

ANNUAL REPORT
2019/2020 年報



歐化國際有限公司
Uferts International Limited

Incorporated in Hong Kong with limited liability (Stock Code: 1711)
於香港註冊成立之有限公司 (股份代號：1711)



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CORPORATE INFORMATION AND KEY DATES

公司資料及重要日期

Directors

Wong Chi Fai (*Chairman*)
Ng Koon Keung, Ricky
Mok Fung Lin, Ivy
Fan Man Seung, Vanessa
Chan Yee Man**
Chiu Kin Fai**
Ng Hoi Yue**

** Independent Non-executive Directors

Company Secretary

Mok Fung Lin, Ivy

Audit Committee

Chan Yee Man (*Chairperson*)
Chiu Kin Fai
Ng Hoi Yue

Remuneration Committee

Ng Hoi Yue (*Chairman*)
Wong Chi Fai
Chan Yee Man

Nomination Committee

Chiu Kin Fai (*Chairman*)
Fan Man Seung, Vanessa
Chan Yee Man

Corporate Governance Committee

Fan Man Seung, Vanessa (*Chairperson*)
Chiu Kin Fai
Ng Hoi Yue
A representative of company secretarial function
A representative of finance and accounts function

Executive Committee

Wong Chi Fai (*Chairman*)
Ng Koon Keung, Ricky
Mok Fung Lin, Ivy
Fan Man Seung, Vanessa

Investor Relations Contact

Luk Man Ching, Anna
Email: ir1711@emperorgroup.com

董事

黃志輝(主席)
吳冠強
莫鳳蓮
范敏嫦
陳綺雯**
招健暉**
伍海于**

** 獨立非執行董事

公司秘書

莫鳳蓮

審核委員會

陳綺雯(主席)
招健暉
伍海于

薪酬委員會

伍海于(主席)
黃志輝
陳綺雯

提名委員會

招健暉(主席)
范敏嫦
陳綺雯

企業管治委員會

范敏嫦(主席)
招健暉
伍海于
一名公司秘書職能代表
一名財務及會計職能代表

執行委員會

黃志輝(主席)
吳冠強
莫鳳蓮
范敏嫦

投資者關係聯繫資訊

陸文靜
電郵：ir1711@emperorgroup.com

CORPORATE INFORMATION AND KEY DATES

公司資料及重要日期

Auditor

Ernst & Young

Principal Bankers

The Bank of East Asia, Limited
Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

Registered Office and Principal Place of Business

Units 1905-07, 19th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai, Hong Kong

Share Registrar

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

Website

<https://www.ulfertsintl.com>

Stock Code

Hong Kong Stock Exchange: 1711

Key Dates

| | |
|-----------------------------------|-------------------------------------|
| Annual Results Announcement | 11 June 2020 |
| 2020 Annual General Meeting (AGM) | 11 August 2020 |
| – Last time to lodge transfers | 5 August 2020 (before 4:30 p.m.) |

CORPORATE COMMUNICATIONS

This annual report (in both English and Chinese versions) is available to any shareholder of the Company ("Shareholders") either in printed form and on the websites of The Stock Exchange of Hong Kong Limited (<https://www.hkexnews.hk>) and the Company. In order to protect the environment, the Company highly recommends the Shareholders to receive electronic copy of this annual report. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company's Share Registrar, Tricor Secretaries Limited, by post or by email at is-enquiries@hk.tricorglobal.com.

核數師

安永會計師事務所

主要往來銀行

東亞銀行有限公司
創興銀行有限公司
香港上海滙豐銀行有限公司

註冊辦事處及主要營業地點

香港灣仔
軒尼詩道288號
英皇集團中心
19樓1905-07室

股份過戶登記處

卓佳秘書商務有限公司
香港皇后大道東183號
合和中心54樓

網站

<https://www.ulfertsintl.com>

股份代號

香港聯合交易所：1711

重要日期

| | |
|-----------------|-------------------------|
| 全年業績公告 | 2020年6月11日 |
| 2020股東週年大會 | 2020年8月11日 |
| –遞交過戶文件 最後限期 | 2020年8月5日 (下午4時30分前) |

公司通訊

本年報(中、英文版本)可供本公司任何股東(「股東」)選擇以印刷本或於香港聯合交易所有限公司網站(<https://www.hkexnews.hk>)及本公司之網站收取。為支持環保,本公司極力推薦各股東選擇以電子版本收取本年報。股東有權隨時以適時之書面通知,或透過郵寄或電郵(is-enquiries@hk.tricorglobal.com)向本公司之股份過戶登記處「卓佳秘書商務有限公司」,更改所選擇日後收取公司通訊之方式。

RESULTS SUMMARY

業績概覽

| HK\$'000 千港元 | For the year ended 31 March | |
|--|-----------------------------|---------|
| | 截至3月31日止年度 | |
| | 2020年 | 2019年 |
| Revenue 收入 | 218,853 | 242,959 |
| <i>Retail</i> 零售 | 198,594 | 226,795 |
| <i>Wholesale & Special projects</i> 批發及工程項目 | 20,259 | 16,164 |
| Gross profit 毛利 | 134,368 | 152,264 |
| Net (loss) 淨(虧損) | (11,628) | (3,978) |

- Total revenue inevitably decreased by less than 10% only to HK\$219 million, despite facing the unprecedented challenges of the local retail market
縱使面對本地零售市場前所未有的挑戰，總收入無可避免地下跌僅不多於10%至2.19億港元
- Among the several retail lines, the sales revenue from “**at • home**” surged over 200% to HK\$24 million
在眾多的零售線中，「**at • home**」的銷售額大幅攀升超過200%至2,400萬港元
- Gross profit margin slightly adjusted from 62.7% to 61.4%
毛利率由62.7%輕微調整至61.4%
- With effective cost control measures and rationalisation of retail network, the loss situation during the second half of the Year was in a more controllable manner (the net loss during the first half of the Year was HK\$10 million while the net loss for the Year was HK\$12 million)
由於實施有效的成本控制措施，加上理順了零售網絡，本年度下半年之虧損狀況已較為受控(本年度上半年之淨虧損為1,000萬港元，而本年度全年之淨虧損為1,200萬港元)
- A positive earnings before interest, taxes, depreciation and amortisation was maintained
息稅折舊及攤銷前盈利仍然維持正數
- Efforts to improve working capital management were paid off, inventory notably decreased to HK\$36 million (31 March 2019: HK\$46 million); cash and cash equivalents increased to HK\$64 million (31 March 2019: HK\$59 million)
致力改善營運資金管理奏效，存貨顯著減少至3,600萬港元(2019年3月31日：4,600萬港元)；現金及現金等價物則增加至6,400萬港元(2019年3月31日：5,900萬港元)
- Repaid all bank borrowings during the Year, hence gearing ratio was zero
於本年度已償還全部銀行借款，因此負債比率為零

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Ulferts International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is a leading retailer of high quality home furniture mainly imported from Europe. The Company’s shares have been first listed (the “IPO”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since January 2018.

