hongtu (Seychelles).
- (4) Mrs. Chan Pau Shiu Yeng, Shirley ("Mrs. Chan") is the wife of Dr. Raymond Chan ("Dr. Chan"). She is therefore deemed to be interested in the 130,412,067 shares of the Company held by Dr. Chan. The letter "L" denotes the shareholder's long position in the shares.

The letter "L" denotes the shareholder's long position in the shares.

Save as disclosed above, the Company had not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at 31 December 2019 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

附註：

- (1) 朱永寧持有中國華能基礎建設投資有限公司（「華能」）100%股本權益，因而被視為通過其全資控股公司擁有華能所持有本公司股份的權益。
- (2) 江蘇宏圖高科技股份有限公司持有江蘇宏圖高科技（香港）股份有限公司（「江蘇宏圖香港」）100%股本權益，因而被視為通過其附屬公司（見下文附註3）擁有江蘇宏圖香港所持本公司股份的權益。
- (3) 江蘇宏圖香港持有 Hongtu High Technology Int'l Inc.（「Hongtu (Seychelles)」）之已發行股份 100%。因此，江蘇宏圖香港因持有 Hongtu (Seychelles) 之股權而被視為擁有 Hongtu (Seychelles) 實益擁有的本公司 556,898,770 股股份之權益。
- (4) 陳鮑雪瑩女士（「陳女士」）為陳煒文博士（「陳博士」）之妻子。因此其被視為擁有陳博士持有的本公司 130,412,067 股股份的權益。

「L」代表股東在此等股份中所持之好倉。

除上文所披露者外，於二零一九年十二月三十一日，本公司並無接獲任何人士（本公司董事或行政總裁除外）知會，彼於本公司之股份及相關股份中，擁有根據證券及期貨條例第XV部須向本公司披露或本公司根據證券及期貨條例第336條須予備存之登記冊所記錄之權益或淡倉。

Directors' Report

董事會報告書

CONTINUING CONNECTED TRANSACTIONS

(A) Consignment Agreements

On 9 June 2017, 歐西亞貿易(上海)有限公司 (Oregon Scientific Enterprise (Shanghai) Limited*) ("Oregon Shanghai"), an indirect wholly-owned subsidiary of the Company, as the consignor entered into:

- (i) the product consignment agreement and the related supplemental agreement with 北京樂語通訊連鎖沭陽採購中心有限公司 (Beijing Funtalk Communication Chain Shuyang Procurement Centre Ltd.*) ("Funtalk"), a company established in the PRC and controlled by 三胞集團有限公司 (Sanpower Group Co., Ltd.*) ("Sanpower Group"), a conglomerate established in the PRC, as consignee in respect of the consignment of the products of Oregon Shanghai, such as consumer electronic products developed and manufactured by Oregon Shanghai ("Products") through the sales and marketing network of Funtalk in the PRC during the period from 9 June 2017 to 31 December 2019;
- (ii) the supplemental agreement of the product procurement agreement and the product procurement (consignment) agreement dated 20 April 2017 with 宏圖三胞高科技術有限公司 (High Tech Sanpower Co. Ltd.*) ("HISAP"), a company established in the PRC and controlled by Sanpower Group, as consignee in respect of the consignment of the Products through the sales and marketing network of HISAP in the PRC during the period from 20 April 2017 to 31 December 2019; and
- (iii) the supplemental agreement of the non-exclusive marketplace services agreement dated 20 April 2017 with 上海美昔貿易有限公司 (Shanghai Meici Trading Limited*) ("Meici"), a company established in the PRC and controlled by Sanpower Group, as consignee in respect of the consignment of the Products through the sales and marketing network of Meici in the PRC during the period from 20 April 2017 to 31 December 2019.

持續關聯交易

(一) 代銷協議

於二零一七年六月九日，本公司間接全資附屬公司歐西亞貿易(上海)有限公司(「歐西亞(上海)」)(作為寄銷人)：

- (i) 與北京樂語通訊連鎖沭陽採購中心有限公司(「樂語」，一間於中國成立及由三胞集團有限公司(「三胞集團」，在中國成立之集團)控制之公司)(作為承銷人)，就於二零一七年六月九日至二零一九年十二月三十一日期間透過樂語於中國之銷售及營銷網絡代銷歐西亞(上海)之產品(如歐西亞(上海)所開發及生產之電子消費產品)(「該等產品」)而訂立之產品代銷協議及相關補充協議；
- (ii) 與宏圖三胞高科技術有限公司(「宏圖三胞」，一間於中國成立及由三胞集團控制之公司)(作為承銷人)就於二零一七年四月二十日至二零一九年十二月三十一日期間透過宏圖三胞於中國之銷售及營銷網絡代銷該等產品而於二零一七年四月二十日訂立之產品採購協議及產品採購(代銷)協議之補充協議；及
- (iii) 與上海美昔貿易有限公司(「美昔」，一間於中國成立及由三胞集團控制之公司)(作為承銷人)就於二零一七年四月二十日至二零一九年十二月三十一日期間透過美昔於中國之銷售及營銷網絡代銷該等產品而於二零一七年四月二十日訂立之非獨家市場服務協議之補充協議。

Directors' Report 董事會報告書

As at the date of the consignment agreements (as supplemented and amended by the supplemental agreements) ("Consignment Agreements"), as 江蘇宏圖高科技股份有限公司 (Jiangsu Hongtu High Technology Co., Ltd.*), a substantial shareholder of the Company, is accounted for and consolidated in the audited consolidated accounts of Sanpower Group, Sanpower Group is a connected person of the Company for the purpose of the Listing Rules. Each of HISAP, Meici and Funtalk is controlled by Sanpower Group, and thus each of HISAP, Meici and Funtalk is a connected person of the Company. Accordingly, the transactions contemplated under the Consignment Agreements constitute continuing connected transactions of the Company under the Listing Rules.

Details of the terms and conditions of the Consignment Agreements can be referred to the Company's announcement issued and published on the website of the Stock Exchange of Hong Kong Limited on 9 June 2017.

During the year ended 31 December 2019, the Group did not pay any commission amount to consignees.

於代銷協議(經補充協議所補充及修訂)(「代銷協議」)訂立日期，由於本公司之主要股東江蘇宏圖高科技股份有限公司綜合計入宏圖三胞集團之經審核綜合帳目內，因此，根據上市規則，三胞集團為本公司之關連人士。宏圖三胞、美昔及樂語各自自由三胞集團控制，故此宏圖三胞、美昔及樂語各自為本公司之關連人士。因此，根據上市規則，代銷協議項下擬進行之交易構成本公司之關連交易。

有關代銷協議之條款及條件之詳情，請參閱本公司日期為二零一七年六月九日刊憲於香港聯合交易所有限公司網頁之公告。

截至二零一九年十二月三十一日止年度，本集團並無向承銷人支付任何佣金。

(B) Procurement Agreement

On 8 June 2017, 萬威電子科技(深圳)有限公司 (IDT Electronic Technology (Shenzhen) Company Limited*) ("IDT Shenzhen"), an indirectly whollyowned subsidiary of the Company, as buyer, entered into the framework product procurement agreement ("Procurement Agreement") with 湖南宏圖三胞科技發展有限公司 (Hunan Hongtu-Sanpower Science & Technology Development Co., Ltd.*) ("Hunan Sanpower") as seller in respect of the sale and purchase of PC products and related accessories ("PC Products"). Pursuant to the Procurement Agreement, IDT Shenzhen will procure the PC Products from Hunan Sanpower from time to time.

During the year ended 31 December 2019, the Group did not have any procurement from Hunan Sanpower.

(二) 採購協議

於二零一七年六月八日，本公司間接全資附屬公司，萬威電子科技(深圳)有限公司(「萬威深圳」)，作為買方就計算機用品及相關附件採購事宜(「計算機用品」)，與湖南宏圖三胞科技發展有限公司(「湖南三胞」)(作為賣方)簽署商品購銷框架協議(「採購協議」)。據此，萬威深圳將不時向湖南三胞採購計算機用品。

截至二零一九年十二月三十一日止年度，本集團並無向湖南三胞進行任何採購。

Directors' Report 董事會報告書

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or similar rights at 31 December 2019.

There was no issue or exercise of any convertible securities, options, warrants or similar rights of the Company during the year ended 31 December 2019.

REMUNERATION POLICY

Details of the Group's remuneration policy are set out in the section of "Management Discussion and Analysis" from pages 20 to 21 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code of Conduct for Securities Transactions by Directors (the "Code of Conduct for Securities Transactions"). This is on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, and has been updated from time to time.

Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions throughout the year ended 31 December 2019.

The board members have been reminded of their obligation to comply with the Model Code.

可轉換證券、購股權、認股權證或類似權利

本公司於二零一九年十二月三十一日概無任何尚未行使之可轉換證券、購股權、認股權證或類似權利。

截至二零一九年十二月三十一日止年度，本公司並無任何可轉換證券、購股權、認股權證或類似權利獲發行或行使。

薪酬政策

本集團之薪酬政策詳情載於本年報第20至21頁之「管理層討論及分析」一節。

證券交易之標準守則

本公司已採納一項董事證券交易之行為守則（「證券交易之行為守則」），其條款與上市規則附錄十所載之上市發行人董事進行證券交易之標準守則（「標準守則」）所規定之交易標準同樣嚴謹。

向全體董事作出特定查詢後，全體董事確認彼等已於截至二零一九年十二月三十一日止整個年度遵守標準守則及證券交易之行為守則所載之標準。

董事會成員獲提醒其有義務遵守標準守則。

Directors' Report 董事會報告書

CORPORATE GOVERNANCE

The Group's corporate governance principles and practices are set out in the Corporate Governance Report on pages 22 to 47 of this annual report.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float throughout the year ended 31 December 2019 as required under the Listing Rules.

REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. As at the date of this report, the audit committee comprises all three independent non-executive directors of the Company.

The audited financial results of the Group for the year ended 31 December 2019 have been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 34 to the consolidated financial statements.

企業管治

有關本集團所採納之企業管治原則及常規已列載於本年報第22頁至第47頁之企業管治報告書內。

購買、出售或贖回本公司之上市證券

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

優先購買權

本公司章程細則或百慕達法例並無有關本公司須按比例向現有股東發售新股份之優先購買權之規定。

足夠公眾持股量

於本報告書之日期，根據本公司獲得之公開資料及就董事所知悉，本公司於截至二零一九年十二月三十一日止年度內已維持上市規則所規定之公眾持股量。

審閱財務報表

本公司已成立審核委員會，以審閱及監察本集團之財務申報程序及內部監控。於本報告書之日期，審核委員會由本公司全體三名獨立非執行董事組成。

本集團於截至二零一九年十二月三十一日止年度的經審核財務業績已經審核委員會審閱。

報告期後事項

報告期後事項之詳情載於綜合財務報表附註第34項。

Directors' Report 董事會報告書

AUDITOR

Deloitte Touche Tohmatsu resigned as the auditor of the Company with effect from 10 June 2019 and Mazars CPA Limited has been appointed as the new auditor of the Company with effect from 27 September 2019 for the year ended 31 December 2019 to fill the casual vacancy and to hold office until the conclusion of the next annual general meeting. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditor of the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director.

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

On behalf of the Board

Zhu Yongning

Executive Director (Chief Executive Officer)

11 June 2020

Hong Kong

核數師

德勤•關黃陳方會計師行由二零一九年六月十日起辭任本公司核數師，而中審眾環(香港)會計師事務所有限公司由二零一九年九月二十七日起獲委任為本公司截至二零一九年十二月三十一日止年度之新核數師，以填補臨時空缺並任職至下屆股東週年大會結束為止。一項有關續聘中審眾環(香港)會計師事務所有限公司為本公司核數師之決議案將於本公司應屆股東週年大會上予以提呈。

獲批准的補償條文

根據本公司的細則，全體董事均有權因其作為董事而就其產生或蒙受的一切虧損或負債自本公司資產中獲得補償。

本公司已於整個年度為本集團董事及高級管理人員安排適當保險保障。

代表董事會

朱永寧

執行董事(行政總裁)

二零二零年六月十一日

香港

* For identification purpose only

Independent Auditor's Report 獨立核數師報告



MAZARS CPA LIMITED

中審眾環(香港)會計師事務所有限公司

42nd Floor, Central Plaza,

18 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道18號中環廣場42樓

Tel 電話：(852) 2909 5555

Fax 傳真：(852) 2810 0032

Email 電郵：info@mazars.hk

Website 網址：www.mazars.hk

TO THE MEMBERS OF IDT INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of IDT International Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 96 to 199, which comprise the consolidated statement of financial position 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 financial position of the Group at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

致：萬威國際有限公司全體股東

(於百慕達註冊成立之有限公司)

意見

我們已審計列載於第96至199頁的萬威國際有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此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財務狀況，以及截至該日止年度的財務表現及現金流量，並已遵照香港《公司條例》之披露要求妥為編製。

意見之基礎

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「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(「守則」)，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 Auditor's Report

獨立核數師報告

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the "Going concern" section in note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group reported a loss attributable to the owners of the Company of approximately HK\$83.1 million for the year ended 31 December 2019 and, as at 31 December 2019, the Group had net current liabilities and net liabilities of approximately HK\$145.1 million and approximately HK\$125.1 million, respectively. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

有關持續經營之重大不明朗因素

我們提請閣下垂注綜合財務報表附註第2項「持續經營」部分有關編製綜合財務報表所採納的持續經營基準。貴集團匯報截至二零一九年十二月三十一日止年度，貴公司擁有人應佔虧損約港幣83.1百萬元，且貴集團於二零一九年十二月三十一日分別負有流動負債淨額及負債淨額約港幣145.1百萬元及約港幣125.1百萬元。此等情況（連同綜合財務報表附註第2項所載列之其他事項）顯示存有重大不明朗因素，可能對貴集團持續經營能力構成疑問。貴公司董事經考慮貴集團所採取的措施後認為，貴集團會有持續經營能力。我們對此事項之意見不經保留。

關鍵審計事項

關鍵審計事項是指根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。該等事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對該等事項提供單獨的意見。除「有關持續經營之重大不明朗因素」部分所述事項外，我們釐定下文所述事項為本報告應予傳達之關鍵審計事項。

Independent Auditor's Report

獨立核數師報告

Key Audit Matter 關鍵審計事項

How our audit addressed the Key Audit Matter 我們的審計如何對關鍵審計事項進行處理

Impairment assessment on property, plant and equipment 物業、機器及設備之減值評估

Refer to notes 5 and 14 to the consolidated financial statements
請參閱綜合財務報表附註第5項及第14項

At 31 December 2019, the carrying amounts of property, plant and equipment amounted to approximately HK\$11.8 million, which represented about 59.0% of the total non-current assets of the Group. 於二零一九年三月三十一日，物業、機器及設備的賬面值約為港幣11.8百萬元，佔 貴集團非流動資產總值約59.0%。

Management performed an impairment assessment with reference to a valuation performed by an independent professional valuer by using the fair value less cost of disposal model and compared the carrying amount of the property, plant and equipment to determine the amount of impairment which should be recognised for the year. The determination of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If no second hand prices are available, the fair value less costs to disposal is determined using depreciated replacement cost approach that requires an estimation of new replacement cost of the assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation. Based on the results of the impairment assessment, management concluded that the recoverable amounts of the property, plant and equipment was higher than their carrying amounts and therefore no impairment was required.

管理層經參考獨立專業估值師透過採用公平值減出售成本模型進行的估值而作出減值評估，並與物業、機器及設備之賬面值比較，以釐定年度應確認減值金額。釐定公平值減出售成本乃根據來自對類似資產進行公平且具約束力銷售交易之可查閱數據或可觀察市價，減除出售有關資產之遞增成本。倘並無轉售價格可供查閱，則公平值減出售成本乃採用折舊重置成本法而釐定，該方法需估計有關資產之重置成本，再從中作出扣減，以計及老化及所有形式的陳舊及優化。根據減值評估結果，管理層得出結論認為，物業、機器及設備之可收回金額較其賬面值高，因此毋須計提減值。

We identified the impairment assessment on property, plant and equipment as a key audit matter because of the significance of the balance and the fair value calculations, in particular the use of significant unobservable inputs, involved subjective judgements and assumptions. 我們將物業、機器及設備之減值評估識別為一項關鍵審計事項，原因為結餘屬大額，且計算公平值(尤其是採用重大不可觀察輸入數據)涉及主觀判斷及假設。

Our key procedures in relation to the impairment assessment on property, plant and equipment included:
我們就物業、機器及設備之減值評估的關鍵步驟包括：

- assessing the competence, objectivity and capabilities of the independent professional valuer;
- 評核獨立專業估值師之勝任能力、客觀程度及專業能力；
- assessing the appropriateness of the methodologies used;
- 評核所使用方法是否適當；
- challenging the reasonableness of the key assumptions and critical judgement areas underpinning the fair value calculations;
- 質疑支持公平值計算之關鍵假設及重大判斷方面是否合理；
- checking arithmetical accuracy and relevance of the input data used; and
- 檢核計算所使用輸入數據的數字是否準確及相關；及
- considering the adequacy of the Group's disclosure in respect of the impairment assessment.
- 考慮 貴集團就減值評估之披露是否充足。

Independent Auditor's Report

獨立核數師報告

Key Audit Matter 關鍵審計事項

How our audit addressed the Key Audit Matter 我們的審計如何對關鍵審計事項進行處理

Valuation of inventories 存貨之估值

Refer to notes 5 and 18 to the consolidated financial statements
請參閱綜合財務報表附註第5項及第18項

During the year ended 31 December 2019, there was a decrease in the net realisable value of certain raw materials and finished goods due to obsolescence and diminishing marketability as a result of changes in the market condition and technology. As a result, a write-down of inventories amounted to approximately HK\$18.1 million was recognised in profit or loss for the year. At 31 December 2019, the carrying amount (net of allowance of inventories of approximately HK\$49.6 million) of inventories amounted to approximately HK\$16.8 million, which represented about 20.5% of the total current assets of the Group.

截至二零一九年十二月三十一日止年度，由於市況及技術變動導致存貨陳舊及可銷售程度逐步減少，若干原料及製成品之可變現淨值有所減少。因此，年度於損益確認存貨撇減約港幣18.1百萬元。於二零一九年十二月三十一日，存貨之賬面值約為港幣16.8百萬元(扣除存貨撥備約港幣49.6百萬元)，佔貴集團流動資產總值約20.5%。

We identified the valuation of inventories as a key audit matter due to the significance of the balance; and the use of judgements and estimates by management in identifying obsolete and slow-moving inventories and estimating the allowance for inventories.

我們將存貨之估值識別為一項關鍵審計事項，原因為結餘屬大額；且管理層於識別陳舊及呆滯存貨和估計存貨撥備時採用判斷及估計。

Our key procedures in relation to the valuation of inventories included:

我們就投資物業估值的關鍵步驟包括：

- obtaining an understanding of how allowance on obsolete and slow-moving inventories is identified and estimated by management;
- 瞭解管理層如何識別及估計陳舊及呆滯存貨之撥備；
- testing the ageing analysis of the inventories, on a sample basis, to the source documents;
- 抽樣測試將存貨賬齡分析追溯至來源文件；
- discussing with management on the basis of determining the net realisable value and evaluating and assessing the condition and marketability of the inventories, on a sample basis; and
- 與管理層討論釐定可變現淨之基準，並抽樣評估及評核存貨狀況及是否適合於市場出售；及
- assessing the sufficiency of allowance on obsolete and slow-moving inventories made by management where the estimated net realisable value is lower than the cost with reference to the latest selling price, on a sample basis.
- 經參考最新售價，抽樣評核管理層對估計可變現淨值低於成本之陳舊及呆滯存貨計提之撥備是否充足。

Independent Auditor's Report

獨立核數師報告

Key Audit Matter 關鍵審計事項

How our audit addressed the Key Audit Matter 我們的審計如何對關鍵審計事項進行處理

Recoverability of trade receivables

應收賬款之可收回程度

Refer to notes 5, 19 and 28 to the consolidated financial statements
請參閱綜合財務報表附註第5項、第19項及第28項

At 31 December 2019, the Group's trade receivables (net of loss allowance for expected credit losses ("ECL") of approximately HK\$14.2 million) amounted to approximately HK\$28.8 million, which represented about 35.2% of the total current assets of the Group.

於二零一九年十二月三十一日，貴集團之應收賬款約為港幣28.8百萬元(扣除預期信貸虧損(「預期信貸虧損」)之虧損撥備約港幣14.2百萬元)，佔貴集團流動資產總值約35.2%。

The Group applied the simplified approach to calculate the ECL which is based on lifetime ECL at each reporting date. Specific factors that management considered in the estimation of the ECL included the type of customers, ageing of the balances, historical default rates, recent historical payment patterns, existence of disputes and forward-looking information.

貴集團採用簡化方法計算預期信貸虧損，該方法乃根據於每個報告日期之全期預期信貸虧損。管理層於估計預期信貸虧損時所考慮的具體因素包括客戶類型、結餘賬齡、過往違約率、近期過往付款習慣、是否存在糾紛及前瞻性資料。

We identified the recoverability of trade receivables as a key audit matter because of the significance of the balance. Furthermore, a high level of management judgement is required in assessing the loss allowance for ECL on trade receivables.

我們將應收賬款之可收回程度識別為一項關鍵審計事項，原因為結餘屬大額。此外，管理層需要運用高度判斷以評估應收賬款預期信貸虧損之虧損撥備。

Our key procedures in relation to the recoverability of trade receivables included:

我們就應收賬款之可收回程度的關鍵步驟包括：

- obtaining an understanding of the Group's credit risk management and practices and assessing the Group's ECL policy in accordance with the requirements of applicable accounting standards;
- 瞭解貴集團之信貸風險管理及常規，並根據適用會計準則評核貴集團之預期信貸虧損政策；
- assessing the reasonableness of ECL recognised by examining the information used by management to form such judgements, such as checking the accuracy of the ageing categories of trade receivables against relevant delivery notes, sales invoices and sales contracts, on a sample basis;
- 透過審查管理層用於達致有關判斷之資料評核所確認預期信貸虧損是否合理，例如根據相關送貨單、銷售發票及銷售合約抽樣檢核應收賬款賬齡類別之準確程度；
- for individually assessed ECL, assessing the estimated loss rates with reference to the individual customers' historical observed default rates and checking the settlement history and changes in the forward-looking information;
- 對於獲個別評估之預期信貸虧損，經參考個別客戶之過往所觀察違約率評核估計虧損率，並檢核結算記錄及前瞻性資料變動；
- testing subsequent settlements of trade receivables to bank remittance, on a sample basis; and
- 抽樣測試應收賬款其後結算與銀行匯款對賬；及
- checking the calculation of ECL based on the methodology adopted by the Group and adequacy of the Group's disclosures in relation to credit risk of the Group in the consolidated financial statements.
- 檢核根據貴集團採用方法計算的預期信貸虧損，以及綜合財務報表內貴集團就其所面臨的信貸風險之披露是否充足。

Independent Auditor's Report 獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2019 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括刊載於 貴公司二零一九年年報內的信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

治理層須負責監督 貴集團的財務報告過程。

Independent Auditor's Report 獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

核數師就審計綜合財務報表承擔的責任

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。根據百慕達一九八一年公司法第90條，我們僅向全體股東作出報告，除此之外，我們的報告不可用作其他用途。我們並不就我們報告之內容對任何其他人士承擔任何責任或接受任何義務。

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必會發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯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，以及獲取充足和適當的審計憑證，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，或凌駕內部控制，因此未能發現因欺詐而導致的重大錯誤陳述的風險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程度發表意見。
- 評價貴公司董事所採用會計政策的是否恰當及作出會計估計和相關披露是否合理。

Independent Auditor's Report

獨立核數師報告

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對 貴公司董事採用持續經營會計基礎的恰當性作出結論，並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明朗因素，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不明朗因素，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露，或假若有關的披露不足，則發表非無保留意見。我們的結論是基於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。
- 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交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

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

除其他事項外，我們與治理層溝通計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們亦向治理層提交聲明，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項，以及在適用的情況下，相關的防範措施。

Independent Auditor's Report 獨立核數師報告

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and 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.

Mazars CPA Limited*Certified Public Accountants*

Hong Kong, 11 June 2020

The engagement director on the audit resulting in this independent auditor's report is:

She Shing Pang

Practising Certificate number: P05510

從與治理層溝通的事項中，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。

中審眾環(香港)會計師事務所有限公司*執業會計師*

香港，二零二零年六月十一日

出具本獨立核數師報告的審計項目董事是：

余勝鵬

執業證書編號：P05510

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

		NOTES 附註	2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元 (Restated) (經重列)
Revenue	收益	6	270.4	433.2
Cost of goods sold	銷售成本		(239.9)	(404.3)
Gross profit	毛利		30.5	28.9
Other income	其他收入	7	16.4	15.7
Other losses, net	其他虧損，淨額	7	(7.7)	(11.5)
Reversal (Charge) of loss allowance on trade receivables	撥回(扣除)應收賬款虧損撥備	8	7.7	(10.3)
Impairment loss on goodwill	商譽減值虧損	17	–	(33.8)
Research expenses	研究開支		(29.1)	(39.2)
Distribution and selling expenses	分銷及銷售開支		(34.6)	(84.4)
General administrative expenses	一般行政開支		(61.2)	(65.5)
Finance costs	融資成本	9	(5.1)	(3.2)
Loss before taxation	除稅前虧損	9	(83.1)	(203.3)
Taxation	稅項	12	–	(12.3)
Loss for the year	本年度虧損		(83.1)	(215.6)
Other comprehensive income (loss):	其他全面收益(虧損):			
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可能會重新分類至損益賬的項目:</i>			
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額		1.0	(5.9)
Total comprehensive loss for the year	本年度全面虧損總額		(82.1)	(221.5)
Loss for the year attributable to:	以下各項應佔本年度虧損:			
– Owners of the Company	– 本公司擁有人		(83.1)	(215.6)
– Non-controlling interests	– 非控股權益		–	–
			(83.1)	(215.6)
Total comprehensive loss for the year attributable to:	以下各項應佔本年度全面虧損總額:			
– Owners of the Company	– 本公司擁有人		(82.1)	(221.5)
– Non-controlling interests	– 非控股權益		–	–
			(82.1)	(221.5)
Loss per share	每股虧損			
– Basic and diluted (HK cents)	– 基本及攤薄(港仙)	13	(3.20)	(8.29)

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2019

於二零一九年十二月三十一日

		NOTES	2019	2018
		附註	二零一九年	二零一八年
			HK\$ million	HK\$ million
			港幣百萬元	港幣百萬元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	14	11.8	27.6
Right-of-use assets	使用權資產	15	4.8	–
Intangible assets	無形資產	16	–	2.6
Goodwill	商譽	17	–	–
Rental deposits	租金按金		3.4	6.5
Prepaid rental	預付租金		–	0.1
			20.0	36.8
Current assets	流動資產			
Inventories	存貨	18	16.8	74.8
Trade and other receivables	應收賬款及其他應收款項	19	47.1	81.3
Bank balances and cash	銀行結餘及現金	20	18.0	22.3
			81.9	178.4
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款項	21	78.7	117.8
Lease liabilities	租賃負債	15	5.0	–
Tax payable	應付稅款		11.8	12.3
Borrowing	借款	22	39.2	37.4
Contract liabilities	合約負債	23	23.3	58.2
Loan from a shareholder	股東貸款	24	69.0	–
			227.0	225.7
Net current liabilities	流動負債淨值		(145.1)	(47.3)
Non-current liabilities	非流動負債			
Loan from a shareholder	股東貸款	24	–	32.5
NET LIABILITIES	負債淨值		(125.1)	(43.0)

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2019

於二零一九年十二月三十一日

		NOTES 附註	2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Capital and reserves	股本及儲備			
Share capital	股本	25	260.0	260.0
Reserves	儲備		(385.2)	(303.1)
Equity attributable to owners of the Company	本公司擁有人應佔權益		(125.2)	(43.1)
Non-controlling interests	非控股權益		0.1	0.1
NET DEFICIT	虧絀淨額		(125.1)	(43.0)

The consolidated financial statements on pages 96 to 199 were approved and authorised for issue by the Board of Directors on 11 June 2020 and signed on its behalf by

第96頁至第199頁之綜合財務報表已於二零二零年六月十一日獲董事會批准及授權發行，並由下列人士代表簽署

Zhu Yongning
Director

Zhou Rui
Director

朱永寧
董事

周銳
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

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

Attributable to owners of the Company
本公司擁有人所佔

		Share capital	Share premium	Other reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
		股本	股份溢價	其他儲備	貨幣換算儲備	累計虧損	小計	非控股權益	總計
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
			(Note (a))	(Note (b))	(Note (c))				
			(附註(a))	(附註(b))	(附註(c))				
At 1 January 2018	於二零一八年一月一日	260.0	165.0	32.5	(96.9)	(182.2)	178.4	0.1	178.5
Loss for the year	本年度虧損	-	-	-	-	(215.6)	(215.6)	-	(215.6)
Other comprehensive loss:	其他全面虧損：								
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額	-	-	-	(5.9)	-	(5.9)	-	(5.9)
Total comprehensive loss for the year	本年度全面虧損總額	-	-	-	(5.9)	(215.6)	(221.5)	-	(221.5)
At 31 December 2018	於二零一八年十二月三十一日	260.0	165.0	32.5	(102.8)	(397.8)	(43.1)	0.1	(43.0)
At 1 January 2019	於二零一九年一月一日	260.0	165.0	32.5	(102.8)	(397.8)	(43.1)	0.1	(43.0)
Loss for the year	本年度虧損	-	-	-	-	(83.1)	(83.1)	-	(83.1)
Other comprehensive income:	其他全面收益：								
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額	-	-	-	1.0	-	1.0	-	1.0
Total comprehensive loss for the year	本年度全面虧損總額	-	-	-	1.0	(83.1)	(82.1)	-	(82.1)
At 31 December 2019	於二零一九年十二月三十一日	260.0	165.0	32.5	(101.8)	(480.9)	(125.2)	0.1	(125.1)

Notes:

附註：

- (a) The application of share premium is governed by Section 40 of the Bermuda Companies Act 1981. (a) 股份溢價之應用受百慕達一九八一年《公司法》第40條規管。
- (b) Other reserve has been set up and is dealt with in accordance with the accounting policies adopted for changes in the Group's ownership interest in its subsidiaries which do not result in a loss of control as set out in "Basis of consolidation" under note 4. (b) 其他儲備乃根據對本集團於附屬公司之所有權權益變動而並不導致失去控制權所採納之會計政策(如附註第4項下「綜合基準」所載列)設立及處理。
- (c) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. (c) 貨幣換算儲備包括換算海外業務財務報表產生之所有匯兌差額。

Consolidated Statement of Cash Flows

綜合現金流量表

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

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
OPERATING ACTIVITIES	經營活動		
Loss before taxation	除稅前虧損	(83.1)	(203.3)
Adjustments for:	調整：		
Interest income	利息收入	–	(0.2)
Finance costs	融資成本	5.1	3.2
Depreciation of property, plant and equipment	物業、機器及設備折舊	12.6	14.5
Depreciation of right-of-use assets	使用權資產折舊	20.3	–
Impairment loss on goodwill	商譽減值虧損	–	33.8
Impairment loss on advances to suppliers	預付供應商款項之減值虧損	4.0	–
(Reversal) Charge of loss allowance on trade receivables	(撥回)扣除應收賬款虧損撥備	(7.7)	10.3
Amortisation of intangible assets	無形資產之攤銷	0.5	0.7
Amortisation of prepaid rental	預付租金之攤銷	0.1	1.5
Loss on disposals of property, plant and equipment	出售物業、機器及設備之虧損	4.2	5.0
Loss on disposals of intangible assets	出售無形資產之虧損	2.1	–
Write-down of inventories	存貨撇減	18.1	34.6
Exchange differences	匯兌差額	(0.2)	(6.0)
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	(24.0)	(105.9)
Decrease in rental deposits	租金按金減少	3.1	0.2
Decrease in inventories	存貨減少	39.9	21.0
Decrease in trade and other receivables	應收賬款及其他應收款項減少	37.9	69.8
Decrease in trade and other payables	應付賬款及其他應付款項減少	(47.7)	(34.2)
(Decrease) Increase in contract liabilities	合約負債(減少)增加	(26.3)	15.6
Cash used in operations	營運所用現金	(17.1)	(33.5)
Tax refund	退稅	–	0.1
Net cash used in operating activities	經營活動所用現金淨額	(17.1)	(33.4)

Consolidated Statement of Cash Flows

綜合現金流量表

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

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
INVESTING ACTIVITIES	投資活動		
Interest received	已收利息	–	0.2
Purchase of property, plant and equipment	購置物業、機器及設備	(1.0)	(14.5)
Net cash used in investing activities	投資活動所用現金淨額	(1.0)	(14.3)
FINANCING ACTIVITIES	融資活動		
Proceeds of loan from a shareholder	股東貸款所得款項	36.5	32.5
Repayment of lease liabilities	償還租賃負債	(21.4)	–
Interest paid	已付利息	(0.9)	(0.1)
Net cash from financing activities	融資活動所得現金淨額	14.2	32.4
Net decrease in cash and cash equivalents	現金及等同現金項目之減少淨額	(3.9)	(15.3)
Cash and cash equivalents at beginning of the year	年初之現金及等同現金項目	22.3	37.2
Effects of foreign exchange rate changes	外匯匯率變動影響	(0.4)	0.4
Cash and cash equivalents at end of the year, representing bank balances and cash	年終之現金及等同現金項目， 為銀行結餘及現金	18.0	22.3

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

IDT International Limited (the “Company”, together with its subsidiaries are collectively referred to as the “Group”) was incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company is located at Block C, 9th Floor, Phase I, Kaiser Estate, 41 Man Yue Street, Hung Hom, Kowloon, Hong Kong.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the design, development, manufacture, sales and marketing of various consumer electronic products.

2. BASIS OF PRESENTATION

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of the Company. All amounts have been rounded to the nearest hundred thousand.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2018 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as set out in note 3 to the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out in note 4 to the consolidated financial statements.

1. 一般事項

萬威國際有限公司(「本公司」，連同其附屬公司統稱「本集團」)乃於百慕達註冊成立之獲豁免有限公司，其股份在香港聯合交易所有限公司(「聯交所」)主板上市。本公司註冊辦事處及主要營業地點位於香港九龍紅磡民裕街41號凱旋工商中心1期9樓C座。

本公司乃一間投資控股公司。各附屬公司之主要業務為設計、開發、製造、銷售及推廣多種電子消費產品。

2. 呈列基準

編製基準

本綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」，包括所有適用香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港《公司條例》之披露規定編製。本綜合財務報表亦遵守聯交所證券上市規則(「上市規則」)之適用披露規定。

本綜合財務報表以本公司之功能貨幣港幣(「港幣」)呈列。所有金額均已四舍五入至最接近百萬位數。

本綜合財務報表以與二零一八年綜合財務報表所採用之會計政策一致基準編製，惟採用本綜合財務報表附註第3項所載列對本集團相關且於本年度起生效之新訂／經修訂香港財務報告準則除外。

有關本集團所採用之主要會計政策載列於本綜合財務報表附註第4項。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

2. BASIS OF PRESENTATION (continued)

Going concern

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK\$145.1 million at 31 December 2019, the Group's total liabilities exceeded its total assets by approximately HK\$125.1 million as of that date, and that the Group incurred a loss of approximately HK\$83.1 million for the year then ended.

The directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of the consolidated financial statements, after taking into consideration of the following:

1. China Huaneng Foundation Construction Investment Limited ("Huaneng"), the largest shareholder of the Company and its controlling shareholder, has committed and has proved its ability to provide continuous financial support to the Group as is necessary to enable the Group to meet its day-to-day operations and its financial obligations as they fall due. Huaneng had further made a net advancements of approximately HK\$78.1 million subsequent to 31 December 2019 and up to the date of approval of the consolidated financial statements;
2. Huaneng has undertaken that the repayment of its loan to the Group of approximately HK\$69.0 million at 31 December 2019 will not be requested within twelve months from the date of approval of the consolidated financial statements, unless the Group has obtained funding from other sources and is in a position to meet all repayment obligations at that time;
3. the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future;

2. 呈列基準(續)

持續經營

鑒於於二零一九年十二月三十一日，本集團的流動負債超出其流動資產約港幣145.1百萬元，截至該日本集團的總負債超出總資產約港幣125.1百萬元及本集團截至該日止年度產生虧損約港幣83.1百萬元，故在擬備綜合財務報表時，本公司董事已仔細考慮本集團的未來資金流動。

經考慮以下各項，本公司董事認為，本集團將擁有足夠的營運資金為其運營撥付資金及履行其自批准該等綜合財務報表日期起未來至少12個月的財務責任：

1. 本公司最大股東中國華能基礎建設投資有限公司(「華能」)及其控股股東已承諾並證明其有能力於必要時為本集團提供持續財務支持，以確保本集團能夠進行日常營運及履行到期的財務責任。於二零一九年十二月三十一日後及截至本綜合財務報表獲批准日期，華能已進一步作出約港幣78.1百萬元的墊款淨額；
2. 華能已承諾將不會自本綜合財務報表獲批准日期起12個月內要求償還於二零一九年十二月三十一日約為港幣69.0百萬元之向本集團貸款，除非本集團已從其他來源獲取資金，並於當時處於可履行一切還款責任的狀況；
3. 本集團繼續透過實施措施收緊對若干經營開支的成本控制改善經營效率，以提升盈利能力及改善未來經營所得現金流量；

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

2. BASIS OF PRESENTATION (continued)

Going concern (continued)

4. upon the expiry of the borrowing from a financial institution on 8 December 2017, the Group was negotiating with the financial institution for the renewal of the outstanding borrowing with interest payable amounted to approximately HK\$39.2 million at 31 December 2019. On 27 March 2020, the Group had successfully renewed the outstanding borrowing and interest payables with new maturity date on 31 March 2026, details of the borrowing are set out in note 22 to the consolidated financial statements; and
5. the Group is actively exploring the availability of alternative source of financing.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the directors of the Company are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The directors of the Company believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

However, should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Company's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

2. 呈列基準(續)

持續經營(續)

4. 自一間金融機構之借款於二零一七年十二月八日屆滿後，本集團與該金融機構磋商重續於二零一九年十二月三十一日約為港幣39.2百萬元之未償還借款及應付利息。於二零二零年三月二十七日，本集團成功重續未償還借款及應付利息，新到期日為二零二六年三月三十一日。有關借款之詳情載於本綜合財務報表附註第22項；及
5. 本集團正積極探討其他融資來源。

經考慮本集團現金流預測(按假設上述措施成功而編製)，本公司董事認為，鑒於至今所採取措施，連同其他實施中措施之預期結果，本集團將有充足資金資源滿足其未來營運資金及其他融資需求。本公司董事認為，根據本集團管理層不懈努力，上述措施將獲成功實施。

然而，倘上述措施無法成功實施，則本集團可能沒有足夠的資金持續經營，在該情況下，可能須將本公司資產之賬面值調整至可收回金額，將非流動資產及非流動負債分別重新分類為流動資產及流動負債以及就可能產生之任何額外負債計提撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. APPLICATION OF NEW/REVISED HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Annual Improvements Project – 2015–2017 Cycle

HKAS 23: Borrowing costs eligible for capitalisation

The amendments clarify that (a) if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the funds an entity borrows generally and (b) funds borrowed specifically to obtain an asset other than a qualifying asset are included as part of general borrowings.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

HK(IFRIC)-Int 23: Uncertainty over Income Tax Treatments

HK(IFRIC)-Int 23 supports the requirements in HKAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes.

The adoption of the HK(IFRIC)-Int 23 does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 19: Employee Benefits

The amendments require the use of updated assumptions to determine current service cost and net interest for the remainder of the reporting period after a change is made to a plan.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

3. 新訂／經修訂香港財務報告準則之應用

本集團已首次應用以下適用於本集團的新訂／經修訂香港財務報告準則：

年度改進項目 – 二零一五年至二零一七年週期

香港會計準則第23號：合資格資本化之借款成本

有關修訂澄清，(a)倘一項具體借款於相關合資格資產已準備投入擬定用途或出售後仍未清償，則其將成為主體一般借入款項之一部分及(b)特定為獲取合資格資產以外的一項資產而借入的款項計入一般借款之一部分。

採納有關修訂並無對綜合財務報表造成任何重大影響。

香港(國際財務報告詮釋委員會)－詮釋23：所得稅處理之不確定因素

香港(國際財務報告詮釋委員會)－詮釋23支持香港會計準則第12號所得稅之規定，指明如何於所得稅會計處理反映不確定因素之影響。

採納香港(國際財務報告詮釋委員會)－詮釋23並無對綜合財務報表造成任何重大影響。

香港會計準則第19號：僱員福利之修訂

有關修訂規定對一項計劃作出更改後使用最新假設以釐定現時服務成本及餘下報告期之權益淨額。

採納有關修訂並無對綜合財務報表造成任何重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. APPLICATION OF NEW/REVISED HKFRSs (continued)

HKFRS 16: Leases

HKFRS 16 replaces HKAS 17 and related Interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 January 2019 (i.e. the date of initial application, the "DIA") using the modified retrospective approach in which comparative information has not been restated.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

3. 新訂／經修訂香港財務報告準則之應用(續)

香港財務報告準則第16號：租賃

香港財務報告準則第16號自二零一九年一月一日或之後開始之年度期間取代香港會計準則第17號及相關詮釋。其對(其中包括)承租人之會計方法造成重大變動，以單一模型取代香港會計準則第17號下之雙重模型。該單一模型規定除非相關資產為低價值資產，否則承租人須就因年期超過12個月之所有租賃而產生之權利及責任確認使用權資產及租賃負債。就出租人會計處理而言，香港財務報告準則第16號大致繼承香港會計準則第17號之出租人會計法規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並且對兩類租賃進行不同之會計處理。香港財務報告準則第16號亦規定承租人及出租人提供更詳盡披露資料。

根據過渡性條文，本集團於二零一九年一月一日(即首次應用日期(「首次應用日期」))使用經修訂追溯法首次應用香港財務報告準則第16號，當中並無重列比較資料。

本集團亦選用過渡權宜安排不就合約於首次應用日期是否屬或包含租賃進行重新評估，且本集團僅對先前獲識別為應用香港會計準則第17號之租賃的合約及對於首次應用日期或其後訂立或更改且獲識別為應用香港財務報告準則第16號之租賃的合約應用香港財務報告準則第16號。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. APPLICATION OF NEW/REVISED HKFRSs (continued)

HKFRS 16: Leases (continued)

As lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transition provisions of HKFRS 16 and the Group's accounting policies applicable from the DIA.

As lessee – leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis.