The Group has been established for over 40 years, and takes pride in providing superior quality stylish furniture in Hong Kong. As at 31 March 2020, the Group operated 21 points-of-sale (“POS”) in Hong Kong, including 18 stores under several retail lines – “**Ulferts Signature**”, “**Ulferts**”, “**at • home**” and “**Dormire**”, together with 2 department store counters and 1 pop-up store under “**Ulfenbo**”. “**Ulferts**” is dedicated to transforming living spaces into ideal homes, and offers a wide variety of contemporary style furniture products targeting middle to high-mid income groups. “**at • home**” offers quality compact furniture to suit small living spaces for modern families. “**Dormire**”, on the other hand, offers mattresses, pillows, sofas, and other ancillary items under the Group’s self-owned brand “**Ulfenbo**”, targeting the mass market. “**Ulfenbo**” products are also distributed through its retail networks including department store counters, pop-up stores and roadshows, and wholesaling to over 200 dealers. Additionally, there are several online shopping platforms which maximise market coverage.



歐化國際有限公司(「本公司」)及其附屬公司(統稱「本集團」)乃一家主要由歐洲進口優質傢俬的領先零售商。本公司之股份自2018年1月起在香港聯合交易所有限公司(「聯交所」)主板首次上市(「首次公開招股」)。



本集團成立超過40年，一直以於香港提供上等優質時尚的傢俬為榮。於2020年3月31日，本集團在香港經營21個銷售點，包括18間涵蓋「歐化傢俬尊尚店」、「歐化傢俬」、「at • home」及「多眠樂」零售線的店舖，以及涵蓋「歐化寶」的2個百貨公司專櫃和1間限定店。「歐化傢俬」致力把生活居所打造成理想家居，並提供多款具現代風格的傢俬產品，目標客戶為中端至中高端收入客戶群。「at • home」提供優質輕巧傢俬，以迎合現代家庭細小之居住空間。另一方面，「多眠樂」提供本集團自家品牌「歐化寶」之床褥、枕頭、梳化床、梳化以及其他配套產品，針對大眾市場。「歐化寶」產品亦於其零售網絡包括百貨公司專櫃、限定店及限定展覽分銷，以及批發予逾200家經銷商。此外，已設有數個網上購物平台以擴大市場覆蓋。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

MARKET REVIEW

The local retail market experienced unprecedented challenges during the year ended 31 March 2020 (the “Year”). The ongoing Sino-US trade dispute and local social issues unquestionably impacted economic development and consumer sentiment in Hong Kong. Unemployment rate continued to climb starting from the fourth quarter of 2019. The market landscape has further deteriorated since late January 2020 as the outbreak of coronavirus disease (COVID-19; the “Pandemic”) continued to impact on operations across business segments, further dampened consumer confidence, affected the store traffic and disrupted the supply chain. Fears of a global economic recession increased, as a result of the public health crisis. New residential property sales launch slowed down in the first quarter of 2020, leading to a decrease in the number of residential property sales transactions; in addition, people tend to stay home amid the Pandemic, thereby weakening the market demand for home furniture.

FINANCIAL REVIEW

Overall Review

Against the backdrop of the down cycle of retail market, the Group’s total revenue inevitably decreased by 9.9% to HK\$218.9 million (2019: HK\$243.0 million) during the Year. Gross profit decreased to HK\$134.4 million (2019: HK\$152.3 million). Gross profit margin slightly adjusted to 61.4% (2019: 62.7%).

市場回顧

於截至2020年3月31日止之年度(「本年度」)，本地零售市場經歷前所未有的挑戰。持續的中美貿易紛爭及本地社會事件無疑影響了香港的經濟發展和消費氣氛。失業率由2019年第四季度開始持續上升。自2020年1月下旬以來，冠狀病毒病(COVID-19；「大流行」)的爆發繼續影響各行各業、進一步打擊消費者信心、影響店鋪客流量，以及擾亂供應鏈，使市場環境進一步惡化。由於公共衛生危機，全球經濟衰退的擔憂加劇。新住宅物業於2020年第一季度放慢推出銷售，導致住宅物業銷售交易數目下降；此外，市民於大流行期間普遍留在家中，因而削弱了傢俬的市場需求。

財務回顧

整體回顧

在零售市場進入下滑週期的背景下，於本年度本集團之總收入無可避免地下跌9.9%至218,900,000港元(2019年：243,000,000港元)。毛利下跌至134,400,000港元(2019年：152,300,000港元)。毛利率輕微調整至61.4%(2019年：62.7%)。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Revenue from the retail segment amounted to HK\$198.6 million (2019: HK\$226.8 million), accounting for 90.7% (2019: 93.3%) of the Group's total revenue. Among the retail revenue, aggregate sales revenue of "Ulferts" and "Ulferts Signature" amounted to HK\$153.7 million (2019: HK\$187.2 million), and remained the key revenue contributor, accounting for 77.4% (2019: 82.5%) of total retail revenue. As some of the "at • home" stores commenced operation in the second half of the previous financial year only, and 1 store was newly opened during the Year, the sales revenue of "at • home" increased significantly by 225.7% to HK\$24.1 million (2019: HK\$7.4 million), accounting for 12.1% (2019: 3.3%) of total retail revenue.



Despite the retail slump, the Group managed to maintain a positive earnings before interest, taxes, depreciation and amortisation during the Year. The net loss during the first half of the Year was HK\$10.3 million while the net loss for the Year was HK\$11.6 million (2019: net loss of HK\$4.0 million). Due to the implementation of aggressive and effective cost saving measures coupled with rationalisation of the retail network, the loss situation during the second half of the Year was in more controllable manner.



零售分部收入為198,600,000港元(2019年: 226,800,000港元), 佔本集團總收入90.7% (2019年: 93.3%)。於零售收入中, 「歐化傢俬」及「歐化傢俬尊尚店」之合共銷售額為153,700,000港元(2019年: 187,200,000港元), 仍為主要收入來源, 佔總零售收入77.4% (2019年: 82.5%)。由於部份「at • home」店舖於上一財政年度之下半年才開始營運, 加上於本年度新增1間店舖, 「at • home」之銷售額大幅增加225.7%至24,100,000港元(2019年: 7,400,000港元), 佔總零售收入12.1% (2019年: 3.3%)。

儘管零售業低迷, 本集團於本年度仍能維持正息稅折舊及攤銷前盈利。本年度上半年之淨虧損為10,300,000港元, 而本年度之淨虧損為11,600,000港元(2019年: 淨虧損4,000,000港元)。由於實施進取及有效的成本節省措施, 加上理順了零售網絡, 本年度下半年之虧損狀況較為受控。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Capital Structure, Liquidity and Financial Resources

There was no change in the capital structure during the Year. The Group strived for better working capital management in light of the challenging economic climate. As at 31 March 2020, the Group's inventory notably decreased to HK\$36.4 million (31 March 2019: HK\$46.3 million), reflecting its effective inventory management control and stock replenishment policy. Meanwhile, cash and cash equivalents of the Group increased to HK\$63.7 million (31 March 2019: HK\$59.5 million), which were mainly denominated in Hong Kong dollars. As at 31 March 2020, bank borrowings of the Group was nil due to repayment of all bank borrowings during the Year (31 March 2019: HK\$4.0 million), hence its gearing ratio was zero (31 March 2019: 3.6%). The Group has available banking facilities of approximately HK\$87.1 million. The cash position and banking facilities available enable the Group to retain high flexibility and endurance to cater for future development and market uncertainty.

As at 31 March 2020, the Group's current assets and current liabilities were approximately HK\$118.0 million (31 March 2019: HK\$126.2 million) and HK\$84.4 million (31 March 2019: HK\$56.0 million), respectively. Current ratio and quick ratio of the Group were 1.4 (31 March 2019: 2.3) and 1.0 (31 March 2019: 1.4), respectively.



In view of the Group's financial position as at 31 March 2020, the board of directors of the Company (the "Board" or "Directors") considered that the Group had sufficient working capital for its operations and future development plans against market challenges.

資本架構、流動資金及財務資源

資本架構於本年度並無變動。面對充滿挑戰的經濟環境，本集團致力改善營運資金管理。於2020年3月31日，本集團的存貨顯著減少至36,400,000港元(2019年3月31日：46,300,000港元)，反映其有效的存貨管理控制及庫存補充政策。同時，本集團之現金及現金等價物上升至63,700,000港元(2019年3月31日：59,500,000港元)，主要以港元計值。由於本集團於本年度已償還全部銀行借款，於2020年3月31日，本集團概無銀行借款(2019年3月31日：4,000,000港元)，因此其負債比率為零(2019年3月31日：3.6%)。本集團擁有可動用銀行融資額度約87,100,000港元。本集團之現金狀況，加上可動用的銀行融資額度，均讓本集團能為未來發展及市場不確定性保持高度靈活性和持久性。



於2020年3月31日，本集團之流動資產及流動負債分別約為118,000,000港元(2019年3月31日：126,200,000港元)及84,400,000港元(2019年3月31日：56,000,000港元)。本集團流動比率及速動比率分別為1.4(2019年3月31日：2.3)及1.0(2019年3月31日：1.4)。

經考慮本集團於2020年3月31日之財務狀況，本公司之董事會(「董事會」或「董事」)認為本集團就營運及未來發展計劃擁有充足營運資金，以應對市場挑戰。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Use of Proceeds

During the IPO in January 2018, the net proceeds from the listing were approximately HK\$92.6 million. An analysis of the utilisation of the net proceeds up to 31 March 2020 is set out below:

所得款項用途

於2018年1月之首次公開招股，上市所得款項淨額約為92,600,000港元。所得款項淨額截至2020年3月31日之使用情況分析如下：

| | Allocation of use of net proceeds 所得款項淨額 之分配用途 (HK\$ million) (百萬港元) | Actual use of net proceeds up to 31 March 2020 所得款項淨額 於截至2020年 3月31日 之實際用途 (HK\$ million) (百萬港元) |
|--|--|---|
| Capital expenditure, rental deposits and overhead expenses for opening of “at • home” retail stores 開設「at • home」零售店之資本支出、租賃按金及經常性費用 | 34.2 | 34.2 |
| Strengthening the Group’s product portfolio 強化本集團之產品組合 | 24.2 | 24.2 |
| Enhancing “Ulfenbo” sales channels and brand awareness 增強「歐化寶」產品銷售渠道及品牌知名度 | 10.3 | 10.3 |
| Capital expenditure and rental deposits for opening of “Ulferts” retail store 開設「歐化傢俬」零售店之資本支出及租賃按金 | 9.1 | 8.5 |
| Upgrading information technology 提升資訊科技系統 | 5.7 | 0.3 |
| General working capital 一般營運資金 | 9.1 | 9.1 |
| Total 合計 | 92.6 | 86.6 |

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

Retail Business

- **Effective Market Segmentation**

With a clear understanding of market segmentation, the Group defines and identifies target consumer profiles in order to develop product and marketing strategies to reach out to their specific preferences.

“**Ulferts**”, the Group’s core retail label, is dedicated to providing high quality, stylish and luxury furniture, enabling its customers to create their ideal homes. To offer a wide variety of contemporary style furniture products targeting middle to high-mid income groups, the Group operates “**Ulferts**” showrooms across Hong Kong. “**Ulferts Signature**” offers high-end branded furniture products and luxury European tailor-made furniture. It targets up-market customers seeking a superior lifestyle.

Another retail line, “**at • home**”, offers quality, stylish and compact furniture. It targets the mid-range segment and is geared towards the needs of young couples and small families.

“**Ulfenbo**” products focus on mass market consumers who demand quality and affordable mattresses, pillows and other ancillary items to enhance their sleep experience. To facilitate the retailing of “**Ulfenbo**” products, the Group operates “**Dormire**” specialty stores which are typically small-scale, and are designed with a casual and relaxing environment, to highlight smart living style. “**Ulfenbo**” products are also distributed at department store counters, pop-up stores and roadshows for enhancing the market reach.

業務回顧

零售業務

- **高效的市場細化**

本集團基於其對市場細分之深切了解，界定及辨識目標顧客的特徵，從而制定產品及市場推廣策略，以滿足顧客的特定偏好。

「**歐化傢俬**」是本集團的核心零售品牌，其致力提供優質、時尚及名貴的傢俬，為顧客打造理想的家居。本集團於香港各區設有「**歐化傢俬**」陳列室，為中端至中高端收入目標客戶群提供種類廣泛、具現代風格的傢俬產品。「**歐化傢俬尊尚店**」提供高端品牌傢俬產品及歐洲名貴訂造傢具，其目標客戶為追求優越生活方式的高端客戶。

另一條零售線「**at • home**」提供優質、時尚及精巧設計的傢俬。其以中端顧客為目標對象，特別傾向迎合年輕夫婦及小型家庭的需要。

「**歐化寶**」的產品主要針對大眾市場顧客，以合理價錢滿足大眾對優質床褥、枕頭及其他配套產品之需求，提升其睡眠體驗。為方便零售「**歐化寶**」產品，本集團經營多間「**多眠樂**」專營店。該等專營店一般規模較小，其設計以營造休閒放鬆的環境為主，突顯簡約生活模式。「**歐化寶**」產品亦於百貨公司專櫃、限定店及限定展覽分銷，以擴大市場覆蓋。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

• Diverse Product Portfolio



The Group offers a wide variety of furniture products – ranging from leather and fabric sofas, cabinets, dining tables and chairs, through wardrobes, coffee tables and sideboards, to beds, which are imported from European and Asian countries. The Group currently carries more than 50 furniture brands in “**Ulferts Signature**” and “**Ulferts**” showrooms, as well as “**at • home**” stores, including international brands such as himolla, Malerba, Gamma, Cornelio Cappellini, Kristalia, Tonelli and Domicil, with which the Group has built long-standing relationship. “**at • home**” particularly offers various compact furniture products with special features and functions to suit the local small living spaces, as well as chic Danish home accessories.

The Group also offers mattresses, pillows, sofas, sofabeds, beds, as well as other ancillary items under its self-owned label “**Ulfenbo**”. The Group provides different models of mattresses, in various sizes with varying supports, to meet diverse customer needs.