- (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (b) adjusted the right-of-use assets at the DIA by the provision for onerous leases recognised immediately before the DIA by applying HKAS 37, as an alternative to performing an impairment review at the DIA.
- (c) did not recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the DIA.
- (d) excluded initial direct costs from the measurement of the right-of-use assets at the DIA.
- (e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

3. 新訂／經修訂香港財務報告準則之應用(續)

香港財務報告準則第16號：租賃(續)

作為承租人

於採納香港財務報告準則第16號前，租賃合約根據本集團於首次應用日期前適用之會計政策分類為經營租賃或融資租賃。

於採納香港財務報告準則第16號後，本集團根據香港財務報告準則第16號之過渡性條文及本集團自首次應用日期起適用之會計政策將租賃入賬。

作為承租人－過往分類為經營租賃之租賃

本集團於首次應用日期確認過往分類為經營租賃的租賃之使用權資產及租賃負債，惟相關資產為低價值之租賃除外，並按個別租賃基準應用以下權宜安排。

- (a) 對具有合理相似特徵之租賃組合使用單一貼現率。
- (b) 通過應用香港會計準則第37號對緊接首次應用日期前確認之繁重租賃作出撥備，並於首次應用日期調整使用權資產，作為於首次應用日期進行減值審閱之替代方式。
- (c) 對租期於首次應用日期起計12個月內結束之租賃不會確認使用權資產及租賃負債。
- (d) 撇除於首次應用日期計量使用權資產產生之初步直接成本。
- (e) 倘合約包含延長或終止租賃之選擇權，則於事後釐定期。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. APPLICATION OF NEW/REVISED HKFRSs (continued)

HKFRS 16: Leases (continued)

As lessee (continued)

As lessee – leases previously classified as operating leases (continued)

At the DIA, right-of-use assets were, on a lease-by-lease basis, measured at either:

- their carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the DIA; or
- an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied to the lease liabilities at the DIA is 8%.

Reconciliation of operating lease commitments disclosed applying HKAS 17 at 31 December 2018 and lease liabilities recognised at the DIA is as follows.

		HK\$ million 港幣百萬元
Operating lease commitments at 31 December 2018	於二零一八年十二月三十一日之經營租賃承擔	28.9
Discounted using the lessee's incremental borrowing rate at the DIA	於首次應用日期使用承租人增量借款利率貼現	25.3
Less:	減：	
Short-term leases with remaining lease term ending on or before 31 December 2019	餘下租期於二零一九年十二月三十一日或之前結束之短期租賃	(0.2)
Lease liabilities at 1 January 2019	於二零一九年一月一日之租賃負債	25.1

3. 新訂／經修訂香港財務報告準則之應用(續)

香港財務報告準則第16號：租賃(續)

作為承租人(續)

作為承租人－過往分類為經營租賃之租賃(續)

於首次應用日期，使用權資產按個別租賃基準使用以下方式計量：

- 其賬面值(猶如香港財務報告準則第16號已自開始日期起應用)，惟採用承租人於首次應用日期之增量借款利率進行貼現；或
- 相等於租賃負債之金額，並根據與緊接首次應用日期前確認之租賃有關之任何預付或應計租賃付款金額作出調整。

租賃負債按餘下租賃款項現值計量，於首次應用日期使用承租人增量借款利率貼現。於首次應用日期應用於租賃負債之加權平均增量借款利率為8%。

於二零一八年十二月三十一日應用香港會計準則第17號披露之經營租賃承擔與於首次應用日期確認之租賃負債之對賬如下。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. APPLICATION OF NEW/REVISED HKFRSs (continued)

HKFRS 16: Leases (continued)

As lessee (continued)

As lessee – leases previously classified as operating leases (continued)

At the DIA, right-of-use assets were presented within the line item “Right-of-use assets” on the consolidated statement of financial position. Besides, lease liabilities were shown separately on the consolidated statement of financial position.

As a result, adjustments were made at the DIA to reflect the changes in presentation:

3. 新訂／經修訂香港財務報告準則之應用(續)

香港財務報告準則第16號：租賃(續)

作為承租人(續)

作為承租人－過往分類為經營租賃之租賃(續)

於首次應用日期，使用權資產乃呈列於綜合財務狀況表中的「使用權資產」項目內。此外，租賃負債於綜合財務狀況表獨立呈列。

因此，於首次應用日期作出調整以反映呈列之變動：

		31 December 2018 二零一八年 十二月三十一日 HK\$ million 港幣百萬元	Adjustments 調整 HK\$ million 港幣百萬元	1 January 2019 二零一九年 一月一日 HK\$ million 港幣百萬元
Non-current assets	非流動資產			
Right-of-use assets	使用權資產	–	25.1	25.1
Current liabilities	流動負債			
Lease liabilities	租賃負債	–	(20.1)	(20.1)
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	–	(5.0)	(5.0)
		–	–	–

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

3. APPLICATION OF NEW/REVISED HKFRSs (continued)

Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKASs 1 and 8	<i>Definition of Material</i> ¹
Amendments to HKAS 39, HKFRSs 7 and 9	<i>Interest Rate Benchmark Reform</i> ¹
Amendments to HKFRS 3	<i>Definition of a Business</i> ²
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> ³
HKFRS 17	<i>Insurance Contracts</i> ⁴
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁵

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

² Effective for acquisitions that occur on or after the beginning of the first annual period beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 June 2020

⁴ Effective for annual periods beginning on or after 1 January 2021

⁵ The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results and financial position of the Group.

3. 新訂／經修訂香港財務報告準則之應用(續)

香港財務報告準則之未來變動

於本綜合財務報表獲授權日期，本集團並無提早採納香港會計師公會已頒佈但於本年度尚未生效之下列新訂／經修訂香港財務報告準則。

香港會計準則第1號	<i>重大之定義</i> ¹
及第8號(修訂本)	
香港會計準則第39號、香港財務報告準則第7號及第9號(修訂本)	<i>利率基準改革</i> ¹
香港財務報告準則第3號(修訂本)	<i>業務之定義</i> ²
香港財務報告準則第16號(修訂本)	<i>與Covid-19相關的租金優惠</i> ³
香港財務報告準則第17號	<i>保險合約</i> ⁴
香港財務報告準則第10號及香港會計準則第28號(修訂本)	<i>投資者與其聯營公司或合營企業之間之資產出售或投入</i> ⁵

¹ 於二零二零年一月一日或之後開始之年度期間生效

² 對二零二零年一月一日或之後開始之首個年度期間或之後發生之收購生效

³ 於二零二零年六月一日或之後開始之年度期間生效

⁴ 於二零二一年一月一日或之後開始之年度期間生效

⁵ 生效日期尚待釐定

本公司董事並不預期日後採納該等新訂／經修訂香港財務報告準則會對本集團之業績及財務狀況造成任何重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In the Company's statement of financial position as set out in note 36 to the consolidated financial statements, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

4. 主要會計政策

計量基準

編製本綜合財務報表所採用之計量基準為歷史成本。

綜合基準

本綜合財務報表包括本公司及本公司所控制的實體及其附屬公司的財務報表。當本公司具有以下能力，即具有控制權：

- 對投資對象行使權力；
- 從參與投資對象活動而面對或有權享有不同形式的回報；及
- 能夠運用其權力影響投資對象回報。

倘事實及情況反映上文所列三項控制因素其中一項或多項改變，則本集團會重估其是否對被投資者擁有控制權。

於載於綜合財務報表附註第36項之本公司財務狀況表，於附屬公司之投資按成本減減值虧損列賬。倘較可收回金額高，則按個別基準將有關投資之賬面值撇減至可收回金額。本公司按已收取及應收股息基準將附屬公司業績記賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies line with those used by other members of the Group.

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. 主要會計政策(續)

綜合基準(續)

當本集團取得附屬公司之控制權時，開始將該附屬公司綜合入帳；當本集團失去附屬公司之控制權時，則停止將該附屬公司綜合入帳。具體而言，於本期間購入或出售的附屬公司的收支已計入綜合損益及其他全面收益表。本集團取得控制權，直至本集團對該附屬公司之控制權終止當日為止。

損益及各其他全面收入項目歸屬予本公司擁有人及非控股權益。附屬公司全面收入總額歸屬予本公司擁有人及非控股權益，即使其導致非控股權益出現虧絀。

本集團於需要時會對附屬公司的財務報表作出調整，使其會計政策與本集團會計政策相符。

本集團內公司間一切交易、有關本集團成員間交易的結餘、收入及支出已於綜合帳目時悉數對銷。

於附屬公司的非控股權益與本集團於其中所佔的股權分開呈列，後者指於清盤時持有人可按比例獲得的相關附屬公司淨資產份額的現時所有權權益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) 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 (or groups of cash-generating units) 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 that 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 (or groups of cash-generating units).

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

4. 主要會計政策(續)

商譽

因收購業務產生之商譽按成本減除任何累積減值虧損(如有)，並於綜合財務狀況表中另行列賬。

為了減值測試的目的，商譽乃被分配到預期可受惠於收購協同效應之各有關本集團的創現單位或創現單位之組別(即監察商譽作內部管理目的之最低水平且不大於經營分部)。

已獲分配商譽之創現單位或創現單位之組別會每年或凡有跡象顯示單位可能出現減值時會更頻繁地進行減值測試。就於報告期間內收購產生之商譽而言，所獲分配商譽之創現單位於報告期間結束前進行減值測試。當創現單位的可收回金額少於其賬面值，減值虧損會首先分配以削減任何分配至該單位的商譽的賬面值，然後按該單位(或創現單位之組別)內其他資產賬面值比例削減該單位其他資產的賬面值。

物業、機器及設備

物業、機器及設備包括持有以用作貨品生產或供應或服務或行政用途的樓宇乃按成本值減除其後累積折舊以及累積減值虧損(如有)於綜合財務狀況表列賬。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised will be the outsourcing costs. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over their estimated useful lives.

Patents and trademarks

Patents and trademarks are stated at cost less subsequent accumulated amortisation and any accumulated impairment loss. Amortisation is calculated on a straight-line basis over the estimated useful life of the relevant patents and trademarks.

4. 主要會計政策(續)

物業、機器及設備(續)

物業、機器及設備均以直線法，按估計可用年期減去剩餘值計提折舊撥備，以攤銷成本。估計可使用年期、剩餘值及折舊方法乃於各報告期末予以檢討，而任何估計變動的影響均以前瞻性為基礎入帳。

物業、機器及設備之項目於出售時或當預期持續使用該資產不再帶來未來經濟利益時取消確認。因物業、機器及設備出售或報廢而產生之任何收益或虧損（按出售所得款項淨額與資產賬面值之差額計算）乃列入損益。

無形資產

研究及開發成本

研究活動的支出於產生期間確認為開支。涉及將研究結果應用於計劃或設計生產新的或大幅改善的產品及程序之開發活動所產生成本在有關產品或程序技術上及商業上可行且本集團有足夠資源完成開發的情況下資本化。資本化支出將為外判成本。其他開發支出於損益確認為已產生開支。當資產可供使用時，資本化開發成本以直線法按估計可使用年期攤銷。

專利權及許可

專利權及許可按成本減去其後累計攤銷及任何累計減值虧損列賬。攤銷以直線法按相關專利權及許可之估計可使用年期計提。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables without a significant financing component 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 (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. 主要會計政策(續)

金融工具

倘集團實體成為該工具合約條文之訂約方，應確認金融資產及金融負債。所有以常規方式購入或出售財務資產乃按交易日期基準確認及停止確認。以常規方式購入或出售指須於市場規定或慣例所訂時限內交付資產的財務資產購入或出售。

金融資產及金融負債初步按公平值計量，惟源於客戶合約沒有重大融資成分的貿易應收賬款按香港財務報告準則第15號初步計量。收購或發行金融資產及金融負債(除公平值計入損益的金融資產或金融負債)直接應佔之交易成本乃於初步確認時加入金融資產或金融負債之公平值或自其中扣除(如適用)。收購按公平值計入損益的金融資產或金融負債直接應佔的交易成本即時於損益確認。

實際利率法是計算金融資產或金融負債之攤銷成本，以及在攤分有關期間利息收入及利息支出的方法。該實際利率為將金融資產或金融負債於預計年期或較短期間內(如適用)的預計未來現金收入及付款(包括構成實際利率之所有已付或已收取之費用或點數、交易成本及其他溢價或折扣)準確折現至於初次確認時之賬面淨值之利率。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (the "FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; 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.

4. 主要會計政策(續)

金融工具(續)

金融資產

金融資產之分類及其後計量

符合以下條件的金融資產於其後按攤銷成本計量：

- 該金融資產以收取合約現金流量為目的之商業模式下持有；及
- 合約條款令特定日期產生之現金流量謹為支付本金及未償還本金之利息。

符合下列條件的金融資產其後按公平值計入其他全面收益計量：

- 金融資產按目的為收取合約現金流量及出售實現的業務模式內持有；及
- 合約條款令於特定日期產生之現金流量謹為支付本金及未償還本金之利息。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at fair value through profit or loss (the "FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (the "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.

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.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之分類及其後計量(續)

所有其他金融資產其後按公平值計入損益計量，惟於首次應用／首次確認金融資產當日，倘該等股本投資並非持作買賣，亦非收購方於香港財務報告準則第3號業務合併所應用之業務合併中確認之或然代價，本集團可不可撤銷地選擇於其他全面收益呈列股本投資公平值之其後變動。

應當劃分為交易性金融資產：

- 取得金融資產的目的主要是為了近期内出售；或
- 初始確認時，屬本集團一併管理的已識別金融工具組合的一部分，並且具有近期實際短期套利模式；或
- 其為不指定及有效作為對沖工具之衍生工具。

此外，本集團可不可撤回地指定一項須按攤銷成本或透過按公平值計入其他全面收益計量的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。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

攤銷成本及利息收入

利息收入就其後按攤銷成本計量的金融資產及其後按公平值計入其他全面收益計量的債務工具／應收款項以實際利率法確認。利息收入透過將實際利率應用於金融資產賬面總值計算，惟其後已變為信貸減值的金融資產則除外(見下文)。就其後已變為信貸減值的金融資產而言，利息收入透過將實際利率應用於自下個報告期起計的金融資產攤銷成本確認。倘信貸減值金融工具的信貸風險升高，以使金融資產不再維持信貸減值，則利息收入在釐定資產不再維持信貸減值後，透過將實際利率應用於自報告期開始時起計的金融資產賬面總值確認。

金融資產之減值

本集團就根據香港財務報告準則第9號須予減值的金融資產(包括應收賬款及其他應收款項、銀行結餘)的預期信貸虧損確認虧損撥備。預期信貸虧損金額於各報告日期更新，以反映自初步確認以來信貸風險的變化。

全期預期信貸虧損指相關工具的預計年期內所有可能的違約事件將產生的預期信貸虧損。相反，12個月預期信貸虧損(「12個月預期信貸虧損」)指預期於報告日期後12個月內可能發生的違約事件導致的部分全期預期信貸虧損。評估乃根據本集團過往信貸虧損經驗進行，並就債務人特有的因素、一般經濟狀況以及對報告日期的當前狀況及未來狀況預測的評估作出調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets is assessed collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之減值(續)

本集團始終就沒有重大融資成分的貿易應收款項確認全期預期信貸虧損。該等資產的預期信貸虧損乃採用具合適組別的撥備矩陣進行集體評估。

對於所有其他工具，本集團計量等於12個月預期信貸虧損的虧損撥備，除非自初步確認以來信貸風險大幅增加，則本集團確認全期預期信貸虧損。評估是否應確認全期預期信貸虧損乃基於自初步確認以來發生違約的可能性或風險是否大幅增加。

(i) 信譽風險大幅增加

於評估自初步確認以來信貸風險是否大幅增加時，本集團將金融工具於報告日期發生的違約風險與該金融工具於初步確認日期發生的違約風險進行比較。

進行此評估時，本集團會考慮合理且有理據的定量及定性數據，包括過往經驗及無需付出不必要的成本或努力而可獲得的前瞻性資料。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之減值(續)

(i) 信譽風險大幅增加(續)

特別是，在評估信貸風險是否大幅增加時會考慮以下數據：

- 金融工具的外部(如有)或內部信貸評級的實際或預期顯著惡化；
- 信貸風險的外界市場指標的重大惡化，例如債務人的信貸息差、信貸違約掉期價大幅增加；
- 預計將導致債務人償還其債務責任的能力大幅下降的業務、財務或經濟狀況的現有或預測的不利變化；
- 債務人經營業績的實際或預期顯著惡化；及
- 導致債務人償還其債務責任的能力大幅下降的債務人監管、經濟或技術環境的實際或預期的重大不利變化。

不論上述評估的結果如何，本集團認為，倘合約付款逾期超過30天，則自初步確認以來信貸風險已大幅增加，除非本集團有合理且有理據的資料可予證明。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之減值(續)

(i) 信譽風險大幅增加(續)

本集團定期監控用以識別信貸風險有否大幅增加的標準之有效性，並修訂有關標準(如適用)以確保其能夠在金額逾期前識別信貸風險大幅增加。

(ii) 違約定義

就內部信貸風險管理而言，本集團認為，違約事件在內部制訂或得自外界來源的數據顯示債務人不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

無論上述情形如何，本集團認為，倘金融資產逾期超過90天，則已發生違約事件，除非本集團有合理且有理據的數據顯示更寬鬆的違約標準更為合適。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之減值(續)

(iii) 信貸減值金融資產

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

- 發行人或借款人出現嚴重財務困難；
- 違反合約，如違約或逾期事件；
- 借款人的放款人因與借款人出現財務困難有關的經濟或合約理由而給予借款人在一般情況下放款人不予考慮的優惠條件；
- 借款人可能破產或進行其他財務重組；或
- 該金融資產的活躍市場因財務困難而消失。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之減值(續)

(iv) 撇銷政策

倘有數據顯示交易對手處於嚴重財務困難時，且並無實際收回可能(例如交易對手已被清盤或已進入破產程序)，或就貿易應收款項而言，有關金額逾期超過三年(以較早發生者為準)，本集團會撇銷金融資產。在考慮法律意見(如適當)後，已撇銷的金融資產仍可根據本集團的收回程序實施強制執行。撇銷構成停止確認事件。其後收回的任何資產會於損益內確認。

(v) 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(即倘發生違約的損失程度)及違約風險之函數。違約概率及違約損失率之評估乃基於經前瞻性數據調整之歷史數據作出。預期信貸虧損的估計乃無偏概率加權平均金額，以各自發生違約的風險為權重釐定。

一般而言，預期信貸虧損乃根據合約應付本集團之所有合約現金流量與本集團預期收取之現金流量之間的差額，並按初步確認時釐定之實際利率貼現。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by the management of the Group 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.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之減值(續)

(v) 預期信貸虧損之計量及確認(續)

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各自評為獨立組別)；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級(倘有)。

歸類工作經本集團管理層定期檢討，以確保各組別成份繼續分擔類似信貸風險特性。

利息收入按金融資產的賬面總值計算，除非該金融資產信貸減值，於該情況下，利息收入按金融資產的攤銷成本計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and other payables, borrowing and loan from a shareholder are subsequently measured at amortised cost, using the effective interest method.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產之減值(續)

(v) 預期信貸虧損之計量及確認(續)

本集團透過調整賬面值於損益確認所有金融工具的減值收益或虧損，惟貿易應收款項及其他應收款項除外，其相關調整乃透過虧損撥備賬予以確認。

金融負債及股本工具

集團實體發行之債務及股本工具乃根據合同安排的內容，以及金融負債及股本工具之定義分類為金融負債或股本工具。

股本工具

股本工具乃代表本集團於扣減所有負債後之資產中擁有剩餘權益的任何合同。集團實體發行之股本工具乃按已收所得款項扣除直接發行成本記帳。

金融負債

金融負債(包括應付賬款及其他應付款項、借款以及股東貸款)乃隨後採用實際利率法按攤銷後成本計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and, if applicable, any cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent 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, net of bank overdrafts (if any).

4. 主要會計政策(續)

金融工具(續)

停止確認

本集團僅當從資產收取現金流量之合約權利已到期或把金融資產轉讓，並實質上將其於資產擁有權之絕大部份風險及回報轉至另一實體時，才終止確認金融資產。

於停止確認金融資產時，該項資產賬面值，與已收及應收代價及已於其他全面收益確認及累積於權益中之累計收益及虧損之總數間的差額會直接於損益確認。

本集團僅會在訂明責任解除、注銷或屆滿時，停止確認金融負債。停止確認之金融負債的賬面值與已付或應付代價之間的差額於損益確認。

等同現金項目

就綜合現金流量表而言，等同現金項目包括可隨時轉換為已知數額現金且價值變動風險極微之短期高流動性投資，扣除銀行透支(如有)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group recognised revenue at a point in time when the control of the goods is transferred.

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.