• 多元化的產品組合

本集團提供各種不同款式的傢俬產品，從真皮及布藝梳化、儲物櫃、餐桌、餐椅，以至衣櫃、茶几、角几及睡床；均為歐洲及亞洲國家之進口產品。本集團於「**歐化傢俬尊尚店**」及「**歐化傢俬**」陳列室以及「**at • home**」店銷售超過50個傢俬品牌，當中包括與本集團建立了長遠合作關係之國際品牌，如himolla、Malerba、Gamma、Cornelio Cappellini、Kristalia、Tonelli及Domicil。「**at • home**」主打各類特色及具特別功能之輕巧傢俬，以切合本地的細小居住空間，另外亦有售賣丹麥潮流家品。



本集團亦透過其自家品牌「**歐化寶**」提供床褥、枕頭、梳化、梳化床、床，以及其他配套產品。本集團提供不同型號、不同尺寸及不同承托度之床褥，以滿足不同顧客之需要。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

• Comprehensive Retail Sales Channel

As at 31 March 2020, the Group had 21 POS (31 March 2019: 20) in Hong Kong. The number of POS in each retail line is as follows:

| Retail Line 零售線 | Number of POS 銷售點數目 |
|---|------------------------|
| “Ulferts Signature” 「歐化傢俬尊尚店」 | 1 |
| “Ulferts” 「歐化傢俬」 | 5 |
| “at • home” 「at • home」 | 4 |
| “Dormire” and “Ulfenbo” department store counters and pop-up store 「多眠樂」及「歐化寶」百貨公司專櫃及限定店 | 11 |
| Total 合計 | 21 |

“Ulferts” showrooms are strategically located in either upscale residential areas or major shopping areas, targeting middle to high-mid income groups. With its solid presence in these mature locations, the Group enjoys substantial foot traffic and a high brand reputation. The Group’s largest flagship store, “Ulferts Signature”, is a 3-storey store with gross floor area of approximately 21,700 square feet, in Hung Hom. It features more luxurious lines of furniture and masterpieces with opulent designs and sophisticated finishing and excellent craftsmanship. Premium brands including Cornelio Cappellini and Crystal Stone are available at “Ulferts Signature”.

“at • home” stores are located in upscale shopping malls, and there has been growing awareness of the brand among residents and consumers. Meanwhile, “Dormire” specialty stores and “Ulfenbo” department store counters, pop-up stores and roadshows are situated in residential areas, to capitalise on the market potential. During the Year, 1 “at • home” store, 1 “Dormire” specialty store and 1 “Ulfenbo” pop-up store were opened in Kowloon Bay, Tin Shui Wai and Tsuen Wan respectively, to further expand market coverage in Kowloon and the New Territories.

• 全方位零售銷售渠道

於2020年3月31日，本集團於香港設有21個銷售點(2019年3月31日：20個)。各零售線之銷售點數目如下：

「歐化傢俬」陳列室均策略性地設於高尚住宅區或主要購物地方，以中端至中高端收入客戶群為目標。該等位置均配套成熟，駐足其中使本集團能吸引大量人流及享有高品牌知名度。本集團於紅磡的最大旗艦店「歐化傢俬尊尚店」樓高3層，總樓面面積約為21,700平方呎。其陳列更為名貴以及富華麗設計、精工細作和工藝精湛的傢俬產品。高端品牌包括Cornelio Cappellini及Crystal Stone在「歐化傢俬尊尚店」出售。

「at • home」店設於大型購物商場，並於該處之居民及消費者間之品牌知名度日益提高。同時，「多眠樂」專營店以及「歐化寶」百貨公司專櫃、限定店及限定展覽均位於住宅區，以把握市場潛力。於本年度，分別於九龍灣、天水圍及荃灣開設1間「at • home」店、1間「多眠樂」專營店及1間「歐化寶」限定店，以進一步擴大於九龍及新界的市場覆蓋。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

• *Excellent Customers Shopping Experience*

“Ulferts Signature” and “Ulferts” showrooms are spacious, with a stylish and elegant environment, enabling the Group to display a wide spectrum of products for customers to touch and feel and to maximise customers’ shopping experience. The ambience, setting and placement of furniture within the distinctive display zones have all been tailor-designed by a dedicated visual merchandising team to impart harmonious, home-like comfort. The salespersons are well-trained and offer customers advice catering for their personal needs. In recognition of its service excellence, the Group was awarded the “2019 Service Retailers of the Year – Furniture & House Accessories Category” and the “Quality Service Leader Seasonal Award – Furniture & Home Accessories Category” (formerly known as “Quarterly Service Leader”) during April to June, July to September and October to December 2019, in the Quality Service Programme (formerly known as “Mystery Shoppers Programme”) organised by the Hong Kong Retail Management Association.

• 優質顧客購物體驗

「歐化傢俬尊尚店」及「歐化傢俬」陳列室面積寬敞、環境時尚及優雅，能讓本集團陳列出其種類繁多之產品，並能讓顧客觸摸及感受，以提升顧客購物體驗。各特定陳列區內之氛圍、佈置及傢俬的擺放，全部均由商品展示團隊度身設計，以營造和諧及有如置身家居般之舒適感覺。銷售人員訓練有素，可因應顧客之個人需要提供意見。作為對本集團優質服務的認可，本集團於香港零售管理協會舉辦的優質服務計劃(前稱「神秘顧客計劃」)中獲頒「2019年最佳服務零售商傢俱及居室用品組別」以及於2019年4月至6月、7月至9月及10月至12月獲頒「優質服務領袖季度獎(傢俱及居室用品組別)」(前稱「季度服務領袖」)。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

• *Diversified Marketing Strategies*

The Group believes that brand recognition is crucial for driving long-term growth and success. To enhance brand awareness, the Group conducted a range of marketing and promotional campaigns spanning social media engagements, print advertisements, TV commercials, outdoor billboards and advertising on regular basis as well as pop-up exhibitions at suitable venues. It also launched promotional campaigns such as seasonal sale, annual sale and stock clearance sale, as well as joint promotions with banks and other financial institutions and reward programmes such as Asia Miles.

Wholesale Business

The Group also operates a wholesale business spanning mattresses, sofas and sofas under its self-owned label “**Ulfenbo**”, through over 200 dealers in Hong Kong and Macau. Based on its long establishment and quality products, the “**Ulfenbo**” brand has been recognised by the “Hong Kong Top Brand Mark” for six consecutive years since 2014, under the Hong Kong Top Brand Scheme organised by the Chinese Manufacturers Association of Hong Kong and Hong Kong Brand Development Council.

Special Projects

Complementing its retail and wholesale business, the Group has a special projects division, which undertakes furniture-related projects primarily for corporate customers such as offices, cinemas, hotels, showflats and tertiary institutions. The division provides services ranging from planning and design, through procuring custom-made furniture to final installation for corporate customers, as well as consultation and liaison services with furniture manufacturers.