4. 主要會計政策(續)

客戶合約收益

根據香港財務報告準則第15號，當(或於)本集團於完成履約責任時(即於特定履約責任相關的貨品或服務之「控制權」已轉移至客戶時)確認收益。

履約責任指一項明確貨品或服務(或一組貨品或服務)或一系列大致相同的明確貨品或服務。

倘符合下列其中一項標準，而控制權隨時間轉移，收益會參考相關履約責任的已完成進度隨時間確認：

- 客戶於本集團履約時同時收取及消耗本集團履約所提供的利益；
- 本集團履約產生及提升於本集團履約時由客戶控制的資產；或
- 本集團履約並無產生對本集團有替代用途的資產，且本集團有強制執行權收取至今以履約的部分款項。

否則，收益於客戶獲得明確的貨品或服務的控制權時確認。

本集團於貨品的控制權獲轉讓時確認收益。

合約負債指本集團因已自客戶收取代價(或到期收取的代價金額)，而須向客戶轉讓貨品或服務的責任。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the business of Group, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

4. 主要會計政策(續)

合約資產及合約負債

倘本集團於客戶支付代價或付款到期前將貨品或服務轉讓予客戶，則合約呈列為合約資產，惟不包括呈列為應收款項的任何款項。相反，倘於本集團將貨品或服務轉讓予客戶前客戶支付代價，或本集團擁有無條件收取代價的權利，則本集團在付款或付款到期時(以較早者為準)，合約呈列為合約負債。應收款項指本集團擁有無條件收取代價的權利，或代價到期付款前僅需時間推移。

就單一合約或多份相關合約而言，概不合約資產淨值或合約負債淨額呈列。不相關合約的合約資產與合約負債概不以淨額呈列。

就本集團業務而言，本集團慣常於服務完成前或貨品交付時(即有關交易之收益確認時間點)向客戶收取全額或部分合約付款。本集團確認合約負債直至其確認為收益。於該期間，任何重大融資成分(如適用)將計入合約負債並以累計方式作開支，除非有關利息開支合資格作資本化。

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行的交易均按交易日期所適用匯率換算為功能貨幣記帳。於各報告期末，以外幣定值之貨幣項目均按報告期末所適用匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

結算貨幣項目及重新換算貨幣項目所產生的匯兌差額均於產生年度在損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the translation reserve.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4. 主要會計政策(續)

外幣(續)

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按各報告期末所適用匯率換算為本公司之列賬貨幣(即港幣)，其收支項目乃按該期間之平均匯率換算，惟在該期間之匯率大幅波動的情形下，則按交易當日的現行匯率換算。所產生之匯兌差額(如有)乃確認於其他全面收益及累計至貨幣換算儲備(屬於非控股權益(如適用))標題下之權益。

出售境外業務時(即出售本集團於境外業務之全部權益、或出售涉及失去包括境外業務之附屬公司之控制權、或出售包括境外業務之合營安排或聯營公司之部份權益(其保留權益成為一項財務資產))，所有就有關本公司擁有人應佔業務於權益累計之匯兌差額重新分類至損益賬。

就所有其他部分出售(包括部分出售聯屬公司或聯營公司而不導致本集團失去重大影響力或共同控制權)，確認於權益之個別項目之匯兌差額累計金額之按比例部分獲重新分類至損益。

收購境外業務時產生獲收購及識別資產之商譽及公平值調整按該境外業務的資產及負債處理，並按報告期末當行匯率換算。所產生匯兌差額確認於貨幣換算儲備。

存貨

存貨按成本與可變現淨值之間較低者列賬。成本包括所有購買成本及(如適用)轉換成本及使存貨達致當前位置及狀況所產生成本，並以加權平均成本法計算。可變現淨值即業務日常運作中估計售價減去估計完工成本及估計銷售所需成本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories (continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

4. 主要會計政策(續)

存貨(續)

存貨售出時，該等存貨之賬面值於確認相關收益同期間確認為開支。任何撇減存貨至可變現淨值的金額及所有存貨虧損於發生撇減或虧損期間確認為開支。任何撥回撇減存貨於發生撥回同期間確認為扣減確認為開支之存貨金額。

公平價值計量

公平價值為市場參與者間於計量日期進行的有序交易中，出售資產所收取或轉讓負債所支付之價格。公平價值計量乃基於假設出售資產或轉讓負債的交易於該資產或負債的主要市場(或在無主要市場的情況下，則於對該資產或負債最有利的市場)進行而作出。該主要或最有利的市場須為本集團可進入的市場。資產或負債的公平價值乃採用市場參與者為資產或負債定價時所用的假設計量，即假設市場參與者按其最佳經濟利益行事。

非財務資產的公平價值計量計及市場參與者透過使用其資產的最高及最佳用途或透過將資產出售予將使用其最高及最佳用途的另一名市場參與者而產生經濟利益的能力。

本集團採用在各情況下適當的估值技術，而其有足夠資料可計量公平價值，以盡量使用相關可觀察輸入數據及盡量避免使用不可觀察輸入數據。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of tangible and intangible assets, other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

4. 主要會計政策(續)

公平價值計量(續)

此外，就財務報告而言，公平值計量根據公平值計量之輸入數據可觀察程度及輸入數據對公平值計量之整體重要性分類為第一級、第二級或第三級，概述如下：

- 第一級 輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第二級 輸入數據是就資產或負債可直接或間接地觀察之輸入數據(第一級內計入的報價除外)；及
- 第三級 輸入數據是資產或負債的不可觀察輸入數據。

就按經常基準於財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公平價值計量整體而言屬重大的最低層輸入數據)釐定各層級之間有否出現轉移。

有形及無形資產之減值，不包括商譽

於報告期末，本集團審閱其擁有有限使用年期的有形及無形資產之賬面值，以確定是否有任可跡象顯示該等資產蒙受減值虧損。如出現任何有關跡象，則會估計相關資產之可收回金額，以決定減值虧損(如有)之程度。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets, other than goodwill (continued)

The recoverable amount of tangible and intangible assets are estimated individually, or when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

4. 主要會計政策(續)

有形及無形資產之減值，不包括商譽(續)

有形及無形資產的可收回金額個別估計。倘若不大可能個別估計資產的可收回金額，則本集團估計資產所屬創現單位的可收回金額。如分配的合理及一致基準可予識別，則公司資產亦被分配至個別創現單位，或於其他情況下彼等被分配至創現單位的最小組合，而該創現單位的合理及一致分配基準可予識別。

可收回金額為公平值減去銷售所需成本及可使用價值之較高者。於評估可使用價值時，將日後現金流之估值以一個能反映現時市場評估金錢時間價值及該資產(或創現單位)之特有風險(而該風險並未在日後現金流之估值中作調整)的稅前折扣率折現至其現值。

倘一項資產(或一創現單位)之可收回金額估計少於其賬面值，則該項資產(或一創現單位)之賬面值將撇減至其可收回金額。於分配減值虧損時，減值虧損將首先分配至削減任何商譽(如有)之賬面值，其後以該單位各項資產之賬面值為基準按比例分配到其他資產。資產賬面值不會降至低於其公平值減去出售成本(倘可計算)、其使用價值(倘可確定)及零之最高者。分配至資產的減值虧損數額則按單位的其他資產比例分配。減值虧損會實時於損益確認。

倘某項減值虧損其後撥回，則該項資產(或創現單位)之賬面值須增至其可回收金額經修訂後的估值，惟增加後之賬面值不得超過假設該項資產(或一創現單位)於過往年度未有出現減值虧損所釐定的賬面值。減值虧損撥回實時確認在損益中。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets, other than goodwill (continued)

The accounting policy for recognition of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of this note.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. 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. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the period in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. 主要會計政策(續)

有形及無形資產之減值，不包括商譽(續)

有關確認商譽之減值虧損之會計政策載於本附註較早部分商譽之會計政策。

借款成本

收購、建造或生產合資格資產(即需要一段頗長時間始能達至其擬定用途或出售的資產)應佔的所產生借款成本(扣除具體借款用作短暫投資賺取的任何投資收入)，撥充為該等資產之部份成本。該等借款成本於有關資產大體上可作其擬定用途或出售時不再撥充作資本。所有其他借款成本於產生期間支銷。

撥備及或有負債

當本集團因過去的事件需承擔當前法律或推定責任，而很可能需要以代表經濟利益的資源流出抵償此等責任，且有關責任金額可予可靠估計時，則確認撥備。就已確認撥備之開支於產生有關開支期間自相關撥備扣除。撥備於各報告期末獲檢討，並予調整以反映目前最佳估計。如金錢的時間值構成重大影響，所計提撥備為抵償有關責任所需支付的費用現值。如本集團預期撥備會獲報銷，則僅在實質上確認報銷時將報銷確認為獨立資產。

倘不大可能需要經濟利益流出，或不能可靠估計有關金額，除非經濟利益流出可能性非常低，否則有關責任會披露為或然負債。有可能需承擔的責任(即一項或多項未來事件發生或不發生時方確立存有責任)，除非經濟利益流出可能性非常低，否則亦會披露為或然負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Leases (Applicable from 1 January 2019)

The Group assesses whether a contract is, or contains, a lease at inception of the contract. 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.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. 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, where applicable, the aggregate stand-alone price of the non-lease components.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

4. 主要會計政策(續)

政府補貼

倘有合理保證將可獲得政府補貼，且符合所有附帶條件，則補貼可按公平值確認。倘補貼與開支項目有關，則在必須將補貼於擬補償的成本支出期間有系統地確認為收入。當補貼與某項資產相關時，公平價值自資產賬面值扣除並按相關資產之預期可使用年期每年等額轉撥至損益。

租賃(於二零一九年一月一日後適用)

本集團於合約開始時評核合約是否屬於或包含租賃。倘合約賦予權利於一段時間內控制已識別資產的用途以換取代價，則該合約為租賃或包含租賃。

作為承租人

本集團對短期租賃及低價值租賃確認豁免。與該等租賃相關的租賃付款以直線法按租期確認為開支。

本集團已選擇不將非租賃成分與租賃成分分拆，而是將每項租賃成分與任何相關非租賃成分以單一租賃部分入賬。

本集團對租賃合約中每項租賃成分獨立記賬為租賃。本集團根據租賃成分之相對獨立價格及(如適用)非租賃成分之相對獨立價格總額將合約代價分配至各租賃成分。

不會產生獨立成分的本集團應付金額視作分配至合約獨立獲識別成分之代價總額一部分。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (Applicable from 1 January 2019) (continued)

As lessee (continued)

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, 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, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

4. 主要會計政策(續)

租賃(於二零一九年一月一日後適用) (續)

作為承租人(續)

本集團於租賃開始時確認使用權資產及租賃負債。

使用權資產初步按成本計量，其包括：

- (a) 租賃負債之初步計量金額；
- (b) 於開始日期或之前作出之任何租賃付款，減任何已收租賃優惠；
- (c) 本集團產生之任何初步直接成本；及
- (d) 本集團於拆除及拆遷相關資產、復原相關資產所在場地或復原相關資產至租賃條款及條件所規定之狀況時估計所產生之成本(除非該等成本為生產存貨而產生)。

其後，使用權資產按成本計量，減任何累計折舊及減值虧損，並就租賃負債之任何重新計量作出調整。折舊以直線法按租期與資產之估計可使用年期之間較短者計提。

租賃負債初步按於合約開始日期未支付租賃付款現值計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (Applicable from 1 January 2019) (continued)

As lessee (continued)

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option.

4. 主要會計政策(續)

租賃(於二零一九年一月一日後適用) (續)

作為承租人(續)

計量租賃負債計及的租賃付款包括就開始日期未支付相關資產之使用權之下列款項：

- (a) 固定付款(包括實質固定付款)減任何應收租賃優惠；
- (b) 隨指數或利率浮動之可變租賃付款；
- (c) 根據殘餘值保證預期應付款項；
- (d) 購買權行使價(倘本集團合理確定會行使該選擇權)；及
- (e) 為終止租賃而支付之罰金(倘租賃條款反映正行使終止租賃之選擇權)。

租賃付款採用租賃隱含利率貼現或(倘不能容易釐定)承租人之遞增借款率。

其後，租賃負債之計量方法為增加賬面值以反映租賃負債之利息及扣減賬面值以反映所作租賃付款。

如租期變動或重新評核本集團是否合理確定行使購買權、續約權或終止權而產生租賃付款變動，則租賃負債採用經修訂貼現率重新計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (Applicable from 1 January 2019) (continued)

As lessee (continued)

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease 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.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

4. 主要會計政策(續)

租賃(於二零一九年一月一日後適用)(續)

作為承租人(續)

如殘餘值保證、實質固定付款或未來租賃付款因指數或利率變動(浮動息率除外)而出現變動,則租賃負債採用原有貼現率重新計量。如浮動息率變動導致未來租賃付款變動,則本集團採用經修訂貼現率重新計量租賃負債。

本集團將重新計量租賃負債金額確認為對使用權資產作出調整。倘使用權資產之賬面值減至零,且租賃負債計量進一步減少,則本集團將任何重新計量之剩餘金額確認為損益。

在下列情況下,租賃修訂按獨立租賃記賬:

- (a) 修訂透過增加一項或以上相關資產之使用權增加租賃範圍;及
- (b) 租賃代價以增加範圍單獨價格相等金額及為反映具體合約情況之任何適當單獨價格調整的幅度增加。

如租賃修訂並非按獨立租賃記賬,則於租賃修訂生效日期,

- (a) 本集團按上述相對單獨價格基準分配經修訂合約的代價。
- (b) 本集團確定經修訂合約的租期。
- (c) 本集團透過採用經修訂貼現率按經修訂租期貼現經修訂租賃付款重新計量租賃負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (Applicable from 1 January 2019) (continued)

As lessee (continued)

- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – finance lease

Amounts due from lessees under finance leases are recorded 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. The Group applies the derecognition and impairment requirements in HKFRS 9 to the net investment in the finance lease.

4. 主要會計政策(續)

租賃(於二零一九年一月一日後適用) (續)

作為承租人(續)

- (d) 就減少租賃範圍之租賃修訂，本集團透過扣減使用權資產之賬面值以反映租賃部分或全面終止，並將任何與租賃部分或全面終止相關之收益或虧損確認於損益，將重新計量租賃負債記賬。
- (e) 就所有其他租賃修訂，本集團透過對使用權資產作相應調整將重新計量租賃負債記賬。

作為出租人

本集團於租賃開始日期將每項租賃分類為金融租賃或經營租賃。倘租賃實際上將相關資產所有權附帶的所有風險及回報轉移，則獲分類為金融租賃。所有其他租賃獲分類為經營租賃。

如本集團為中間出租人，則將首租與分租記賬為兩項獨立合約。倘首租為本集團應用確認豁免之短期租賃，則分租獲分類為經營租賃。否則，分租經參考首租產生之使用權資產獲分類為金融租賃或經營租賃。

本集團對租賃合約中每項租賃成分記賬為與該合約之非租賃成分獨立之租賃。本集團按相對獨立價格基準將合約代價分配至各租賃成分。

作為出租人 – 金融租賃

根據金融租賃應收承租人之款項按本集團於有關租賃之投資淨額記賬為應收款項。金融租賃收入以反映本集團就租賃之投資淨額收取固定定期回報率分配至會計期間。本集團對金融租賃之投資淨額應用香港財務報告準則第9號之終止確認及減值規定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (Applicable from 1 January 2019) (continued)

As lessor (continued)

As lessor – finance lease (continued)

The Group accounts for a modification to a finance lease as a separate lease if both:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease 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 modification to a finance lease that is not accounted for as a separate lease, the Group accounts for the modification as follows:

- (a) if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group:
 - (i) accounts for the lease modification as a new lease from the effective date of the modification; and
 - (ii) measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.
- (b) otherwise, the Group applies the requirements of HKFRS 9.

4. 主要會計政策(續)

租賃(於二零一九年一月一日後適用) (續)

作為出租人(續)

作為出租人 – 金融租賃(續)

在下列情況均出現時，本集團對金融租賃修訂記賬為獨立租賃：

- (a) 修訂透過增加一項或以上相關資產之使用權增加租賃範圍；及
- (b) 租賃代價以增加範圍單獨價格相等金額及為反映具體合約情況之任何適當單獨價格調整的幅度增加。

就並非記賬為獨立租賃之金融租賃修訂，本集團按以下方式將修訂記賬：

- (a) 倘修訂於開始日期已生效，租賃即會獲分類為經營租賃，則本集團：
 - (i) 自修訂生效日期將租賃修訂記賬為新訂租賃；及
 - (ii) 計量相關資產之賬面值，作為緊接租賃修訂日期前對租賃之投資淨額。
- (b) 否則，本集團應用香港財務報告準則第9號之規定。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (Applicable from 1 January 2019) (continued)

As lessor (continued)

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Leases (Applicable before 1 January 2019)

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

As lessor

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

4. 主要會計政策(續)

租賃(於二零一九年一月一日後適用) (續)

作為出租人(續)

作為出租人－經營租賃

本集團對經營租賃之應收款項應用香港財務報告準則第9號之終止確認及減值規定。

經營租賃修訂自修訂生效日期記賬為新訂租賃，並將與原有租賃相關之任何預付或應計租賃付款計作新訂租賃之部分租賃付款。

租賃(於二零一九年一月一日前適用)

租賃條款列明將所有權之絕大部分風險及回報轉移予承租人之租約，均列為融資租約。而所有其他租賃則被分類為經營租約。

作為出租人

經營租賃的租金收入以直線法按租賃年期於損益內確認。在協商及安排經營租賃所產生初步直接成本加於租賃資產之賬面值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (Applicable before 1 January 2019) (continued)

As lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, Mandatory Provident Fund Scheme and state-managed retirement benefits scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

4. 主要會計政策(續)

租賃(於二零一九年一月一日前適用) (續)

作為承租人

經營租約付款(包括收購根據經營租約持有之土地成本)以直線法按租賃年期確認為開支，惟如另有系統性基準更能反映租賃資產之經濟利益被消耗之時間模式，則另作別論。

倘訂立經營租約可以獲得租賃優惠，該等優惠確認為負債。優惠整體利益以直線法確認為租金開支沖減。惟如另有系統性基準更能反映租賃資產之經濟利益被消耗之時間模式，則另作別論。

僱員福利

短期僱員福利

短期僱員福利乃按僱員提供服務時預期將予支付之未貼現福利金額確認。所有短期僱員福利均確認為開支，除非香港財務報告準則要求或允許將福利計入資產的成本。

僱員之應計福利(例如工資及薪金、年假及病假)乃於扣減任何已付金額後確認負債。

退休福利費用

向界定供款退休金計劃、強制性公積金計劃及國家管理退休福利計劃之供款乃當僱員提供相關可獲得該供款之服務時確認為支出。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. 主要會計政策(續)

稅項

所得稅開支指即期應付稅項及遞延稅項之總和。

即期應付稅項乃按本期應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表中所報的除稅前虧損不同，乃由於前者不包括其他年度之應課稅或可扣稅的收入或開支，並且不包括毋須課稅或不能扣稅之項目。本集團之即期稅項負債乃採用於報告期末已實施或實質上已實施之稅率計算。

遞延稅項乃按綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基之差額而確認。遞延稅項負債一般會就所有應課稅暫時差額確認，而遞延稅項資產一般會就所有可扣稅暫時差額在很大機會出現應課稅溢利而可用以抵銷可扣減暫時差額時確認。倘暫時差額自不影響應課稅溢利或會計溢利之交易的資產及負債之初步確認(業務合併除外)而產生，則不會確認該等遞延稅項資產及負債。此外，若暫時差額是源自商譽之首次確認，則不確認遞延稅項負債。

遞延稅項負債就附屬公司的投資所產生之應課稅暫時差額確認入賬，惟本集團可控制暫時差額之撥回而暫時差額不大可能於可預見將來撥回則除外。與該等投資相關之可扣稅暫時差額所產生之遞延稅項資產僅於很大機會有足夠應課稅溢利可以使用暫時差額之利益且預計於可見將來可予撥回時確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Related parties

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

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

4. 主要會計政策(續)

稅項(續)

遞延稅項資產之賬面值於報告期末檢討，並於不大可能再有足夠應課稅溢利去扣減該項資產之全部或部分之情況作出調減。

遞延稅項資產及負債按預期於償還負債或資產變現期間適用之稅率計算，而有關稅率之基準為於報告期末已實施或實質上已實施之稅率(及稅法)。

遞延稅項負債及資產之計量反映本集團預期於報告期末收回或償還資產及負債賬面值所產生之稅務後果。

即期及遞延稅項於損益確認，惟當與其他全面收益或直接於權益確認之項目有關之情況下，即期及遞延稅項則同樣分別於其他全面收益或直接於權益中確認。

關聯方

關聯方為與本集團有關聯的人士或實體。

- (a) 在下列情況下，有關人士或該人士之直系親屬視為與本集團有關聯：
- (i) 擁有或與他人共同擁有本集團的控制權；
 - (ii) 對本集團發揮重大影響力；或
 - (iii) 為本集團或其控股公司主要管理人員的其中一名成員。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

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

4. 主要會計政策(續)

關聯方(續)

- (b) 在有關實體符合下列任何一項條件情況下，有關實體視為與本集團有關聯：
- (i) 該實體與本集團屬同一集團(即各控股公司、附屬公司及同系附屬公司)之成員公司。
 - (ii) 一間實體為其他實體之一間聯營公司或合營公司(或其他實體之同系附屬公司之聯營公司或合營公司)。
 - (iii) 兩間實體均為同一第三方之合營公司。
 - (iv) 一間實體為第三方實體之合營公司而另一實體為該第三方實體之聯營公司。
 - (v) 該實體為本集團或一間與本集團有關聯之實體就僱員的福利而設的離職福利計劃。倘本集團本身為該計劃，則資助僱主亦與本集團有關聯。
 - (vi) 該實體受(a)項所識別人士控制或受共同控制。
 - (vii) 於(a)(i)項所識別人士對實體有重大影響或屬該實體(或該實體控股公司)主要管理人員的其中一名成員。
 - (viii) 實體或其所屬集團旗下任何成員公司向本集團或本集團母公司提供主要管理人員服務。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

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 Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The Company's executive directors and the chief executive officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM that make strategic decisions.

4. 主要會計政策(續)

關聯方(續)

有關人士之家族近親為可預期在與有關實體交易時影響有關人士或受有關人士影響，包括：

- (a) 有關人士之子女及配偶或同居伴侶；
- (b) 有關人士之配偶或同居伴侶的子女；及
- (c) 有關人士或有關人士之配偶或同居伴侶的受養人。

就關聯方定義而言，聯繫人包括聯繫人之附屬公司，及合營公司包括聯繫人之合營公司。

分部匯報

經營分部及綜合財務報表所匯報的各分部項目金額取自向本集團最高行政管理人員定期匯報以便其向本集團各業務及區域分配資源以及評估該等業務及區域表現的財務資料。

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

經營分部與向主要營運決策人(「主要營運決策人」)內部匯報一致方式匯報。本公司之執行董事及行政總裁負責分配資源及評估經營分部表現，並已獲識別為作策略性決定的主要營運決策人。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make various 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 experiences, 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 key sources of estimation uncertainties 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.

Going concern basis

As disclosed in note 2, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into consideration all relevant available information about future of the Group, including cash flow forecasts of the Group and financial support from Huaneng and its controlling shareholder. Such measures inherently involve uncertainties. The future outcome of aforesaid events and conditions could differ significantly and hence render the adoption of the going concern basis inappropriate.