• 多元化市場推廣策略

本集團相信，品牌知名度對推動長遠增長及成功相當重要。為提高品牌認知度，本集團定期進行一系列推廣及宣傳活動，包括社交媒體互動、印刷廣告、電視廣告、戶外廣告牌及廣告，以及在合適的場地安排限定展覽。其亦舉行各種宣傳活動，如季節優惠、週年優惠及清貨減價活動，並與銀行及其他金融機構如亞洲萬里通合作進行推廣活動及獎賞計劃。

批發業務

本集團亦經營批發業務，其透過於香港及澳門逾200家經銷商，批發其自家品牌「**歐化寶**」之床褥、梳化床及梳化。憑藉其悠久歷史及優質產品，「**歐化寶**」自2014年起連續六年獲得由香港中華廠商聯合會及香港品牌發展局舉辦之「香港名牌標識計劃」授予「香港名牌標識」。

工程項目

為配合零售及批發業務，本集團設有工程項目分部，負責辦公室、電影院、酒店、示範單位及大專院校等企業顧客為主之傢俬相關項目。該分部為企業顧客提供之服務涵蓋規劃與設計、採購訂製傢俬至最終安裝，並提供代為諮詢及與傢俬製造商協調之服務。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

PROSPECTS

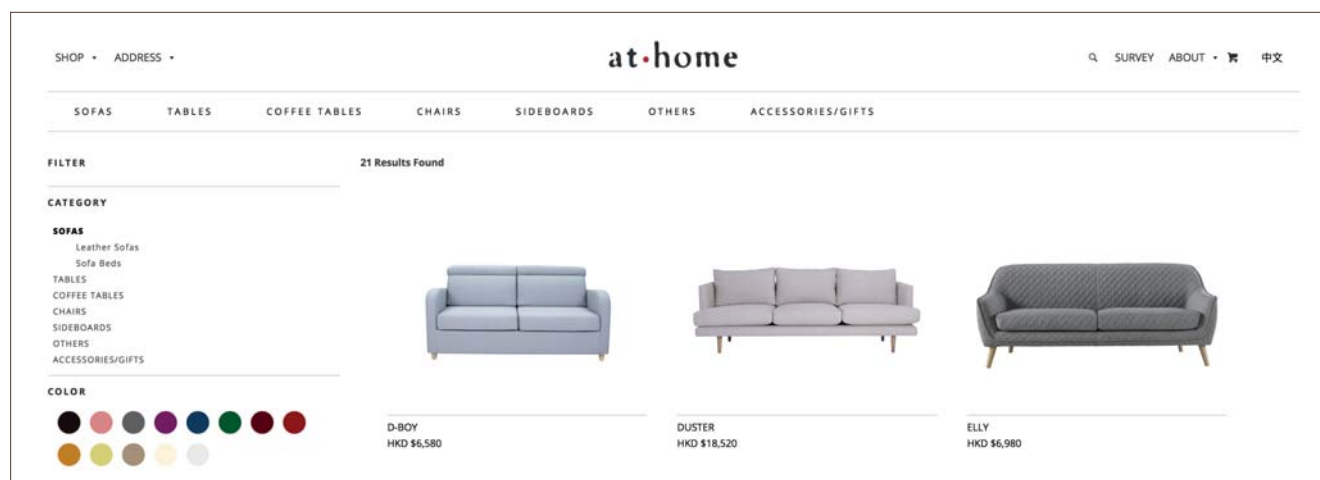
The Pandemic and ongoing Sino-US trade war will continue casting shadows on the growth of the global economy. All the recent economic statistics have revealed that the local economy has been moving downward. As the economic outlook and employment prospects are uncertain, home buyers and investors are likely to delay the purchase of properties and property developers tend to slow down the launch of new properties, which may impair the market demand for home furniture.

Riding on its comprehensive product portfolio with a well-defined market segmentation, the Group will strive to increase the sales revenue by adjusting the product coverage and strengthening the promotional efforts. The Group will also continue to enhance its sales network and strengthen its market presence. Meanwhile, as some consumers refrained from making physical shop visits due to public health concerns, the Group will further explore online business by expanding social media engagements and enhancing the online sales platform.

展望

大流行及持續的中美貿易戰將繼續為全球經濟增長蒙上陰霾。近期所有經濟統計數據均顯示，本地經濟一直下滑。由於經濟及就業前景不明朗，置業買家及投資者很大可能延遲購買物業，而物業發展商也傾向於放慢推出新物業，從而削弱傢俬的市場需求。

憑藉完善的產品投資組合及明確的市場細分，本集團將致力透過調整產品覆蓋及加大推廣力度以增加銷售收入。本集團亦將繼續優化其銷售網絡並加強其市場佔有率。同時，由於部份消費者出於公共衛生考慮而避免親身前往店鋪，因此本集團將透過擴大社交媒體參與度及加強網上銷售平台，以進一步探索網上業務。



Overall, the local market is adopting a wait-and-see attitude. The Group will closely monitor market conditions, and take all practical measures to cope with the challenges ahead, including the rationalisation of retail coverage, implementation of working capital management and cost-control measures. With a history of over 40 years in Hong Kong, the Group will endeavour to weather the storm in the face of difficult times along with Hong Kong.

整體而言，本地市場正採取觀望態度。本集團將密切監察市況，並採取一切實際可行措施應付往後的挑戰，包括理順零售覆蓋、實行營運資金管理及成本控制措施。立足於香港逾40年歷史，面對艱難時期，本集團將致力與香港一起渡過困境。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group's number of employees was 125 (2019: 137). Total staff costs including Directors' remuneration and the other staff costs for the Year were HK\$41.9 million (2019: HK\$47.7 million). Each employee's remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentives or rewards to the staff, the Company has adopted a share option scheme, particulars of which are set out in the section headed "Share Options" on page 24 of this annual report.

僱員及薪酬政策

於2020年3月31日，本集團之僱員數目為125人(2019年：137人)。本年度之總員工成本(包括董事酬金及其他員工成本)為41,900,000港元(2019年：47,700,000港元)。僱員之薪酬乃根據個別僱員之責任、才幹及技能、經驗及表現以及市場薪酬水平釐定。員工福利包括醫療及人壽保險、退休福利及其他具競爭力的額外福利。

為鼓勵或嘉獎員工，本公司已採納一項購股權計劃，其詳情已載於本年報第24頁「購股權」一節。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員之履歷

Executive Director (Chairman)

WONG CHI FAI, aged 64, an Executive Director of the Company and Chairman of the Board. He has been involved in the management of the Group since 1992 and is responsible for overseeing the financial management and advising on the business strategic planning and development of our Group. He is the Chairman of the Executive Committee and a member of the Remuneration Committee of the Company as well as a director of certain subsidiaries of the Company. Currently, Mr. Wong is also a director of Emperor International Holdings Limited (Stock Code: 163) (“Emperor International”), Emperor Entertainment Hotel Limited (Stock Code: 296) (“Emperor E Hotel”), Emperor Watch & Jewellery Limited (Stock Code: 887) (“Emperor W&J”) and Emperor Culture Group Limited (Stock Code: 491) (“Emperor Culture”), all being associated corporations of the Company. Having over 30 years of finance and management experience, he has diversified experiences in different businesses ranging from wholesaling and retailing of furniture to manufacturing, property investment and development, hotel and hospitality, retailing of watch and jewellery, financial and securities services, cinema development and operation to entertainment production and investment, artiste management as well as media and publication. Mr. Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

Executive Director and Chief Executive Officer

NG KOON KEUNG, RICKY, aged 51, an Executive Director of the Company and the Chief Executive Officer of the Group. He joined the Group in January 2014 and is responsible for the overall management of the Group and planning the Group’s business and strategies. Mr. Ng is a member of the Executive Committee as well as a director of certain subsidiaries of the Company. He has over 25 years’ experience in retail, product planning, operations, marketing and business development and was employed by well-known retail brands in telecommunication and consumables goods and luxury accessories in Hong Kong. Mr. Ng joined TSL Jewellery (H.K.) Co. Ltd. in August 2009 as general manager (Hong Kong, Macau and Malaysia) and was Director of Sales and Business Development (HK and Overseas) when he left in January 2014. He was Assistant Vice President, Channel Marketing at PCCW Limited from October 2006 to March 2009. Mr. Ng holds a Bachelor of Business Administration awarded by Hong Kong Baptist College (now Hong Kong Baptist University). He also holds a Degree of Master of Management in Marketing Management and a Degree of Master of Business Administration awarded by Macquarie University, Sydney, Australia.

執行董事(主席)

黃志輝，現年64歲，為本公司執行董事兼董事會主席。彼自1992年起參與管理本集團，負責監管財務管理並就本集團的業務策略計劃及發展提供意見。彼為本公司執行委員會主席及薪酬委員會成員及本公司若干附屬公司之董事。黃先生現亦為英皇集團(國際)有限公司(股份代號：163)〔(英皇國際)〕、英皇娛樂酒店有限公司(股份代號：296)〔(英皇娛樂酒店)〕、英皇鐘錶珠寶有限公司(股份代號：887)〔(英皇鐘錶珠寶)〕及英皇文化產業集團有限公司(股份代號：491)〔(英皇文化產業)〕之董事，該等公司均為本公司之相聯法團。彼擁有逾30年之財務及管理經驗，於多項業務包括傢俬批發及零售以至製造業、物業投資及發展、酒店營運、鐘錶珠寶零售、金融證券服務、戲院發展及營運以至娛樂製作及投資、藝人管理以及傳媒與出版業務等範疇具有廣泛經驗。黃先生為香港會計師公會執業會計師及特許公認會計師公會資深會員。

執行董事兼行政總裁

吳冠強，現年51歲，為本公司執行董事兼本集團行政總裁。彼於2014年1月加盟本集團，負責本集團之整體管理及本集團業務及策略之規劃。吳先生為本公司執行委員會成員及本公司若干附屬公司之董事。彼具有逾25年的零售、產品策劃、營運、市場推廣及業務發展經驗，在香港曾受僱於經營電訊及消費品以及奢侈品配飾行業的知名零售品牌公司。吳先生於2009年8月加入謝瑞麟珠寶(香港)有限公司，任職總經理(香港、澳門及馬來西亞)，於2014年1月離職時為銷售及業務開發總監(香港及海外)。彼於2006年10月至2009年3月擔任電訊盈科有限公司的助理副總裁(渠道營銷)。吳先生持有香港浸會學院(現稱香港浸會大學)的工商管理學士學位。彼亦持有澳洲悉尼麥覺理大學頒授的營銷管理管理碩士學位及工商管理碩士學位。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員之履歷

Executive Director, Chief Operating Officer and Company Secretary

MOK FUNG LIN, IVY, aged 55, an Executive Director of the Company and the Chief Operating Officer of the Group. She joined the Group in July 2011 and is responsible for the business operational management and policy implementation in the Group. Ms. Mok is the Company Secretary of the Company and a member of the Executive Committee as well as a director of certain subsidiaries of the Company. Before joining our Group, she was a director of Emperor International and Emperor E Hotel from February 2000 to July 2011 and has accrued over 17 years' experience in corporate management and possesses experience in businesses including property investment and development, retailing, wholesaling, marketing and trading. Ms. Mok was admitted as a solicitor in Hong Kong and the United Kingdom, and holds a Bachelor of Laws Degree awarded by The University of Hong Kong. She also holds a Degree of Master of Business Administration awarded by The Hong Kong University of Science and Technology.

Executive Director

FAN MAN SEUNG, VANESSA (Former name: Fan Man Seung), aged 57, an Executive Director of the Company. She has been involved in the management of the Group since July 1992 and is responsible for overseeing the overall corporate management and advising on the business strategy of the Group. She is the Chairperson of the Corporate Governance Committee, a member of the Nomination Committee and the Executive Committee of the Company as well as a director of certain subsidiaries of the Company. Currently, Ms. Fan is also a director of Emperor International, Emperor E Hotel, Emperor W&J and Emperor Culture. Having over 31 years of corporate management experience, she possesses diversified experience in different businesses ranging from wholesaling and retailing of furniture, property investment and development, hotel and hospitality, retailing of watch and jewellery, financial and securities services, cinema development and operation to entertainment production and investment, artiste management as well as media and publication. Ms. Fan is a lawyer by profession in Hong Kong and a qualified accountant, and holds a Master's Degree in Business Administration.

執行董事，營運總監兼公司秘書

莫鳳蓮，現年55歲，為本公司執行董事兼本集團營運總監。彼於2011年7月加盟本集團，負責本集團業務經營管理及政策實施。莫女士為本公司的公司秘書、執行委員會成員及本公司若干附屬公司之董事。於加盟本集團前，彼自2000年2月至2011年7月為英皇國際及英皇娛樂酒店的董事並累積逾17年之企業管理及營商經驗，行業包括物業投資及發展、零售、批發、營銷及貿易。莫女士具備香港律師及英國律師資格，並持有香港大學頒授的法律學士學位。彼亦持有香港科技大學頒授的工商管理碩士學位。

執行董事

范敏嫦，現年57歲，為本公司執行董事。彼自1992年7月起參與管理本集團，負責監管本集團整體企業管理及就業務策略提供意見。彼為本公司企業管治委員會主席、提名委員會及執行委員會成員以及本公司若干附屬公司之董事。范女士現亦為英皇國際、英皇娛樂酒店、英皇鐘錶珠寶及英皇文化產業之董事。彼擁有逾31年之企業管理經驗，於多項業務包括傢俬批發及零售、物業投資及發展、酒店營運、鐘錶珠寶零售、金融證券服務、戲院發展及營運以至娛樂製作及投資、藝人管理以及傳媒與出版業務等範疇具有廣泛經驗。范女士具備香港專業律師資格及為合資格會計師，並持有工商管理碩士學位。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員之履歷

Independent Non-executive Directors

CHAN YEE MAN, aged 46, was appointed as Independent Non-executive Director of the Company in January 2018. She is the Chairperson of the Audit Committee as well as a member of the Remuneration Committee and Nomination Committee of the Company. Ms. Chan has been practising as a Certified Public Accountant in Hong Kong and has over 27 years of experience in the accounting profession. She holds a Bachelor of Accounting Degree awarded by The University of Hong Kong and a Master of Corporate Finance Degree awarded by The Hong Kong Polytechnic University. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and an associate member of The Taxation Institute of Hong Kong.