5. 估計涉及不確定性的主要來源

在應用附註4所述本集團會計政策時，本集團管理層須就不容易從其他來源中明顯辨別出的資產及負債的賬面值作出多項估計及假設。該等估計及相關假設乃基於過往經驗及其他相關因素而作出。實際結果或會與該等估計不同。

估計及相關假設乃按持續基準作檢討。倘會計估計的修訂僅影響估計作出修訂的期間，則修訂於該期間內確認，或倘修訂影響本期間或未來期間，則修訂於作出修訂期間及未來期間內確認。

以下是有關將來的關鍵假設與其他於報告期末不確定性的估計的主要來源，可能構成於下一個財政年度需就資產及負債賬面值作出重大調整之重大風險。

持續經營基準

誠如附註第2項所披露，綜合財務報表乃按持續經營基準編製。持續經營基準是否適當，乃經考慮有關本集團未來之所有相關及可取閱資料（包括本集團之現金流預測及華能及其控股股東之財務支持）後作評估。該等措施本質上涉及不確定性。上述事項及情況之未來結果可能大有逕庭，致使採用持續經營基準不再適當。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTIES (continued)

Discount rates for calculating lease liabilities – as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

Impairment of non-financial assets, other than goodwill

The Group assesses whether there are any indicators of impairment for property, plant and equipment, intangible assets or right-of-use assets at the end of the reporting period. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or assets group exceeds its recoverable amount, which is the higher of the fair value less costs of disposal and the value in use. The fair value less costs of disposal was determined by an independent professional valuer using the depreciated replacement cost approach and/or market comparable approach, as appropriate. Fair value which is determined by using depreciated replacement cost approach requires an estimation of new replacement cost of the assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation. The fair value using market comparable approach is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

5. 估計涉及不確定性的主要來源(續)

用於計算租賃負債 – 作為承租人之貼現率

由於租賃隱含利率不容易釐定，本集團使用承租人之遞增借款率貼現未來租賃付款。本集團於釐定租賃之貼現率時參考容易觀察的利率作為起點，其後應用判斷調整該可觀察利率，以釐定遞增借款率。

非財務資產(商譽除外)之減值

本集團於報告期末評估物業、機器及設備、無形資產或使用權資產是否出現減值跡象。如有跡象顯示賬面值未必可收回，則對資產進行減值測試。如某一項資產或資產組別之賬面值超出其可收回金額(即公平值減出售成本與使用價值之間較高者)，則存在減值。公平值減出售成本由獨立專業估值師採用折舊重置成本法及/或市場可比較法釐定(視乎適用)。透過採用折舊重置成本法釐定公平值需估計有關資產之重置成本，再從中作出扣減，以計及老化及所有形式的陳舊及優化。採用市場可比較法釐定公平值乃根據來自對類似資產進行公平且具約束力銷售交易之可查閱數據或可觀察市價，減除出售有關資產之遞增成本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

5. KEY SOURCES OF ESTIMATION UNCERTAINTIES (continued)

Allowance for inventories

The management of the Group reviews the aging and conditions of the inventories at the end of the reporting period and assess the adequacy of the impairment provision for those inventories which are obsolete or/and slow-moving identified as no longer suitable for use in production nor saleable in the market as a result of change in the market conditions and technology. Estimation of net realisable value of inventory involves judgement on the conditions and usefulness of items of inventories. Where the expectation on the net realisable value is lower than the cost for certain items, a write-off or write-down of inventories may arise.

Loss allowance for ECL on trade receivables

The Group recognises lifetime ECL for trade receivables, using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the loss allowance based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future flows are less than expected or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. In addition, trade receivables with credit-impaired are assessed for ECL individually.

5. 估計涉及不確定性的主要來源(續)

存貨撥備

本集團管理層於報告期末檢討存貨的賬齡及狀況，並評估因市場狀況及技術改變而不再適合生產或在市場上銷售的陳舊及／或呆滯存貨的減值準備是否充足。存貨可變現值的估算涉及對存貨項目的狀況及有用情況的判斷。倘可變現淨值預計低於若干項目的成本時，可能會產生存貨撇銷或撇減。

應收賬款預期信貸虧損之虧損撥備

本集團使用基於本集團過往信貸虧損經驗的撥備矩陣確認應收賬款之全期預期信貸虧損，並就債務人特有之因素、總體經濟狀況及對報告日期狀況之當前及預測方向之評估作出調整。基於預期信貸虧損模式之虧損撥備金額乃作為根據合約應付本集團之所有合約現金流量與本集團預期收取並按初步確認時釐定之實際利率折現之所有現金流量之間之差額計量。倘未來流量低於預期，或因事實及情況變動而被調低，則可能產生重大減值虧損。此外，產生信貸減值之應收賬款之預期信貸虧損乃個別進行評估。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to outside corporate customers, net of sales related taxes. Revenue represents mainly Oregon Scientific branded sales (“Branded Sales”) and original equipment manufacturer and original design manufacturer sales (“OEM/ODM Sales”). The revenue is disaggregated below.

6. 收益及分部資料

收益代表本集團向外部客戶出售產品而已收及應收之款項，扣除相關銷售稅。收益主要代表Oregon Scientific品牌銷售（「品牌銷售」）及原設備製造及原設計製造銷售（「原設備製造／原設計製造銷售」）。收益分解如下。

		Smart learning, and immersive technology 智能教育 與學習 HK\$ million 港幣百萬元	Connected home and communications 智能家居 HK\$ million 港幣百萬元	Health and wellness 健康及保健 HK\$ million 港幣百萬元	Others 其他 HK\$ million 港幣百萬元	Total 總額 HK\$ million 港幣百萬元
Year ended 31 December 2019	截至二零一九年 十二月三十一日止年度					
Timing of revenue recognition	收益確認的時間					
At a point in time	於某時間點	64.7	59.1	88.0	58.6	270.4
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度					
Timing of revenue recognition	收益確認的時間					
At a point in time	於某時間點	55.4	140.4	166.1	71.3	433.2

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

6. REVENUE AND SEGMENT INFORMATION (continued)

Performance obligations for contracts with customers

Sales of goods (revenue recognised at a point in time)

The Group sells various consumer electronic products to corporate customers. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term for customers is normally 30 to 90 days upon delivery.

During the years ended 31 December 2019 and 2018, all performance obligations for sales of goods are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at the end of the reporting period is not disclosed.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors and chief executive officer, being the CODM, in order to allocate resources to the segments and to assess their performance. The Group operates in four operating and reportable segments, namely smart learning and immersive technology, connected home and communications, health and wellness as well as others.

6. 收益及分部資料(續)

就客戶簽訂合約之履約責任

商品銷售(於某時間點確認的收益)

本集團向企業客戶銷售各種電子消費產品。收益在貨物控制權轉移時確認，即貨物已裝運至客戶的特定地點(交付)。交付後，客戶可以完全自行決定銷售商品的分銷方式和價格，在銷售商品時承擔主要責任，並承擔與貨物相關的陳舊和虧損的風險。客戶的正常信用期通常為交付後30至90天。

截至二零一九年及二零一八年十二月三十一日止年度，所有銷售商品的履約責任期為一年或以下。如香港財務報告準則第15號所允許，於各報告期末獲分配至未履行履約責任的交易價格不予披露。

香港財務報告準則第8號「經營分部」規定以本集團之執行董事及行政總裁(即主要營運決策人)在對分部作資源分配及評估其表現上所定期審閱的有關本集團不同部門之內部報告作為確定經營分部之基準。本集團經營四個經營及可報告分部，即智能教育與學習、智能家居、健康及保健以及其他。

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

6. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

6. 收益及分部資料(續)

分部收益及業績

本集團按營運及須匯報分部之收益及業績分析如下：

		Smart learning, and immersive technology 智能教育 與學習 HK\$ million 港幣百萬元	Connected home and communications 智能家居 HK\$ million 港幣百萬元	Health and wellness 健康及保健 HK\$ million 港幣百萬元	Others 其他 HK\$ million 港幣百萬元	Total 總額 HK\$ million 港幣百萬元
Year ended 31 December 2019	截至二零一九年 十二月三十一日止年度					
Segment revenue	分部收益					
Branded sales	品牌銷售	64.7	23.2	1.4	–	89.3
OEM/ODM sales	原設備製造/原設計 製造銷售	–	35.9	86.6	58.6	181.1
Total segment revenue	分部收益總額	64.7	59.1	88.0	58.6	270.4
Segment loss	分部虧損	(24.3)	(18.7)	(15.4)	(4.0)	(62.4)
Unallocated income	未經分配之收入					16.4
Unallocated expenses	未經分配之開支					(32.0)
Finance costs	融資成本					(5.1)
Loss before taxation	除稅前虧損					(83.1)
		Smart learning, and immersive technology 智能教育 與學習 HK\$ million 港幣百萬元	Connected home and communications 智能家居 HK\$ million 港幣百萬元	Health and wellness 健康及保健 HK\$ million 港幣百萬元	Others 其他 HK\$ million 港幣百萬元	Total 總額 HK\$ million 港幣百萬元
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度					
Segment revenue	分部收益					
Branded sales	品牌銷售	55.4	80.8	19.8	5.5	161.5
OEM/ODM sales	原設備製造/原設計 製造銷售	–	59.6	146.3	65.8	271.7
Total segment revenue	分部收益總額	55.4	140.4	166.1	71.3	433.2
Segment loss	分部虧損	(5.1)	(53.1)	(74.3)	(48.7)	(181.2)
Unallocated income	未經分配之收入					11.1
Unallocated expenses	未經分配之開支					(30.0)
Finance costs	融資成本					(3.2)
Loss before taxation	除稅前虧損					(203.3)

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

6. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years.

Segment loss represents the loss earned by each segment without allocation of interest income, income from subleasing of right-of-use assets/rented premises, other miscellaneous income, unallocated expense such as central administrative costs and finance costs. This is the measure reported to the Group's CODM, for the purposes of resource allocation and performance assessment.

No segment assets and segment liabilities are presented as such amounts are not reviewed by the Group's CODM for the purpose of resource allocation and performance assessment or otherwise regularly provided to the Group's CODM.

Other segment information

		Smart learning, and immersive technology 智能教育 與學習 HK\$ million 港幣百萬元	Connected home and communications 智能家居 HK\$ million 港幣百萬元	Health and wellness 健康及保健 HK\$ million 港幣百萬元	Others 其他 HK\$ million 港幣百萬元	Total 總額 HK\$ million 港幣百萬元
Year ended 31 December 2019	截至二零一九年 十二月三十一日止年度					
Amounts included in the measure of segment profit or loss:	分部溢利或虧損計入 下列款額：					
Depreciation and amortisation	折舊及攤銷					
– Property, plant and equipment	– 物業、機器及設備	5.6	4.4	1.1	1.5	12.6
– Intangible assets	– 無形資產	–	–	–	0.5	0.5
Write-down of inventories	撇減存貨	4.3	4.0	5.9	3.9	18.1
Impairment loss on advances to suppliers	預付供應商款項之 減值虧損	1.0	0.9	1.3	0.8	4.0
Loss on disposals of property, plant and equipment	出售物業、機器及 設備之虧損	3.7	0.5	–	–	4.2
Loss on disposals of intangible assets	出售無形資產之虧損	–	–	–	2.1	2.1

6. 收益及分部資料(續)

分部收益及業績(續)

上文所呈告之分部收益代表向外部客戶銷售的收益。兩個年度均無分部間之銷售。

分部虧損指各分部所賺取之虧損，不包括利息收入、分租使用權資產／租用物業收入、其他雜項收入、未經分配之開支，如總部行政成本及融資成本作出的分配。此為向本集團主要營運決策人就資源分配及表現評估作報告之計量方式。

由於本集團之分部資產及分部負債並未由本集團之主要營運決策人審閱以分配資源及評估表現或以其他方式定期呈交本集團之主要營運決策人，故並無呈列該等資料。

其他分部資料

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

6. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information (continued)

		Smart learning, and immersive technology 智能教育 與學習 HK\$ million 港幣百萬元	Connected home and communications 智能家居 HK\$ million 港幣百萬元	Health and wellness 健康及保健 HK\$ million 港幣百萬元	Others 其他 HK\$ million 港幣百萬元	Total 總額 HK\$ million 港幣百萬元
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度					
Amounts included in the measure of segment profit or loss:	分部溢利或虧損計入 下列款額：					
Impairment loss on goodwill	商譽減值虧損	–	16.3	17.5	–	33.8
Depreciation and amortisation	折舊及攤銷					
– Property, plant and equipment	– 物業、機器及設備	6.4	5.1	1.2	1.8	14.5
– Intangible assets	– 無形資產	–	–	–	0.7	0.7
Write-down of inventories	撇減存貨	14.1	20.2	–	0.3	34.6
Loss on disposals of property, plant and equipment	出售物業、機器及 設備之虧損	5.0	–	–	–	5.0

Geographical information

The Group's operations are located in Asia Pacific, Europe and Americas (representing the United States of America and Latin America). The Group carries out its manufacturing and trading operations in Hong Kong and the People's Republic of China (the "PRC"). The Group also operates marketing offices in Europe, Americas and other Asia Pacific countries.

6. 收益及分部資料(續)

其他分部資料(續)

地區資料

本集團之業務位於亞太區、歐洲及美洲(指美利堅合眾國及拉丁美洲)。本集團於香港及中華人民共和國(「中國」)進行製造及進行貿易業務。本集團亦在歐洲、美洲及其他亞太區國家設有市場推廣辦事處。

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

6. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information (continued)

Information about the Group's revenue from external customers is presented based on the location of customers are detailed below:

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
PRC (country of domicile)	中國(居住國)	11.0	37.4
Asia Pacific (excluding PRC)	亞太區(不包括中國)	58.2	46.9
Americas	美國	49.2	83.3
Europe	歐洲	149.4	256.3
Others	其他	2.6	9.3
		270.4	433.2

Over 95% (2018: 95%) of non-current assets of the Group are located in the PRC.

Information about major customers

Revenue from a customer contributing over 10% of the total revenue of the Group is as follows:

		2019 二零一九年 %	2018 二零一八年 %
Customer "A"	客戶「A」	26	29
Customer "B"	客戶「B」	16	—*

Revenue from Customer "A" was generated from (i) health and wellness segment and (ii) others segment; whereas revenue from Customer "B" was generated from (i) connected home and communications segment and (ii) smart learning, and immersive technology segment.

* The corresponding revenue did not contribute 10% or more of the total revenue of the Group during the respective year.

6. 收益及分部資料(續)

地區資料(續)

有關本集團來自外界客戶收益的資料乃根據客戶所在地呈列，詳情如下：

	2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
PRC (country of domicile)	11.0	37.4
Asia Pacific (excluding PRC)	58.2	46.9
Americas	49.2	83.3
Europe	149.4	256.3
Others	2.6	9.3
	270.4	433.2

本集團之逾95%(二零一八年：95%)非流動資產位於中國。

主要客戶資料

於相應年度為本集團貢獻逾10%總收益之客戶之收益如下：

	2019 二零一九年 %	2018 二零一八年 %
Customer "A"	26	29
Customer "B"	16	—*

來自客戶「A」之收益乃來自(i)健康及保健分部及(ii)其他分部；而來自客戶「B」之收益乃來自(i)智能家居分部及(ii)智能教育與學習分部。

* 於有關年度相應收益不佔本集團收益總額10%或以上。

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

7. OTHER INCOME, OTHER LOSSES, NET

7. 其他收入、其他虧損，淨額

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元 (Restated) (經重列)
Other income	其他收入		
Interest income	利息收入	–	0.2
Income from subleasing of right-of-use assets/ rented premises	分租使用權資產／租用物業收入	11.8	10.8
Sales of scraps	廢料銷售	–	4.6
Subsidy income	補貼收入	2.8	–
Others	其他	1.8	0.1
		16.4	15.7
Other losses, net	其他虧損，淨額		
Loss on disposals of property, plant and equipment	出售物業、機器及設備之虧損	(4.2)	(5.0)
Loss on disposals of intangible assets	出售無形資產之虧損	(2.1)	–
Impairment loss on advances to suppliers	預付供應商款項之減值虧損	(4.0)	–
Exchange gain (loss), net	匯兌收益(虧損)，淨額	2.6	(7.0)
Others	其他	–	0.5
		(7.7)	(11.5)

8. REVERSAL (CHARGE) OF LOSS ALLOWANCE ON TRADE RECEIVABLES

8. 撥回(扣除)應收賬款虧損撥備(費用)

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Reversal (Charge) of loss allowance on trade receivables	撥回(扣除)應收賬款虧損撥備	7.7	(10.3)

Details of loss allowance on trade receivables for the years ended 31 December 2019 and 2018 are set out in note 28 to the consolidated financial statements.

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賬款虧損撥備之詳情載於綜合財務報表附註28。

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

9. LOSS BEFORE TAXATION

This is stated after charging:

9. 除稅前虧損

經扣除下列各項呈列：

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Finance costs	融資成本		
Interest on borrowing	借款利息	3.8	3.2
Interest on lease liabilities	租賃負債利息	1.3	–
		5.1	3.2
Staff costs	員工成本		
Directors' emoluments (note 10)	董事酬金(附註10)	0.4	1.3
Retirement benefits scheme contributions for other staff	其他員工退休保障計劃供款	13.7	18.3
Salaries and other benefits for other staff	其他員工之工資及其他福利	90.9	126.0
Total staff costs*	員工成本總額*	105.0	145.6
Amortisation of intangible assets (included in "General administrative expenses")	無形資產攤銷(計入「一般行政開支」)	0.5	0.7
Auditor's remuneration	核數師酬金		
– Audit services	– 審計服務	1.2	2.6
– Non-audit services	– 非審計服務	0.1	0.6
Cost of inventories	存貨成本	221.8	369.7
Write-down of inventories (included in "Cost of goods sold")	存貨撇減(計入「銷售成本」)	18.1	34.6
Impairment loss on advances to suppliers	預付供應商款項之減值虧損	4.0	–
Depreciation of right-of-use assets (included in "General administrative expenses")	使用權資產折舊 (計入「一般行政開支」)	20.3	–
Depreciation of property, plant and equipment*	物業、機器及設備折舊*	12.6	14.5
Rental expenses recognised under short-term leases	根據短期租賃確認之租金開支	0.2	–
Minimum lease payments under operating leases for	根據以下各項之經營租賃之 最低租賃付款		
– Office equipment and motor vehicles	– 辦公室設備及汽車	–	0.2
– Rented premises	– 租賃物業	–	20.3

* The amounts include staff costs and depreciation of property, plant and equipment charged to profit or loss and capitalised in "Inventories", as appropriate.

* 有關金額包括於損益扣除並於「存貨」資本化之員工成本及物業、機器及設備折舊(如適用)。

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of remuneration received and receivable by the directors of the Company are as follows:

		Fees	Salaries and allowances	Retirement benefits scheme contributions	Total
		袍金	薪金及津貼	退休福利 計劃供款	總額
		HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元	HK\$ million 港幣百萬元
Year ended 31 December 2019	截至二零一九年 十二月三十一日止年度				
<i>Executive directors:</i>	<i>執行董事：</i>				
Mr. Xu Chiming (note 4)	徐志明先生(附註4)	-	-	-	-
Mr. Zhu Yongning (note 5)	朱永寧先生(附註5)	-	-	-	-
<i>Non-executive directors:</i>	<i>非執行董事：</i>				
Mr. Song Rongrong (note 15)	宋榮榮先生(附註15)	-	-	-	-
Ms. Wu Qing (note 16)	吳清(附註16)	-	-	-	-
<i>Independent non-executive directors:</i>	<i>獨立非執行董事：</i>				
Mr. Xu Jinwen (note 12)	徐錦文先生(附註12)	0.2	-	-	0.2
Mr. Zhou Meilin (note 13)	周美林先生(附註13)	0.1	-	-	0.1
Mr. Zhou Rui (note 14)	周銳先生(附註14)	0.1	-	-	0.1
		0.4	-	-	0.4

10. 董事及主要行政人員酬金

(a) 董事酬金

本公司董事已收或應收之酬金總額如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

		Fees	Salaries and allowances	Retirement benefits scheme contributions	Total
	袍金	薪金及津貼	退休福利計劃供款	總額	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
	港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元	
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度				
<i>Executive directors:</i>	<i>執行董事：</i>				
Mr. Foo Piau Phang (note 1)	符標榜先生(附註1)	—	—	—	
Mr. Xu Chiming (note 4)	徐志明先生(附註4)	—	—	—	
Mr. Zhu Yongning (note 5)	朱永寧先生(附註5)	—	—	—	
Mr. Yan Keya (note 6)	鄒克亞先生(附註6)	—	—	—	
Ms. Ouyang Jiejiao (note 7)	歐陽戒驕女士(附註7)	—	0.3	0.1	
Mr. Qi Miao (note 2)	祁淼先生(附註2)	—	—	—	
<i>Non-executive directors:</i>	<i>非執行董事：</i>				
Mr. Xin Kexia (note 3)	辛克俠先生(附註3)	—	—	—	
Mr. Song Rongrong (note 15)	宋榮榮先生(附註15)	—	—	—	
Mr. Shi Changyun (note 3)	施長雲先生(附註3)	—	—	—	
Mr. Jing Tian (note 3)	荊天先生(附註3)	—	—	—	
Mr. Han Hongtu (note 8)	韓宏圖先生(附註8)	—	—	—	
Mr. Wu Gang (note 8)	吳剛先生(附註8)	—	—	—	
<i>Independent non-executive directors:</i>	<i>獨立非執行董事：</i>				
Mr. Yang Xiongsheng (note 9)	楊雄勝先生(附註9)	0.2	—	—	
Ms. Zhao Yuhong (note 10)	趙宇紅女士(附註10)	0.2	—	—	
Dr. Li Quan (note 10)	李權博士(附註10)	0.2	—	—	
Mr. Duh Jiabin (note 11)	杜家濱先生(附註11)	0.2	—	—	
Mr. Xu Jinwen (note 12)	徐錦文先生(附註12)	0.1	—	—	
Mr. Zhou Meilin (note 13)	周美林先生(附註13)	—	—	—	
Mr. Zhou Rui (note 14)	周銳先生(附註14)	—	—	—	
		0.9	0.3	0.1	
				1.3	

10. 董事及主要行政人員酬金(續)

(a) 董事酬金(續)

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

Note 1: Mr. Foo Piau Phang resigned as the chief executive officer ("CEO") and the executive director of the Company on 11 September 2017 and 18 October 2018, respectively.

Note 2: Mr. Qi Miao was re-designated from non-executive director to executive director of the Company and was appointed as the CEO of the Company on 11 September 2017. He resigned as the executive director and the CEO of the Company on 1 August 2018.

Note 3: Mr. Jing Tian, Mr. Xin Kexia and Mr. Shi Changyun resigned as the non-executive director of the Company on 2 March 2018.

Note 4: Mr. Xu Chiming was appointed as an executive director of the Company on 18 October 2018. He retired as an executive director of the Company on 26 June 2019.

Note 5: Mr. Zhu Yongning was appointed as an executive director and the CEO of the Company on 18 October 2018 and 22 October 2018, respectively.

Note 6: Mr. Yan Keya was appointed as the non-executive director of the Company on 2 March 2018. He was re-designated as executive director and was appointed as the CEO of the Company on 1 August 2018. He resigned as the executive director and the CEO of the Company on 22 October 2018.

Note 7: Ms. Ouyang Jiejiao was appointed as the executive director of the Company on 25 August 2018 and resigned as the executive director of the Company on 18 October 2018.

10. 董事及主要行政人員酬金(續)

(a) 董事酬金(續)

附註1：符標榜先生分別於二零一七年九月十一日和二零一八年十月十八日辭任本公司行政總裁及執行董事。

附註2：祁淼先生於二零一七年九月十一日由本公司的非執行董事調任執行董事，並獲委任為本公司行政總裁。祁先生於二零一八年八月一日辭任本公司行政總裁及執行董事。

附註3：荆天先生、辛克俠先生及施長雲先生於二零一八年三月二日辭任本公司非執行董事。

附註4：徐志明先生於二零一八年十月十八日獲委任為本公司執行董事。彼於二零一九年六月二十六日退任本公司執行董事。

附註5：朱永寧先生分別於二零一八年十月十八日和二零一八年十月二十二日分別獲委任為本公司執行董事及行政總裁。

附註6：鄒克亞先生於二零一八年三月二日獲委任為本公司非執行董事，並於二零一八年八月一日調任為本公司執行董事及行政總裁。他於二零一八年十月二十二日辭任本公司執行董事及行政總裁。

附註7：歐陽戒驕女士於二零一八年八月二十五日獲委任為本公司執行董事，並於二零一八年十月十八日辭任本公司執行董事。

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

Note 8: Mr. Wu Gang and Mr. Han Hongtu were appointed as the non-executive director of the Company on 2 March 2018 and resigned as the non-executive director of the Company on 25 August 2018.

Note 9: Mr. Yang Xiongsheng resigned as the independent non-executive director of the Company on 18 October 2018.

Note 10: Dr. Li Quan and Ms. Zhao Yuhong resigned as the independent non-executive director of the Company on 25 August 2018.

Note 11: Mr. Duh Jiabin resigned as the independent non-executive director of the Company on 18 October 2018.

Note 12: Mr. Xu Jinwen was appointed as the independent non-executive director of the Company on 25 August 2018.

Note 13: Mr. Zhou Meilin was appointed as an independent non-executive director of the Company on 18 October 2018.

Note 14: Mr. Zhou Rui was appointed as an independent non-executive director of the Company on 18 October 2018 and retired as an independent non-executive director of the Company on 26 June 2019. He was re-appointed as an independent non-executive director of the Company on 30 August 2019.

Note 15: Mr. Song Rongrong resigned as a non-executive director of the Company on 28 February 2020.

Note 16: Ms. Wu Qing was appointed as a non-executive director of the Company on 31 March 2020.

10. 董事及主要行政人員酬金(續)

(a) 董事酬金(續)

附註8：吳剛先生及韓宏圖先生於二零一八年三月二日獲委任為本公司非執行董事，並於二零一八年八月二十五日辭任本公司非執行董事。

附註9：楊雄勝先生於二零一八年十月十八日辭任本公司獨立非執行董事。

附註10：李權博士及趙宇紅女士於二零一八年八月二十五日辭任本公司獨立非執行董事。

附註11：杜家濱先生於二零一八年十月十八日辭任本公司獨立非執行董事。

附註12：徐錦文先生於二零一八年八月二十五日獲委任本公司獨立非執行董事。

附註13：周美林先生於二零一八年十月十八日獲委任為本公司獨立非執行董事。

附註14：周銳先生於二零一八年十月十八日獲委任為本公司獨立非執行董事，並於二零一九年六月二十六日退任本公司獨立非執行董事。彼於二零一九年八月三十日獲重新委任為本公司獨立非執行董事。

附註15：宋榮榮先生於二零二零年二月二十八日辭任本公司非執行董事。

附註16：吳清女士於二零二零年三月三十一日獲委任為本公司非執行董事。

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

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The emoluments of the non-executive directors and independent non-executive directors shown above were for their services as directors of the Company.

(b) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the years ended 31 December 2019 and 2018.

(c) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors of the Company are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or connected entity of the directors of the Company, had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2019 or at any time during the years ended 31 December 2019 and 2018.

10. 董事及主要行政人員酬金(續)

(a) 董事酬金(續)

上文所示執行董事的酬金主要就彼等有關管理本公司及本集團事務的服務而言。

非執行董事及獨立非執行董事之薪酬主要包括彼等作為本公司董事提供服務的酬金。

(b) 以董事為受益人之貸款、類似貸款及其他交易

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訂立或存續任何以本公司董事為受益人之貸款、類似貸款及其他交易。

(c) 董事於交易、安排或合約之重大利益

經考慮後，本公司董事認為，截至二零一九年十二月三十一日止年度年末或於截至二零一九年及二零一八年十二月三十一日止年度任何時間，概無存續任何有關本公司業務之交易、安排或重大合約，乃涉及本公司且本公司董事(或本公司董事之關連實體)直接或間接擁有重大利益。

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

II. FIVE HIGHEST PAID INDIVIDUALS

In 2019, no director is included in the aggregate emoluments of the five highest paid individuals. In 2018, the aggregate emoluments of the five highest paid individuals included one director of the Company.

The emoluments of the five (2018: four) highest paid non-director individuals are as follows:

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Salaries and allowances	薪金及津貼	5.4	5.3
Retirement benefits schemes contributions	退休福利計劃供款	0.5	0.1
		5.9	5.4

The emoluments of the five (2018: four) highest paid non-director individuals are within the following bands:

		Number of individuals 僱員數目	
		2019 二零一九年	2018 二零一八年
HK\$500,001 to HK\$1,000,000	港幣500,001元至港幣1,000,000元	2	–
HK\$1,000,001 to HK\$1,500,000	港幣1,000,001元至港幣1,500,000元	2	3
HK\$1,500,001 to HK\$2,000,000	港幣1,500,001元至港幣2,000,000元	1	1

No emoluments were paid or payable by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2019 and 2018. There was no arrangement under which a director or the five highest paid individuals waived or agreed to waive any remuneration for the years ended 31 December 2019 and 2018.

II. 五名最高薪酬僱員

於二零一九年，概無董事計入五名最高薪酬僱員酬金總額。於二零一八年，五名最高薪酬僱員酬金總額包括一名本公司董事。

其餘五名(二零一八年：四名)非董事最高薪酬人士之酬金如下：

其餘五名(二零一八年：四名)非董事最高薪酬人士之酬金介乎以下幅度：

截至二零一九年及二零一八年十二月三十一日止年度，本集團概無支付酬金予本公司董事或五名最高薪酬人士作為彼等加入本集團或加入後之酬金或離職補償金。概無董事及最高行政人員截至二零一九年及二零一八年十二月三十一日止年度放棄或同意放棄任何酬金之安排。

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

12. TAXATION

12. 稅項

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Current tax	即期稅項		
– Under-provision in prior year	– 過往年度撥備不足	–	12.3

The tax charge for the year is reconciled to the loss before taxation as follows:

本年度稅項支出與除稅前之虧損對賬如下：

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Loss before taxation	除稅前虧損	(83.1)	(203.3)
Tax credit at the domestic income tax rate of 16.5%	按本地所得稅率16.5% 計算的稅項抵免	(13.7)	(33.5)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支之稅項影響	1.2	0.1
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅項影響	–	(0.3)
Tax effect of tax losses not recognised	未獲確認稅項虧損之稅項影響	12.3	28.6
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營附屬公司 所採用稅率不同之影響	(0.7)	(7.8)
Under-provision in prior year	過往年度撥備不足	–	12.3
Tax effect of deductible temporary difference not recognised	未獲確認可扣稅暫時差額之稅項影響	1.7	13.1
Utilisation of tax losses previously not recognised	動用早前未獲確認之稅項虧損	(0.8)	(0.2)
Tax charge for the year	本年度稅項支出	–	12.3

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

12. TAXATION (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 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

At the end of the reporting period, the Group has unutilised tax losses of approximately HK\$484.8 million (2018: approximately HK\$417.4 million) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams in 2018 and 2019. Included in the unrecognised tax losses were losses of approximately HK\$105.4 million (2018: approximately HK\$89.1 million that would expire in the years of 2019 to 2023) that will expire in the years of 2020 to 2024. Other losses may be carried forward indefinitely.

The Group also has certain deductible temporary differences mainly related to loss allowance and write-down of inventories amounted to approximately HK\$63.8 million and available for offset against future profits at 31 December 2019 (2018: approximately HK\$56.8 million). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

12. 稅項(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》(「條例草案」)，引入利得稅兩級制。該條例草案於二零一八年三月二十八日經簽署生效，並於翌日刊憲。根據利得稅兩級制，合資格法團首港幣2百萬元溢利的利得稅率將為8.25%，其後港幣2百萬元以上的溢利則按16.5%徵稅。不符合利得稅兩級制資格的法團的溢利將持續劃一按16.5%稅率計算。

按照《中華人民共和國企業所得稅法》(「企業所得稅法」)及實施條例，中國附屬公司之企業所得稅稅率於兩個年度均為25%。

其他司法權區之稅項乃按照有關司法權區現行之稅率計算。

於報告期末，本集團有尚未動用稅項虧損約港幣484.8百萬元(二零一八年：約港幣417.4百萬元)可供抵銷日後溢利。由於二零一八年及二零一九年難以預測未來溢利流，故並無就該等虧損確認遞延稅項資產。未確認稅項虧損包括將於二零二零年至二零二四年期間到期之虧損約港幣105.4百萬元(二零一八年：將於二零一九至二零二三年期間到期之虧損約港幣89.1百萬元)。其他虧損可無限期結轉。

於二零一九年十二月三十一日，本集團亦擁有若干可扣減暫時差額約港幣63.8百萬元(二零一八年：約港幣56.8百萬元)，主要與虧損撥備及存貨撇減有關，並可用於抵銷日後溢利。由於不大可能有應課稅溢利可用以抵銷可扣減暫時差額，故概無就有關可扣減暫時差額確認遞延稅項資產。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

12. TAXATION (continued)

Exposures arising from income tax liabilities

Oregon Scientific Italy Limited (“OS Italy”)

An indirect wholly-owned subsidiary of the Company, OS Italy, was involved in a tax dispute with the Italian Tax Authorities. As disclosed in the announcement of the Company dated 6 November 2018, there was a tax dispute between OS Italy and the Italian Tax Authorities (“Tax Dispute”), and the tax charge judgement in relation to the Tax Dispute from the Supreme Court of Cassation of Italy was received. After seeking the independent legal advice, the directors of the Company considered no further legal actions are possible for OS Italy in relation to the Tax Dispute. Based on tax notice received from the Italian Tax Authorities in January 2019, the Group provided a tax provision of approximately Euro (“EUR”) 1.4 million (equivalent to approximately HK\$12.3 million) in profit or loss for the year ended 31 December 2018. OS Italy was declared bankrupt by the Court in July 2019 and a bankruptcy trustee was appointed to in charge of OS Italy’s bankruptcy procedure. After seeking the independent legal advice, the directors of the Company considered that OS Italy was still at the earlier stage of bankruptcy procedures and the related tax liabilities had not yet been fully discharged. Accordingly, the Group continued to recognise the aforesaid tax provision of EUR1.4 million (equivalent to HK\$11.8 million) as tax payable at 31 December 2019.

12. 稅項(續)

所得稅負債產生的風險

Oregon Scientific Italy Limited(「OS Italy」)

本公司之間接全資附屬公司OS Italy牽涉一項與意大利稅務局(Italian Tax Authorities)之稅務糾紛。如本公司日期為二零一八年十一月六日之公告所披露，OS Italy與意大利稅務局之間存在稅務糾紛(「稅務糾紛」)，並接獲意大利最高上訴法院就稅務糾紛作出的稅收判決。經尋求獨立法律意見後，本公司董事認為，OS Italy無任何其他途徑可以就稅務糾紛進一步申訴。根據於二零一九年一月接獲的意大利稅務局發出的稅收通知，本集團於截至二零一八年十二月三十一日止年度之損益內計提稅項撥備約1.4百萬歐元(「歐元」)(相當於約港幣12.3百萬元)。OS Italy由法院於二零一九年七月宣告破產，並委任破產信託人負責OS Italy的破產程序。在徵詢獨立法律意見後，本公司董事認為OS Italy仍處於破產程序較早階段，且相關稅項負債仍未獲全面解除。因此，於二零一九年十二月三十一日，本集團繼續確認上述稅項撥備約1.4百萬歐元(相當於約港幣11.8百萬元)為應付稅項。

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

12. TAXATION (continued)

Exposures arising from income tax liabilities

Oregon Scientific Brasil Ltda (“OS Brazil”)

An indirect wholly-owned subsidiary of the Company, OS Brazil, was involved in a tax dispute with the State of Sao Paulo, the Federative Republic of Brazil, which may cause a maximum tax payment including penalty and interest of approximately Brazilian Real 3.6 million (equivalent to approximately HK\$7.0 million) (2018: approximately Brazilian Real 3.6 million (equivalent to approximately HK\$7.3 million)). After seeking the independent legal advice, the directors of the Company consider that the outcome and the amount of final payment, if any, are uncertain but the expected value of liability is insignificant to the Group. Therefore, no provision has been made in the consolidated financial statements.

13. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company for both years is based on the following data:

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Loss:	虧損：		
Loss for the year attributable to owners of the Company and loss for the purpose of basic loss per share	用以計算每股基本虧損之本公司擁有人應佔之本年度虧損	(83.1)	(215.6)
		2019 二零一九年	2018 二零一八年
Number of ordinary shares:	普通股份數目：		
Weighted average number of ordinary shares for the purposes of basic loss per share	用以計算每股基本虧損之普通股加權平均數	2,599,993,088	2,599,993,088

Diluted loss per share is the same as basic loss per share as there was no potential ordinary share in issue for both years.

12. 稅項(續)

所得稅負債產生的風險

Oregon Scientific Brasil Ltda(「OS Brazil」)

本公司的間接全資附屬公司OS Brazil與巴西聯邦共和國聖保羅州發生稅務糾紛，可能導致繳納最高稅款(包括罰金及利息)約為3.6百萬巴西雷亞爾(相當於約港幣7.0百萬元)(二零一八年：約為3.6百萬巴西雷亞爾(相當於約港幣7.3百萬元))。在徵詢獨立法律意見後，本公司董事認為結果及最終付款金額(如有)並不確定，惟預期負債值對本集團而言並不重大，因此並無於綜合財務報表計提撥備。

13. 每股虧損

於兩個年度本公司擁有人應佔每股基本虧損乃按下列數據計算：

每股攤薄虧損與每股基本虧損相同，因為兩個年度均無已發行潛在普通股。

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

14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、機器及設備

		Furniture, fixture and equipment 傢俬、裝置 及設備 HK\$ million 港幣百萬元	Motor vehicles 汽車 HK\$ million 港幣百萬元	Plant and machinery 廠房設備 及機器 HK\$ million 港幣百萬元	Total 總額 HK\$ million 港幣百萬元
COST	成本				
At 1 January 2018	於二零一八年一月一日	266.6	2.1	285.5	554.2
Currency realignment	匯兌調整	0.1	–	–	0.1
Additions	添置	5.0	–	9.5	14.5
Disposals	出售	(8.5)	–	(36.5)	(45.0)
At 31 December 2018	於二零一八年十二月三十一日	263.2	2.1	258.5	523.8
Additions	添置	0.8	–	0.2	1.0
Disposals	出售	(7.7)	–	–	(7.7)
At 31 December 2019	於二零一九年十二月三十一日	256.3	2.1	258.7	517.1
ACCUMULATED DEPRECIATION	累計折舊				
At 1 January 2018	於二零一八年一月一日	258.1	1.7	261.9	521.7
Charged for the year	本年度計提	3.0	0.3	11.2	14.5
Eliminated on disposals	出售時抵銷	(8.5)	–	(31.5)	(40.0)
At 31 December 2018	於二零一八年十二月三十一日	252.6	2.0	241.6	496.2
Charged for the year	本年度計提	2.9	0.1	9.6	12.6
Eliminated on disposals	出售時抵銷	(3.5)	–	–	(3.5)
At 31 December 2019	於二零一九年十二月三十一日	252.0	2.1	251.2	505.3
NET CARRYING AMOUNT	賬面淨值				
At 31 December 2019	於二零一九年十二月三十一日	4.3	–	7.5	11.8
At 31 December 2018	於二零一八年十二月三十一日	10.6	0.1	16.9	27.6

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is provided to write-off the cost of property, plant and equipment, less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Furniture, fixtures and equipment	10%–25%
Motor vehicles	10%–20%
Plant and machinery	10%–20%

15. LEASES

The Group as lessee

Right-of-use assets

		Buildings 樓宇 HK\$ million 港幣百萬元
Reconciliation of carrying amount – year ended 31 December 2019	賬面值對賬 – 截至二零一九年 十二月三十一日止年度	
At 1 January 2019 – upon adoption of HKFRS 16 (note 3)	於二零一九年一月一日 – 採用香港財務 報告準則第16號後(附註3)	25.1
Depreciation	折舊	(20.3)
At 31 December 2019	於二零一九年十二月三十一日	4.8

		Buildings 樓宇 HK\$ million 港幣百萬元
At 31 December 2019	於二零一九年十二月三十一日	
Cost	成本	25.1
Accumulated depreciation	累計折舊	(20.3)
Net carrying amount	賬面淨值	4.8

14. 物業、機器及設備(續)

物業、機器及設備均以直線法，按估計可用年期減其剩餘價值計提折舊，以撇銷成本，每年之折舊率如下：

傢俬、裝置及設備	10%–25%
汽車	10%–20%
廠房設備及機器	10%–20%

15. 租賃

本集團作為承租人

使用權資產

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

15. LEASES (continued)

The Group as lessee (continued)

Lease liabilities

Lease liabilities
Current portion

租賃負債
即期部分

2019
二零一九年
HK\$ million
港幣百萬元

5.0

The Group leases various office and factory premises for its daily operations and the lease terms ranging from two to five years. The total cash outflow for leases was approximately HK\$21.6 million for the year ended 31 December 2019.

At 31 December 2019, the weighted average effective interest rate for the lease liabilities of the Group was 8% per annum.

Commitments under leases

At 31 December 2019

The Group had no significant commitment for short-term leases.

At 31 December 2018

The Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

15. 租賃(續)

本集團作為承租人(續)

租賃負債

本集團為其日常營運租用若干辦公室及工廠物業，租期介乎二至五年。截至二零一九年十二月三十一日止年度，租賃現金流出總額約為港幣21.6百萬元。

於二零一九年十二月三十一日，本集團之租賃負債之加權平均實際年利率為8%。

租賃項下承擔

於二零一九年十二月三十一日

本集團並無任何短期租賃之重大承擔。

於二零一八年十二月三十一日

本集團根據不可撤銷之經營租賃的未來最低租賃付款總額如下：

HK\$ million
港幣百萬元

Within one year	一年內	23.4
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)	5.5
		28.9

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

16. INTANGIBLE ASSETS

16. 無形資產

		Patents and trademarks 專利及商標 HK\$ million 港幣百萬元
COST	成本	
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	20.2
Disposals	出售	(20.2)
At 31 December 2019	於二零一九年十二月三十一日	–
ACCUMULATED AMORTISATION	累計攤銷	
At 1 January 2018	於二零一八年一月一日	16.9
Amortised for the year	年度攤銷	0.7
At 31 December 2018	於二零一八年十二月三十一日	17.6
Amortised for the year	年度攤銷	0.5
Eliminated on disposals	出售時抵銷	(18.1)
At 31 December 2019	於二零一九年十二月三十一日	–
NET CARRYING AMOUNT	賬面淨值	
At 31 December 2019	於二零一九年十二月三十一日	–
At 31 December 2018	於二零一八年十二月三十一日	2.6

Patents and trademarks, which have finite useful lives, are amortised on a straight-line basis over five to ten years.

專利及商標可用年期有限，乃按5–10年直線法攤銷。

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

17. GOODWILL

17. 商譽

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
COST	成本		
At 1 January and 31 December	於一月一日及十二月三十一日	33.8	33.8
ACCUMULATED IMPAIRMENT LOSSES	累計減值虧損		
At 1 January	於一月一日	33.8	–
Impairment loss recognised in the year	年度確認減值虧損	–	33.8
At 31 December	於十二月三十一日	33.8	33.8
NET CARRYING AMOUNT	賬面淨值		
At 31 December	於十二月三十一日	–	–

Goodwill arising on the acquisition of business in prior years were allocated to two individual cash generating units (“CGUs”), comprising the health and wellness segment and the connected home and communications segment.