CHIU KIN FAI, aged 46, was appointed as Independent Non-executive Director of the Company in January 2018. He is the Chairman of the Nomination Committee as well as a member of the Audit Committee and Corporate Governance Committee of the Company. Mr. Chiu is a partner of a solicitors firm, T.H. Koo & Associates. He was admitted as a solicitor in Hong Kong in 1998 and holds a Bachelor of Laws Degree awarded by The University of Hong Kong.

NG HOI YUE, aged 56, was appointed as Independent Non-executive Director of the Company in January 2018. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and Corporate Governance Committee of the Company. Mr. Ng is currently an executive director and Deputy Chief Executive Officer of Asian Citrus Holdings Limited (Stock Code: 73) and an independent non-executive director of Imperial Pacific International Holdings Limited (Stock Code: 1076). He was previously an independent non-executive director of Emperor Culture until 13 November 2018. Mr. Ng has been practising as a Certified Public Accountant in Hong Kong since 1989. He is a fellow member of The Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in England.

獨立非執行董事

陳綺雯，現年46歲，於2018年1月獲委任為本公司獨立非執行董事。彼為本公司審核委員會主席及薪酬委員會和提名委員會成員。陳女士在香港從事執業會計師工作並擁有逾27年會計專業經驗。彼持有香港大學頒授的會計學學士學位及香港理工大學頒授的企業金融學碩士學位。陳女士為香港會計師公會會員、英國特許公認會計師公會資深會員及香港稅務學會會員。

招健暉，46歲，於2018年1月獲委任為本公司獨立非執行董事。彼為本公司提名委員會主席及審核委員會和企業管治委員會成員。招先生為顧增海律師行的合夥人。招先生於1998年獲得香港律師資格，並持有香港大學頒授的法律學士學位。

伍海于，現年56歲，於2018年1月獲委任為本公司獨立非執行董事。彼為本公司薪酬委員會主席及審核委員會和企業管治委員會成員。伍先生現為亞洲果業控股有限公司(股份代號：73)的執行董事兼副行政總裁及博華太平洋國際控股有限公司(股份代號：1076)的獨立非執行董事。彼曾為英皇文化產業之獨立非執行董事，直至2018年11月13日。伍先生自1989年起在香港從事執業會計師工作。彼為英格蘭及威爾斯特許會計師公會、香港會計師公會及英國特許公認會計師公會資深會員。

DIRECTORS' REPORT

董事會報告

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 1 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 67 of this annual report.

No interim dividend (2019: Nil) was paid to the Shareholders during the Year.

The Board did not recommend any payment of a final dividend for the Year (2019: Nil).

BUSINESS REVIEW AND PERFORMANCE

A fair review of the Group's business, a discussion and analysis of the Group's performance during the Year and an analysis of the likely future development of the Group's business are set out in the Management Discussion and Analysis from pages 5 to 16 of this annual report. Description of the principal risks and uncertainties facing the Group are set out in the Corporate Governance Report from pages 53 to 56 of this annual report and note 30 to the financial statements respectively.

There is no important event affecting the Group that had occurred since the end of the Year up to the date of this report.

In addition, discussion on the Group's environmental policies and performance, key relationships with the Company's key stakeholders as well as compliance with relevant laws and regulations which have significant impact on the Company are set out in the Environmental, Social and Governance Report 2019/2020.

董事欣然提呈本集團於本年度之年報及經審核綜合財務報表。

主要業務

本公司為一間投資控股公司，其主要附屬公司之主要業務載於財務報表附註1。

業績及股息

本集團於本年度之業績載於本年報第67頁之綜合損益及其他全面收益表。

本年度並無向股東支付中期股息(2019年：無)。

董事會不建議就本年度派付任何末期股息(2019年：無)。

業務回顧及表現

於本年度內本集團業務之公平審核、本集團表現之討論與分析及本集團業務之可能未來發展分析乃載於本年報管理層討論與分析第5至16頁。本集團面臨之主要風險及不確定因素詳情乃分別列載於本年報企業管治報告第53至56頁及財務報表附註30。

自本年度末直至本報告日期，概無發生影響本集團之重大事件。

此外，本集團環保政策及表現、有關與本公司主要持份者之重要關係，以及遵守對本公司有重大影響的相關法律及法規之討論載於2019/2020環境、社會及管治報告內。

DIRECTORS' REPORT

董事會報告

PROPERTY, PLANT AND EQUIPMENT

Details of changes in the property, plant and equipment of the Group during the Year are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 22 to the financial statements.

RETAINED PROFITS/ACCUMULATED LOSS

Details of movements in the retained profits/accumulated loss of the Group during the Year are set out on page 70 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2020, the Company had no reserve available for distribution to the Shareholders (2019: nil).

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 144 of this annual report.

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

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

DIRECTORS OF THE COMPANY

The Directors during the Year and up to the date of this annual report were:

Executive Directors

Mr. Wong Chi Fai (*Chairman*)
Mr. Ng Koon Keung, Ricky
Ms. Mok Fung Lin, Ivy
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors

Ms. Chan Yee Man
Mr. Chiu Kin Fai
Mr. Ng Hoi Yue

物業、廠房及設備

本集團於本年度內之物業、廠房及設備變動詳情載於財務報表附註12。

股本

本公司於本年度內之股本變動詳情載於財務報表附註22。

保留溢利／累計虧損

本集團於本年度內之保留溢利／累計虧損變動詳情載於本年報第70頁。

本公司可供分派儲備

於2020年3月31日，本公司並無可供分派予股東之儲備(2019年：無)。

財務概要

本集團過去五個財政年度之已刊發業績及資產與負債之概要載於本年報第144頁。

購買、出售或贖回本公司上市證券

於本年度內，本公司及其任何附屬公司概無購買、出售或贖回任何本公司上市證券。

本公司董事

本年度內及直至本年報日期止，董事如下：

執行董事

黃志輝先生(主席)
吳冠強先生
莫鳳蓮女士
范敏嫦女士

獨立非執行董事

陳綺雯女士
招健暉先生
伍海于先生

DIRECTORS' REPORT

董事會報告

Biographical details of the Directors and senior management as at the date of this report are set out from pages 17 to 19 of this annual report. Details of Directors' remuneration are set out in note 8 to the financial statements.

In accordance with Article 80(1) and (3) of the Company's Articles of Association, Mr. Ng Koon Keung, Ricky, Ms. Fan Man Seung, Vanessa and Ms. Chan Yee Man shall retire by rotation at the 2020 AGM and, being eligible, shall offer themselves for re-election thereat.

None of the Directors offering themselves for re-election at the 2020 AGM has an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the Year.

PERMITTED INDEMNITY PROVISIONS

During the Year and up to the date of this report, the Company has in force the permitted indemnity provisions which are provided for in the Company's Articles of Association and in the directors and officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against the Directors and the directors of the Group respectively.