During the year ended 31 December 2018, having considered that some products had been loss-making and the relevant operations were either terminated during the year or planned to be terminated in the foreseeable future, the directors had consequently performed an impairment review for these CGUs and the recoverable amounts were determined from a value in use calculation. As a result of the impairment tests, full impairment losses of approximately HK\$17.5 million and approximately HK\$16.3 million, respectively, in relation to goodwill of time and weather consumer electronic products unit in health and wellness segment and telecommunications consumer electronic products unit in connected home and communications segment were charged in profit or loss for the year ended 31 December 2018.

過往年度收購業務所產生的商譽獲分配至兩個創現單位（「創現單位」），包括健康及保健分部和智能家居分部。

截至二零一八年十二月三十一日止年度，經考慮若干產品已產生虧損及相關業務會與年內終止或計劃於可見將來終止，董事其後對該等創現單位進行減值檢討，而可收回金額從計算使用價值的角度釐定。由於減值測試，就健康及保健分部內時間及天氣電子消費產品單位和智能家居分部內電訊電子消費產品單位之全額減值虧損分別約港幣17.5百萬元及約港幣16.3百萬元，自截至二零一八年十二月三十一日止年度之損益扣除。

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

18. INVENTORIES

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Raw materials	原料	10.9	43.0
Work in progress	在製品	0.3	6.3
Finished goods	製成品	5.6	25.5
		16.8	74.8

During the year ended 31 December 2019, there was a decrease in the net realisable value of certain raw materials and finished goods (2018: raw materials and finished goods) due to obsolescence and diminishing marketability as a result of changes in the market condition and technology. Therefore, a write-down of approximately HK\$18.1 million (2018: write-down of approximately HK\$34.6 million) has been recognised in profit or loss.

18. 存貨

截至二零一九年十二月三十一日止年度，由於市況及技術變動導致存貨陳舊及可銷售程度逐步減少，若干原料及製成品(二零一八年：原料及製成品)之可變現淨值有所減少。因此，已於損益確認撇減約18.1百萬港元(二零一八年：撇減約34.6百萬港元)。

19. TRADE AND OTHER RECEIVABLES

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Trade receivables	應收賬款	43.0	60.8
Less: Loss allowance for ECL	減：預期信貸虧損撥備	(14.2)	(24.2)
		28.8	36.6
Other receivables	其他應收款項	18.3	44.7
Total trade and other receivables	應收賬款及其他應收款項總額	47.1	81.3

19. 應收賬款及其他應收款項

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

19. TRADE AND OTHER RECEIVABLES (continued)

The following is the ageing analysis of trade receivables (net of loss allowance for ECL) presented based on the invoice date which approximate the respective revenue recognition date at the reporting date.

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
0 to 30 days	0至30日	21.1	22.9
31 to 90 days	31日至90日	4.7	12.5
Over 90 days	90日以上	3.0	1.2
Trade receivables	應收賬款	28.8	36.6

The Group normally allows credit period of 30 to 90 days to its customers. Before accepting any new customers, the management of the Group will base on the credit quality of the potential customers to define credit limits. Credit limits to customers are reviewed annually. In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

At 31 December 2019, included in the Group's trade receivable balances are debtors with aggregate carrying amount of approximately HK\$3.0 million (2018: approximately HK\$1.2 million) which are past due at the end of the reporting period. The Group does not hold any collateral over these balances.

19. 應收賬款及其他應收款項(續)

於報告日期，應收賬款扣除預期信貸虧損撥備後，按發票日期(該日期與相關收益確認日期相若)呈列之賬齡分析如下。

本集團一般給予客戶30日至90日的信貸期。接納任何新客戶之前，本集團管理層將根據潛在客戶的信貸質素界定信貸限額。向客戶授出的信貸限額會每年進行檢討。於釐定應收賬款是否可予收回時，本集團會考慮自信貸首次獲授當日起至報告日期止應收賬款之信貸質素。

於二零一九年十二月三十一日，本集團之應收賬款結餘包括總賬面值為港幣3.0百萬元(二零一八年：港幣1.2百萬元)且於報告期末已逾期之債務人。本集團並無就該等結餘持有任何抵押品。

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

19. TRADE AND OTHER RECEIVABLES (continued)

Other receivables

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Advances to suppliers (Note)	預付供應商款項(附註)	3.9	37.1
Other taxes recoverable	其他可收回稅款	10.8	5.1
Others	其他	3.6	2.5
		18.3	44.7

Note: The Group had made advances to various suppliers for the procurement of raw materials. At 31 December 2019, the unutilised advances to suppliers amounted to HK\$7.9 million (2018: HK\$37.1 million). The directors of the Company reassessed the recoverability of the unutilised advances based on all relevant information available to the Group. Due to the continuing downturn of the Group's business operation and the status of negotiation with the suppliers, the directors of the Company considered that there was significant uncertainty on the ability of the Group to recover certain part of the advances through either utilisation from future purchases or refunds. Accordingly, an impairment loss of HK\$4.0 million (2018: Nil) was recognised in profit or loss for the year ended 31 December 2019.

Included in trade and other receivables are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Renminbi ("RMB")	人民幣(「人民幣」)	10.9	13.7

Details of impairment assessment of trade and other receivables for the years ended 31 December 2019 and 2018 are set out in note 28 to the consolidated financial statements.

19. 應收賬款及其他應收款項(續)

其他應收款項

附註：本集團已為採購原料向若干供應商作預付款項。於二零一九年十二月三十一日，未動用預付供應商款項達港幣7.9百萬元(二零一八年：港幣37.1百萬元)。本公司董事根據本集團所有可取閱之相關資料重新評估未動用預付供應商款項之可收回程度。因本集團業務營運持續下行及本集團努力與供應商就修訂雙方協定之採購計劃之磋商，本公司董事認為通過未來採購動用或退款使本集團能收回若干部分預付款項之能力存在重大不明朗因素。因此，截至二零一九年十二月三十一日止年度於損益確認減值虧損港幣4.0百萬元(二零一八年：零)。

應收賬款及其他應收款項包括下列以相關集團實體之功能貨幣以外之貨幣定值之款項：

截至二零一九年及二零一八年十二月三十一日止年度之應收賬款及其他應收款項減值評估詳情載於綜合財務報表附註28。

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

20. BANK BALANCES AND CASH

Bank balances and cash comprised cash held by the Group and bank deposits which carried interest at prevailing market rates.

Included in bank balances and cash are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
EUR	歐元	4.0	4.2
RMB	人民幣	6.1	8.1
United States dollars ("US\$")	美元(「美元」)	4.6	4.9

21. TRADE AND OTHER PAYABLES

The following is the ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
0 to 30 days	0至30日	14.8	35.1
31 to 90 days	31日至90日	17.1	17.7
Over 90 days	90日以上	25.5	45.7
Trade payables	應付賬款	57.4	98.5
Other payables	其他應付款項	21.3	19.3
Trade and other payables	應付賬款及其他應付款項	78.7	117.8

20. 銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及銀行存款，有關存款按通行市場利率計息。

銀行結餘及現金包括下列以相關集團實體之功能貨幣以外之貨幣計值之款項：

21. 應付賬款及其他應付款項

於報告期末，應付賬款按發票日期呈列之賬齡分析如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

21. TRADE AND OTHER PAYABLES (continued)

Other payables

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Payable for staff costs	應付員工成本	8.1	13.7
Payable for audit services	審計服務應付款項	1.9	2.4
Other tax payables	其他應付稅項	1.8	2.3
Others	其他	9.5	0.9
Total other payables	其他應付款項總額	21.3	19.3

Included in trade and other payables are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

應付及其他應付款項包括下列以相關集團實體之功能貨幣以外之貨幣計值之款項：

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
RMB	人民幣	36.0	44.2

22. BORROWING

22. 借款

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Unsecured, repayable within 1 year and shown under current liability	無抵押，須於一年內償還及於流動負債列賬	33.2	34.3
Interest payable	應付利息	6.0	3.1
		39.2	37.4

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

22. BORROWING (continued)

On 8 December 2017, a subsidiary of the Group, 萬威電子(深圳)有限公司, entered into a loan agreement with a financial institution to borrow approximately RMB30.0 million at a fixed interest rate of 8% per annum for one year. The borrowing was overdue at 31 December 2018 and subject to a fixed interest rate of 8.8% per annum.

On 27 March 2020, 萬威電子(深圳)有限公司 entered into a supplementary agreement with the financial institution to extend the borrowing including the interest payable with maturity date on 31 March 2026 at a fixed interest of 8% per annum.

23. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the years ended 31 December 2019 and 2018 are as follows:

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
At 1 January	於一月一日	58.2	42.6
Receipt of advances	收取預付款項	23.3	58.2
Recognised as revenue	確認為收益	(49.6)	(42.6)
Transfer to other payables	轉撥其他應付款項	(8.6)	-
At 31 December	於十二月三十一日	23.3	58.2

At 31 December 2019 and 2018, the advances from customers are expected to be recognised as revenue within 1 year.

22. 借款(續)

於二零一七年十二月八日，本集團的附屬公司萬威電子(深圳)有限公司與一家金融機構訂立貸款協議，以按固定利率每年8厘借款人民幣30.0百萬元一年。該借款於二零一八年十二月三十一日已逾期並須按固定年利率8.8%計息。

於二零二零年三月二十七日，萬威電子(深圳)有限公司與該金融機構訂立補充協議延長有關借款(包括應付利息)，到期日為二零二六年三月三十一日，按固定年利率8%計息。

23. 合約負債

截至二零一九年及二零一八年十二月三十一日止年度來自香港財務報告準則第15號界定之客戶合約的合約負債變動(不包括均於同一年內發生的增加及減少所產生變動)如下：

於二零一九年及二零一八年十二月三十一日，收取客戶的預付款項預期於一年內確認為收益。

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

24. LOAN FROM A SHAREHOLDER

The balance represents loan advanced from a shareholder, Huaneng, for working capital purpose. The loan was unsecured, interest-free and repayable on demand (2018: the loan was unsecured, carried a fixed interest rate of 5% and had a maturity of 3 years).

Huaneng has confirmed in writing that it will not demand the partial or full repayment of the shareholder's loan until such demand or withdrawal has no significant adverse impact on the Group's going concern and the sufficiency of working capital.

25. SHARE CAPITAL

24. 股東貸款

結餘指自一名股東(華能)墊支的貸款，用作營運資金。該貸款為無抵押、免息及來索即付(二零一八年：貸款為無抵押、固定利率為5%，期限為3年)。

華能已以書面確認，其將不會要求部分或悉數償還股東貸款，直至有關要求或撤回不對本集團持續經營及備有充足營運資金有重大不利影響。

25. 股本

		Number of shares	Amount HK\$ million 金額 港幣百萬元
		股份數目	港幣百萬元
Authorised:	法定股本：		
Ordinary shares of HK\$0.10 each	每股面值港幣0.10元的普通股份		
At 1 January 2018 and 31 December 2018 and 2019	於二零一八年一月一日以及二零一八年 及二零一九年十二月三十一日	20,000,000,000	2,000.0
Ordinary shares of US\$0.10 each	每股面值0.10美元的普通股份		
At 1 January 2018 and 31 December 2018 and 2019	於二零一八年一月一日以及二零一八年 及二零一九年十二月三十一日	10,000	-
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.10 each	每股面值港幣0.10元的普通股份		
At 1 January 2018 and 31 December 2018 and 2019	於二零一八年一月一日以及二零一八年 及二零一九年十二月三十一日	2,599,993,088	260.0

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

26. SHARE OPTION SCHEME

The Group share option scheme (the "Scheme") was approved for adoption on 29 August 2012 to attract, motivate and retain key employees who contribute to the growth of the Group. The Scheme has a maximum of ten years in operation from the date of adoption.

Pursuant to the Scheme, the board of directors of the Company offered to grant options to selected eligible participants, including full-time employees and full-time executive directors of the Company or employees or any of its subsidiaries.

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised, together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of the Company, must not exceed 30% of the number of the Company's issued shares from time to time. Subject always to the aforesaid overall 30% limit, the total number of shares which may be issued upon exercise of all options to be granted, together with all options to be granted under other share option scheme(s) of the Company, must not exceed 10% of the issued share capital of the Company on the adoption date. Such 10% limit may be refreshed or exceeded if approved by shareholders in general meeting subject always to the aforesaid overall 30% limit.

The total number of the Company's shares issued and which may be issued upon exercise of all options granted to a participant in any 12-month period immediately preceding the date of grant shall not exceed 1% of the number of shares in issue as at date of such grant. If the grant of options is offered to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, the total number of the Company's shares issued and which may be issued to such participant upon exercise of all options granted in any 12-month period up to and including the date of grant shall not exceed 0.1% of the number of shares then in issue and having an aggregate value in excess of HK\$5,000,000.

The subscription price for an option granted shall be the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

26. 購股權計劃

本集團之購股權計劃(「計劃」)於二零一二年八月二十九日獲批准採納，以吸引、激勵及挽留對本集團增長作出貢獻之主要僱員。計劃由採納日期起維持生效至長達十年。

根據計劃，本公司董事會可向選定之合資格參與者提呈授予購股權。此等合資格參與者包括本公司之全職僱員和全職執行董事，或其任何附屬公司之僱員。

授出但尚未行使之所有購股權，加上根據本公司任何其他購股權計劃授出但尚未行使之所有購股權而可能發行之股份總數，最多不得超過本公司其時之已發行股份數目之30%。在時刻受上文所述整體30%限額限制下，因行使所有將授出之購股權，以及根據本公司其他購股權計劃將授出之所有購股權而可能發行之股份總數，不得超過購股權計劃之採納日期之已發行股本約10%。倘獲股東於股東大會批准，該10%限額可予更新或可授出超過該限額的購股權，惟時刻受上文所述整體30%限額限制。

於緊接授出日期前任何十二個月期間，因行使授予任何一名參與者之所有購股權所發行及可能發行之本公司股份總數，不得超過授出購股權當日之已發行股份數目之1%。倘若向本公司之主要股東或獨立非執行董事或彼等各自之任何聯繫人士提呈授予購股權，則於截至授出日期止任何十二個月期間(包括該日)，因行使已授予之所有購股權所發行及可能發行予該名參與者之本公司股份總數，不得超過當時已發行股份數目0.1%，且總值不得超過港幣5,000,000元。

授出之購股權之認購價相當於下列最高者：(i)本公司股份於授出日期之收市價；(ii)股份於緊接授出日期前五個營業日之平均收市價；及(iii)股份之面值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

26. SHARE OPTION SCHEME (continued)

The vesting period of the share option is from the date of grant until the commencement of the exercisable period.

An option may be exercised during a period to be determined by the Company's board of directors in their absolute discretion and in any event such period shall not exceed 10 years after the date of grant of the option.

No share option has been granted under the Scheme during the year ended 31 December 2019 (2018: Nil). No share option was outstanding at 31 December 2019 (2018: Nil).

27. 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 stakeholders through the optimisation of debts and equity balance. In order to maintain or adjust the capital structure, the Group may raise loan from shareholders and issue new shares to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and loan from a shareholder.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associates with the capital, and takes appropriate actions through raising debts to adjust the Group's capital structure.

26. 購股權計劃(續)

購股權之歸屬期由授出日期開始，直至行使期間開始為止。

購股權可於本公司董事會全權酌情釐定之期間內予以行使，惟無論如何該期間不得超過授出購股權當日後十年。

截至二零一九年十二月三十一日止年度概無根據計劃授出購股權(二零一八年：無)。於二零一九年十二月三十一日，概無購股權未獲行使(二零一八年：無)。

27. 資本風險管理

本集團之資本管理旨在確保本集團內之所有實體均可持續經營，同時透過優化債務及股本結構為股東謀求最大回報。為維持或調整資本結構，本集團可能向股東籌集貸款及發行新股以減少債務。

本集團之資本架構包括本公司擁有人應佔權益(包含已發行股本、儲備及股東貸款)。

本集團管理層定期審核資本結構。作為該審核之一部分，本集團管理層考慮資本之成本及資本之風險，並會獲得債務採取適當措施調整本集團之資本架構。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Financial assets at amortised cost	按攤銷成本列賬之金融資產	53.8	67.9
Financial liabilities at amortised cost	按攤銷成本列賬之金融負債	190.1	185.4

Financial risk management objectives and policies

The Group's major financial instruments include rental deposits, trade and other receivables, bank balances and cash, trade and other payables, lease liabilities, borrowing and loan from a shareholder. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

28. 金融工具

金融工具類別

財務風險管理目標及政策

本集團之主要金融工具包括租金按金、應收賬款及其他應收款項、銀行結餘及現金、應付賬款及其他應付款項、租賃負債、借款及股東貸款。該等金融工具詳情於各有關附註披露。與該等金融工具有關之風險包括市場風險(貨幣風險和利率風險)、信貸風險及流動資金風險。有關本集團如何降低該等風險的政策載列如下。本集團管理層管理及監察該等風險，以確保及時和有效地採取適當的措施。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

Currency risk

Certain of the Group's rental deposits, bank balances and cash, trade and other receivables, trade and other payables, borrowing and loan from a shareholder are denominated in RMB and US\$ which are exposed to foreign currency risk arising from various currency exposures, primarily with respect to HK\$.

The Group currently has not entered into any contracts to hedge its foreign currency risk exposure. The management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amounts of the Group's foreign currencies denominated monetary assets and liabilities at the reporting date are as follows:

		Assets		Liabilities	
		資產		負債	
		2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年
		HK\$ million	HK\$ million	HK\$ million	HK\$ million
		港幣百萬元	港幣百萬元	港幣百萬元	港幣百萬元
US\$	美元	4.6	4.9	69.0	32.5
RMB	人民幣	20.4	28.3	75.2	78.5
EUR	歐元	4.0	4.2	—	—

28. 金融工具(續)

財務風險管理目標及政策(續)

市場風險

貨幣風險

本集團若干租金按金、銀行結餘及現金、應收賬款及其他應收款項、應付賬款及其他應付款項、借款及股東貸款以人民幣及美元計值，以致本集團面臨各種貨幣風險(主要是港幣)引起的外幣風險。

本集團目前並無訂立任何合約以對沖外幣風險。本集團管理層會監察外幣風險及在需要時考慮對沖重大外幣風險。

本集團以外幣定值之貨幣資產及負債於報告日期之賬面值如下：

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in the functional currency of the respective group entities against the relevant foreign currencies. 5% (2018: 5%) sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the period-end for a 5% (2018: 5%) change in foreign currency rates. The analysis has excluded US\$ denominated monetary items as HK\$, the functional currency of the group entity holding these monetary items, is pegged to US\$. The management of the Group considers that the currency risk in this regard is minimal. A positive number below indicates an increase in post-tax loss for the year where functional currency strengthens 5% against the relevant foreign currencies. For a 5% weakening of functional currency of the respective group entities against the relevant foreign currencies, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

		Effect on post-tax result for the year 對年度除稅後業績之影響	
		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
RMB	人民幣	2.3	2.1
EUR	歐元	(0.2)	(0.2)

In management's opinion, the analysis is used for reference purpose and is unrepresentative of the inherent currency risk as the period end exposure does not reflect the exposure during the years ended 31 December 2019 and 2018.

28. 金融工具(續)

財務風險管理目標及政策(續)

市場風險(續)

敏感度分析

下表詳列因應本集團對各有關集團實體之功能貨幣兌有關外幣升值及減值5% (二零一八年：5%)之敏感度。5%(二零一八年：5%)的敏感度代表管理層對外幣匯率合理可能變動之評估。敏感度分析僅包括現有以外幣定值的貨幣性項目，並於期末按5%(二零一八年：5%)的外幣變動調整彼等的換算率。該分析並不包括美元定值之貨幣項目，原因是持有此等貨幣性項目之集團實體之功能貨幣港元乃與美元掛鈎。本集團管理層認為與此有關之貨幣風險屬微不足道。下列正數表示倘功能貨幣兌有關外幣升值5%導致該年度出現除稅後虧損的增加。倘各有關集團實體之功能貨幣兌有關外幣貶值5%，將會對除稅後虧損造成相等及相反之影響，而下列結餘將為負數。

管理層認為此分析只用作參考用途，由於期末之風險並不反映截至二零一九年及二零一八年十二月三十一日止年度之風險，因此敏感度分析並不代表固有貨幣風險。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on bank balances. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of Benchmark Borrowing Rate of the People's Bank of China.

The Group will continue to monitor the exposure on cash flow interest rate risk and will consider hedging the interest rate should the need arise. In the management's opinion, the Group does not have material interest rate risk exposure and hence no sensitivity analysis is presented.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the amount of each class of financial assets as disclosed in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed at least twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on provision matrix. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

28. 金融工具(續)

財務風險管理目標及政策(續)

利率風險

本集團因銀行結存利率變動之影響而承擔現金流量利率風險。本集團的現金流量利率風險主要集中在中國人民銀行的基準利率。

本集團將繼續監督現金流量利率風險的風險承擔並將考慮於有必要時進行利率對沖。管理層認為，本集團並無重大利率風險承擔，故並無呈列敏感度分析。

信貸風險

本集團將導致其產生財務虧損之最大信貸風險承擔乃來自各類金融資產(如綜合財務狀況報表所披露)。本集團並無持有任何抵押品或其他信貸提升措施，以應對其於金融資產相關之信貸風險。

產生自客戶合約收益之應收賬款

為減低信貸風險，本集團管理層已指定團隊負責釐定信貸限額及信貸審批。於接納任何新客戶前，本集團使用內部信貸評分制度評估潛在客戶的信貸質素，並界定客戶的信貸限額。對客戶的限額及評分每年檢討兩次。本集團制訂其他監督程序，以確保採取跟進措施收回逾期債務。此外，於應用香港財務報告準則第9號後，本集團基於撥備矩陣根據預期信貸虧損模式對賬款結餘進行減值評估。就此而言，本集團管理層認為，本集團之信貸風險已大幅減低。

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables arising from contracts with customers (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal

Internal credit rating	Description	Trade receivables	Other financial assets
內部信貸評級	說明	貿易應收賬款	其他金融資產
Low risk	The counterparty has a low risk of default and does not have any past-due amount	Lifetime ECL – not credit-impaired	12m ECL
低風險	對手方有低違約風險且並無任何逾期款項	全期預期信貸虧損 – 並無產生信貸減值	十二個月預期信貸虧損
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
觀察清單	債務人經常於逾期日後還款，但通常於到期日後清償	全期預期信貸虧損 – 並無產生信貸減值	十二個月預期信貸虧損
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
可疑	自初步確認以來透過內部開發之數據或外部資源得知，信貸風險自初步確認以來大幅增加	全期預期信貸虧損 – 並無產生信貸減值	全期預期信貸虧損 – 並無產生信貸減值
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
虧損	有證據表明資產產生信貸減值	全期預期信貸虧損 – 產生信貸減值	全期預期信貸虧損 – 產生信貸減值
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off
撇銷	有證據表明債務人陷入嚴重財務困難，且本集團並無收回的確實可能	金額撇銷	金額撇銷

28. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

產生自客戶合約收益之應收賬款(續)

本集團之內部信貸風險等級評估包括以下類別：

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables arising from contracts with customers (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Note	External credit rating	Internal credit rating	12m or Lifetime ECL 十二個月或全期預期信貸虧損	Gross carrying amount 賬面總值 HK\$ million 港幣百萬元	Total gross carrying amount 賬面總值 總計 HK\$ million 港幣百萬元
Financial assets at amortised cost						
按攤銷成本列賬之金融資產						
Rental deposits 租金按金		N/A 不適用	(Note 2) (附註2)	12m ECL 十二個月預期信貸虧損	3.4	3.4
Bank balances and cash 銀行結餘及現金	20	N/A 不適用	(Note 1) (附註1)	12m ECL 十二個月預期信貸虧損	18.0	18.0
Other receivables 其他應收款項	19	N/A 不適用	(Note 2) (附註2)	12m ECL 十二個月預期信貸虧損	3.6	3.6
Trade receivables 應收賬款	19	N/A 不適用	(Note 3) (附註3)	Lifetime ECL – not credit-impaired (provision matrix) 全期預期信貸虧損 —並無產生信貸減值 (撥備矩陣)	33.4	
		N/A 不適用	(Note 3) (附註3)	Lifetime ECL – credit-impaired 全期預期信貸虧損 —產生信貸減值	9.6	43.0

28. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

產生自客戶合約收益之應收賬款(續)

下表詳述本集團金融資產(須進行預期信貸虧損評估)之信貸風險承擔:

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables arising from contracts with customers (continued)

28. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

產生自客戶合約收益之應收賬款(續)

		External credit rating	Internal credit rating	12m or Lifetime ECL 十二個月或 全期預期信貸虧損	Gross carrying amount 賬面總值 HK\$ million 港幣百萬元	Total gross carrying amount 賬面總值 總計 HK\$ million 港幣百萬元
2018	Note					
二零一八年	附註	外部信貸評級	內部信貸評級	全期預期信貸虧損	賬面總值	總計
					HK\$ million	HK\$ million
					港幣百萬元	港幣百萬元
Financial assets at amortised cost						
按攤銷成本列賬之金融資產						
Rental deposits		N/A	(Note 2)	12m ECL		
租金按金		不適用	(附註2)	十二個月預期信貸虧損	6.5	6.5
Bank balances and cash	20	N/A	(Note 1)	12m ECL		
銀行結餘及現金		不適用	(附註1)	十二個月預期信貸虧損	22.3	22.3
Other receivables	19	N/A	(Note 2)	12m ECL		
其他應收款項		不適用	(附註2)	十二個月預期信貸虧損	2.5	2.5
Trade receivables	19	N/A	(Note 3)	Lifetime ECL – not credit-impaired (provision matrix)		
應收賬款		不適用	(附註3)	全期預期信貸虧損 — 並無產生信貸減值 (撥備矩陣)	45.8	
		N/A	(Note 3)	Lifetime ECL – credit-impaired		
		不適用	(附註3)	全期預期信貸虧損 — 產生信貸減值	15.0	60.8

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables arising from contracts with customers (continued)

Notes:

1. For bank balances and cash, the management of the Group considered the credit risk has not increased significantly since the initial recognition. According to the historical observed default rates of bank balances and cash, the average loss rate is immaterial.
2. For other receivables and rental deposits, the management of the Group individually assessed whether the credit risk increased significantly since the initial recognition. Based on the assessment, the management of the Group considered the credit risk has not increased significantly since the initial recognition.
3. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors, the Group determines the ECL on these items by using a provision matrix, grouped by internal credit rating.

28. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

產生自客戶合約收益之應收賬款(續)

附註：

1. 就銀行結餘及現金而言，管理層認為信貸風險自初步確認以來並無大幅增加。根據銀行結餘及現金之過往已觀察違約率，平均虧損率並不重大。
2. 就其他應收款項及租金按金而言，本集團管理層單獨評估信貸風險自初步確認以來是否大幅增加。根據評估，本集團管理層認為信貸風險自初步確認以來並無大幅增加。
3. 就應收賬款而言，本集團已應用香港財務報告準則第9號內的簡化法計量全期預期信貸虧損的虧損撥備。除產生信貸減值之債務人外，本集團使用撥備矩陣釐定該等項目之預期信貸虧損，並按內部信貸評級進行分組。

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables arising from contracts with customers (continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk and loss allowance for trade receivables which are assessed collectively based on provision matrix at 31 December 2019 and 2018 within lifetime ECL (not credit-impaired). At 31 December 2019, the credit-impaired debtors with gross carrying amounts of approximately HK\$9.6 million (2018: approximately HK\$15.0 million) were assessed individually.

2019

Internal credit rating 內部信貸評級	Average loss rate 平均虧損率	Gross	Impairment
		carrying amount 總賬面值 HK\$ million 港幣百萬元	loss allowance 減值虧損撥備 HK\$ million 港幣百萬元
Low risk 低風險	*	1.6	–
Watch list 觀察清單	10.3%	27.2	2.8
Doubtful 可疑	39.1%	4.6	1.8
		33.4	4.6

28. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

產生自客戶合約收益之應收賬款(續)

作為本集團信貸風險管理之一部份，本集團對其客戶進行內部信貸評級。下表提供有關信貸風險承擔及應收賬款虧損撥備之資料，有關虧損撥備於二零一九年及二零一八年十二月三十一日乃按全期預期信貸虧損(並無產生信貸減值)根據撥備矩陣共同進行評估。於二零一九年十二月三十一日，總賬面值約港幣9.6百萬元(二零一八年：約港幣15.0百萬元)之產生信貸減值之債務人乃個別進行評估。

二零一九年

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables arising from contracts with customers (continued)

2018

Internal credit rating 內部信貸評級	Average loss rate 平均虧損率	Gross	Impairment
		carrying amount 總賬面值 HK\$ million 港幣百萬元	loss allowance 減值虧損撥備 HK\$ million 港幣百萬元
Low risk 低風險	*	12.8	–
Watch list 觀察清單	15.7%	19.7	3.1
Doubtful 可疑	45.8%	13.3	6.1
		45.8	9.2

* According to the historical observed default rates of the expected life of the low risk debtors, the average loss rate is immaterial.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2019, the Group provided a reversal of approximately HK\$4.6 million loss allowance (2018: a charge of approximately HK\$8.7 million loss allowance) for trade receivables, based on the provision matrix. Loss allowance of approximately HK\$9.6 million (2018: approximately HK\$15.0 million) were made on credit-impaired debtors, which have either been paced under liquidation or in financial difficulties.

28. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

產生自客戶合約收益之應收賬款(續)

二零一八年

Internal credit rating 內部信貸評級	Average loss rate 平均虧損率	Gross	Impairment
		carrying amount 總賬面值 HK\$ million 港幣百萬元	loss allowance 減值虧損撥備 HK\$ million 港幣百萬元
Low risk 低風險	*	12.8	–
Watch list 觀察清單	15.7%	19.7	3.1
Doubtful 可疑	45.8%	13.3	6.1
		45.8	9.2

* 根據低風險債務人預期年期之過往已觀察違約率，平均虧損率並不重大。

估計虧損率乃基於債務人預期年期期間歷史觀察可得違約率估計，並就毋須耗費不當成本或精力即可得之前瞻性資料進行調整。管理層定期審閱分類以確保有關特定債務人之相關資料得以更新。

截至二零一九年十二月三十一日止年度，本集團已根據撥備矩陣就應收賬款計提撥回虧損撥備約港幣4.6百萬元(二零一八年：減值撥備費用約港幣8.7百萬元)。已就產生信貸減值之債務人(其遭清盤或面對嚴重財務困難)作出減值撥備約港幣9.6百萬元(二零一八年：約港幣15.0百萬元)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

		Lifetime ECL (not credit- impaired) 全期預期 信貸虧損 (並無產生 信貸減值) HK\$ million 港幣百萬元	Lifetime ECL (credit- impaired) 全期 預期信貸 虧損(產生 信貸減值) HK\$ million 港幣百萬元	Total 總計 HK\$ million 港幣百萬元
At 1 January 2018	於二零一八年一月一日	1.2	23.1	24.3
Changes due to financial instruments recognised:	確認之金融工具產生之變動：			
– Transfer to credit-impaired	– 轉撥至產生信貸減值	(0.7)	0.7	–
– Write-offs	– 撇銷	–	(10.4)	(10.4)
Charged to profit or loss	自損益扣除	8.7	1.6	10.3
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	9.2	15.0	24.2
Changes due to financial instruments recognised:	確認之金融工具產生之變動：			
– Write-offs	– 撇銷	–	(2.3)	(2.3)
Credited to profit or loss	計入損益	(4.6)	(3.1)	(7.7)
At 31 December 2019	於二零一九年十二月三十一日	4.6	9.6	14.2

At 31 December 2019, the Group had a concentration of credit risk as approximately 32.5% (2018: 17.7%) of the total trade receivables was due from the Group's largest trade debtor, and approximately 50.7% (2018: 42.7%) of the total trade receivables was due from the Group's five largest trade debtors, respectively.

於二零一九年十二月三十一日，本集團負有集中信貸風險，乃因應收賬款總額之約32.5%(二零一八年：17.7%)來自本集團最大債務人，且應收賬款總額之約50.7%(二零一八年：42.7%)來自本集團五大債務人。

28. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

下表顯示根據簡化方式已就應收賬款確認之全期預期信貸虧損變動：

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

28. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigates the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

		Weighted average effective interest rate 加權平均 實際利率 %	On demand or within 1 year 應要求或 一年內 HK\$ million 港幣百萬元	Over 1 year 一年以上 HK\$ million 港幣百萬元	Total undiscounted cash flows 未貼現現金 流量總額 HK\$ million 港幣百萬元	Total carrying amount at year end 年末賬面值 HK\$ million 港幣百萬元
At 31 December 2019	於二零一九年十二月三十一日					
Non-derivate financial liabilities	非衍生金融負債					
Trade and other payables	應付賬款及其他應付款項	–	76.9	–	76.9	76.9
Borrowing	借款	8.0	39.2	–	39.2	39.2
Lease liabilities	租賃負債	8.0	5.0	–	5.0	5.0
Loan from a shareholder	股東貸款	–	69.0	–	69.0	69.0
			190.1	–	190.1	190.1
At 31 December 2018	於二零一八年十二月三十一日					
Non-derivate financial liabilities	非衍生金融負債					
Trade and other payables	應付賬款及其他應付款項	–	115.5	–	115.5	115.5
Borrowing	借款	8.0	37.4	–	37.4	37.4
Loan from a shareholder	股東貸款	–	–	32.5	32.5	32.5
			152.9	32.5	185.4	185.4

28. 金融工具(續)

財務風險管理目標及政策(續)

流動資金風險

於管理流動資金風險方面，管理層認為本集團已監控及維持足夠之現金及等同現金項目水平，以提供本集團經營業務所需之資金及減低現金流量波動之影響。本集團管理層監控借貸之運用情況及確保遵從貸款契約。

下表詳列按照協定的還款條款，本集團金融負債之餘下合約到期日。就非衍生金融負債而言，該表乃根據按本集團可被要求償還之最早日期計算之金融負債之未貼現現金流量編製。其他非衍生金融負債之到期日則為其協定還款日。該表包括利率及本金的現金流量。

流動資金及利率風險表

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

28. FINANCIAL INSTRUMENTS (continued)

Fair value

The fair values of financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Group considers that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximates to their fair values.

29. 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 that for which cash flow was, or future cash flow will be, classified in the Group's consolidated statement of cash flow as cash flow from financing activities.

28. 金融工具(續)

公平值

按攤銷成本計算之金融資產及金融負債之公平值乃根據以貼現現金流量分析為基礎的公認定價模型釐定。

本集團管理層認為於綜合財務報表中以攤銷成本記錄之金融資產及金融負債之賬面值與其公平值相若。

29. 融資活動所產生負債對賬

下表載列本集團自融資活動所產生負債之變動(包括現金及非現金變動)詳情。自融資活動所產生的負債為本集團於綜合現金流量表分類為融資活動所得現金流量的現金流量或未來現金流量。

		Loan from a shareholder 股東貸款 HK\$ million 港幣百萬元	Borrowing 借款 HK\$ million 港幣百萬元	Lease liabilities 租賃負債 HK\$ million 港幣百萬元	Total 總額 HK\$ million 港幣百萬元
At 1 January 2018	於二零一八年一月一日	–	35.5	–	35.5
Financing cash flow	融資現金流量	32.5	(0.1)	–	32.4
Exchange differences	匯兌差額	–	(1.2)	–	(1.2)
Finance costs	融資成本	–	3.2	–	3.2
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	32.5	37.4	–	69.9
Upon adoption of HKFRS 16 (note 3)	應用香港財務報告準則第16號後 (附註3)	–	–	25.1	25.1
Financing cash flow	融資現金流量	36.5	(0.9)	(21.4)	14.2
Exchange differences	匯兌差額	–	(1.1)	–	(1.1)
Finance cost	融資成本	–	3.8	1.3	5.1
At 31 December 2019	於二零一九年十二月三十一日	69.0	39.2	5.0	113.2

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

30. DIVIDEND

No dividend was paid or proposed for the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting periods.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group sub-leases its certain of its right-of-use assets to third parties under operating leases, which are negotiable for initial terms of five months to forty-two months.

Below is a maturity analysis of undiscounted sub-lease payments to be received from the right-of-use assets subject to an operating lease:

At 31 December 2019

	HK\$ million 港幣百萬元
Within one year	3.5

The future aggregate minimum rental receivables under non-cancellable operating leases of factory premises:

At 31 December 2018

	HK\$ million 港幣百萬元
Within one year	14.9
In the second to fifth year inclusive	3.5
	18.4

30. 股息

截至二零一九年及二零一八年十二月三十一日止年度，概無派付或建議派付股息，及自報告期末起並無建議派付股息。

31. 經營租賃安排

本集團作為出租人

本集團根據經營租賃將其若干使用權資產分租予第三方，租期初步按五個月至四十二個月磋商。

下表為就經營租賃項下使用權資產將收取之未貼現分租付款之到期分析：

於二零一九年十二月三十一日

	HK\$ million 港幣百萬元
Within one year	3.5

根據工廠物業之不可撤銷經營租賃之未來最低應收租金總額為：

於二零一八年十二月三十一日

	HK\$ million 港幣百萬元
Within one year	14.9
In the second to fifth year inclusive	3.5
	18.4

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

32. RELATED PARTY TRANSACTIONS

Apart from the transactions and the balances with related parties disclosed elsewhere in the consolidated financial statements, the Group also entered into the following significant transactions with related parties during the years ended 31 December 2019 and 2018:

32. 關連方交易

除此等綜合財務報表其他章節詳述的交易及結餘外，本集團於截至二零一九年及二零一八年十二月三十一日止年度曾與關連方進行以下重大交易：

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Key management personnel	主要管理層人員		
Salaries, allowances and other benefits	薪金、津貼及其他福利	6.2	11.5
Retirement benefits scheme contributions	退休福利計劃供款	0.6	0.7
		6.8	12.2

The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

董事及其他主要管理人員之酬金由薪酬委員會按個別人士之表現及市場薪酬水平釐定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

33. PRINCIPAL SUBSIDIARIES

At 31 December 2019 and 2018, the Company's principal subsidiaries are all indirectly wholly-owned by the Company. Details of the Company's principal subsidiaries at 31 December 2019 and 2018 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Nominal value of issued ordinary share/ registered capital	Principal activities
附屬公司名稱	註冊成立/ 成立地點	已發行普通 股份面值/註冊資本	主要業務
IDT Technology Limited 萬威科研有限公司	Hong Kong 香港	HK\$2 港幣2元	Trading of consumer electronic products 經銷電子消費產品
萬威電子(深圳)有限公司 (Note) 萬威電子(深圳)有限公司(附註)	The PRC 中國	HK\$35,000,000 港幣35,000,000元	Manufacture of consumer electronic products and plastic parts and provision of surface mount technology assembly services 製造電子消費產品及塑膠部件及提供表面 接合技術
Oregon Scientific Global Distribution Limited 歐西亞環球有限公司	Hong Kong 香港	HK\$2 港幣2元	Marketing and distribution of consumer electronic products 推廣及分銷電子消費產品

Note: This is a wholly foreign owned enterprise established in the PRC.

33. 主要附屬公司

於二零一九年及二零一八年十二月三十一日，本公司各主要附屬公司均為本公司間接全資擁有。本公司主要附屬公司於二零一九年及二零一八年十二月三十一日之詳情如下：

附註：於中國成立之外商獨資企業。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

33. PRINCIPAL SUBSIDIARIES (continued)

All of the above subsidiaries operate principally in their respective place of incorporation/establishment.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities outstanding at the end of the reporting period.

34. EVENT AFTER THE END OF THE REPORTING PERIOD

Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has impact on the global business environment. Pending the development and spread of COVID-19 subsequent to the date of the consolidated 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 authorisation of the consolidated financial statements. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

35. COMPARATIVE FIGURES

Conforming to current year's presentation, the rental income of HK\$10.8 million that was included in general administrative expenses as shown in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 has been reclassified under other income as set in note 7 to the consolidated financial statements. The revised presentation reflected more appropriately the nature of these items. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.

33. 主要附屬公司(續)

上述所有主要附屬公司均主要在其註冊成立／成立地點經營。

上表只列出董事認為對本集團業績或資產值有重要影響之本公司附屬公司。董事認為詳細列明其他附屬公司之資料將過於冗長。

於報告期末，各附屬公司均無發行任何尚未償還之債務證券。

34. 報告期後事項

自二零二零年一月起，新型冠狀病毒(「COVID-19」)爆發對全球營商環境構成影響。鑒於COVID-19於本綜合財務報表日期後的發展及散播，本集團所面對經濟狀況由此引致的進一步變動可能對本集團的財務業績構成影響，於本綜合財務報表獲授權日期無法估計有關影響的程度。本集團將繼續留意COVID-19的疫情發展，亦積極應對有關情況對本集團財務狀況及經營業績的影響。

35. 比較數字

為符合本年度之呈列方式，計入截至二零一八年十二月三十一日止年度綜合損益及其他全面收益表一般行政開支之租金收入港幣10.8百萬元已重新分類至其他收入(如綜合財務報表附註第7項所載)。經修訂呈列方式更適當地反映該等項目之性質。該等重新分類對本集團所匯報財務狀況、業績或現金流並無任何影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019

截至二零一九年十二月三十一日止年度

36. FINANCIAL INFORMATION OF THE COMPANY

Financial information of the Company at the end of the reporting period includes:

		2019 二零一九年 HK\$ million 港幣百萬元	2018 二零一八年 HK\$ million 港幣百萬元
Non-current assets	非流動資產		
Interest in subsidiaries	於附屬公司的權益	–	–
Current assets	流動資產		
Other receivables	其他應收款項	–	0.5
Bank balances and cash	銀行結餘及現金	–	–
		–	0.5
Current liabilities	流動負債		
Other payables	其他應付款項	0.9	1.1
Amounts due to subsidiaries	應付附屬公司金額	7.1	5.0
Net liabilities	負債淨值	(8.0)	(5.6)
Capital and reserves	股本及儲備		
Share capital	股本	260.0	260.0
Reserves (Note (a))	儲備(附註(a))	(268.0)	(265.6)
Net deficit	虧絀淨額	(8.0)	(5.6)

The statement of financial position was approved and authorised for issue by the Board of Directors on 11 June 2020 and signed on its behalf by:

36. 本公司的財務資料

於報告期末，本公司的財務資料包括：

綜合財務狀況表已於二零二零年六月十一日獲董事會批准及授權發行，並由下列人士代表簽署：

Zhu Yongning
Director

Zhou Rui
Director

朱永寧
董事

周銳
董事

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

36. FINANCIAL INFORMATION OF THE COMPANY (continued)

(a) Reserves of the Company

		Share premium 股份溢價 HK\$ million 港幣百萬元	Accumulated losses 累計虧損 HK\$ million 港幣百萬元	Total 總額 HK\$ million 港幣百萬元
At 1 January 2018	於二零一八年一月一日	165.0	(253.3)	(88.3)
Loss and total comprehensive loss for the year	本年度虧損及全面開支總額	–	(177.3)	(177.3)
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	165.0	(430.6)	(265.6)
Loss and total comprehensive loss for the year	本年度虧損及全面虧損總額	–	(2.4)	(2.4)
At 31 December 2019	於二零一九年十二月 三十一日	165.0	(433.0)	(268.0)

The statement of financial position was approved and authorised for issue by the Board of Directors on 11 June 2020 and signed on its behalf by

綜合財務狀況表已於二零二零年六月十一日獲董事會批准及授權發行，並由下列人士代表簽署

Zhu Yongning
Director

Zhou Rui
Director

朱永寧
董事

周銳
董事



IDT INTERNATIONAL LIMITED 萬威國際有限公司