於本報告日期董事及高級管理人員之履歷詳情乃載於本年報第17至19頁。董事之酬金詳情乃載於財務報表附註8。

按照本公司組織章程細則80(1)及(3)條之規定，吳冠強先生、范敏嫦女士及陳綺雯女士將於2020股東週年大會上輪值退任。彼等均符合資格並願意於會上膺選連任。

概無擬在2020股東週年大會上膺選連任之董事與本公司或其任何附屬公司訂有本集團不可於一年內免付賠償(法定賠償除外)而終止之未屆滿服務合約。

管理合約

於本年度內，除僱傭合約外，概無訂立或存續有關管理及經營本集團全部或任何重大部分之業務之合約。

獲准許的彌償條文

於本年度及直至本報告日期止就董事及本集團董事可能分別面臨的法律訴訟而產生的潛在責任及費用，本公司備有彌償條文，該等條文均載於本公司之組織章程細則及於投購之董事及高級管理人員責任險內。

DIRECTORS' REPORT

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to 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 adopted by the Company ("Ulferts Securities Code") were as follows:

(A) Interests in the Company

None of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company.

(B) Interests in associated corporation of the Company

(i) Ordinary Shares

| Name of Director 董事姓名 | Name of associated corporation 相聯法團名稱 | Capacity/Nature of interests 身份／權益性質 | Number of ordinary shares interested 所持有權益之普通股股份數目 | % of issued voting shares 佔已發行有投票權股份% |
|--|---|---|---|--|
| Ms. Fan Man Seung, Vanessa 范敏嫦女士 | Emperor International Holdings Limited ("Emperor International") 英皇集團(國際)有限公司 〔英皇國際〕 | Beneficial Owner 實益擁有人 | 10,500,000 | 0.29% |

(ii) Debentures

| Name of Director 董事姓名 | Name of associated corporation 相聯法團名稱 | Capacity/Nature of interests 身份／權益性質 | Amount of debentures held 所持債權證金額 |
|---------------------------|--|--|--------------------------------------|
| Mr. Wong Chi Fai 黃志輝先生 | Emperor International 英皇國際 | Interest in a controlled corporation 於受控公司之權益 | HK\$2,000,000 2,000,000港元 |

The interests stated above represent long position. Save as disclosed above, as at 31 March 2020, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

董事及最高行政人員之證券權益

於2020年3月31日，董事及本公司之最高行政人員於本公司及其相聯法團(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者或根據本公司採納之《董事進行證券交易的標準守則》(「歐化證券守則」)須另行知會本公司及聯交所之權益及淡倉如下：

(A) 於本公司之權益

概無董事或本公司最高行政人員於本公司股份、相關股份或債權證中擁有任何權益或淡倉。

(B) 於本公司相聯法團之權益

(i) 普通股

(ii) 債權證

上文所載之權益為好倉。除上文披露者外，於2020年3月31日，概無董事或本公司最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份及債權證中擁有任何權益或淡倉。

DIRECTORS' REPORT

董事會報告

SHARE OPTIONS

The Company has adopted a share option scheme ("Share Option Scheme") on 8 January 2018. Particulars of the Share Option Scheme are set out in note 23 to the financial statements. No share option was granted under the Share Option Scheme since its adoption and up to 31 March 2020.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme as disclosed in note 23 to the financial statements, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as stated above, at the end of the Year and at no time during the Year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or chief executives of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2020, none of the Directors nor their respective close associates was interested in any business which was considered to compete or was likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

購股權

本公司已於2018年1月8日採納一項購股權計劃(「購股權計劃」)。購股權計劃之詳情載於財務報表附註23。自購股權計劃採納以後及截至2020年3月31日止，並無根據購股權計劃授出任何購股權。

股票掛鉤協議

除於財務報表附註23披露的購股權計劃外，並無任何股票掛鉤協議由本公司於本年度訂立或於本年度末存續。

購買股份或債權證之安排

除上文所述外，於本年度末及本年度內任何時間，本公司、其任何控股公司、附屬公司或同系附屬公司概無訂立任何安排，致使董事或本公司主要行政人員或彼等之配偶或18歲以下子女可藉購入本公司或任何其他法人團體之股份或債權證而獲取利益。

董事於競爭業務之權益

於2020年3月31日，概無董事或彼等各自之緊密聯繫人士於被視為於可能與本集團業務直接或間接構成競爭，且根據聯交所證券上市規則(「上市規則」)須予披露之任何業務中擁有權益。

DIRECTORS' REPORT

董事會報告

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

So far as is known to any Directors or chief executives of the Company, as at 31 March 2020, the persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO ("DI Register") were as follows:

主要股東及其他人士之權益

就任何董事或本公司主要行政人員所知，於2020年3月31日，除董事或本公司主要行政人員外，以下人士或法團於本公司股份或相關股份中擁有或被視為或當作擁有須根據證券及期貨條例第336條須予備存於登記冊(「權益登記冊」)之權益及淡倉：

| Name 姓名／名稱 | Capacity/Nature of interests 身份／權益性質 | Number of ordinary shares interested 擁有權益之普通股股份數目 | % of issued voting shares 佔已發行有投票權股份% |
|--|--|--|--|
| Albert Yeung Investments Holdings Limited ("AY Investments Holdings") 楊受成投資控股有限公司(「楊受成投資控股」) | Interest in a controlled corporation 於受控公司之權益 | 600,000,000 | 75% |
| First Trust Management AG ("First Trust") | Trustee of a private trust 私人信託之受託人 | 600,000,000 | 75% |
| Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") 楊受成博士(「楊博士」) | Founder of a private trust 私人信託之創立人 | 600,000,000 | 75% |
| Ms. Luk Siu Man, Semon ("Ms. Semon Luk") 陸小曼女士(「陸女士」) | Interest of spouse 配偶權益 | 600,000,000 | 75% |

Note:

These shares were held by Ulferts International Group Holdings Limited, a wholly-owned subsidiary of AY Investments Holdings. AY Investments Holdings was held by First Trust in trust for a private discretionary trust which was set up by Dr. Albert Yeung. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same shares.

All interests stated above represent long position.

Save as disclosed above, as at 31 March 2020, the Directors or chief executives of the Company were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in any shares or underlying shares of the Company as recorded in the DI Register.

附註：

該等股份乃由楊受成投資控股之全資附屬公司歐化國際集團控股有限公司持有。楊受成投資控股由First Trust 代一私人全權信託(由楊博士創立)持有。鑒於陸女士為楊博士之配偶，彼亦被視為擁有該等股份的權益。

上述所有權益均屬好倉。

除上文披露者外，於2020年3月31日，董事或本公司主要行政人員並不知悉任何人士或法團(除董事及本公司主要行政人員外)於本公司任何股份或相關股份中擁有或被視為或當作擁有記錄於權益登記冊之任何權益或淡倉。

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the Year, the Group had the following continuing connected transactions with connected persons (as defined in the Listing Rules) of the Company:

A. Master Leasing Agreement (“MLA”)

| | |
|-----------------|---|
| Date: | 24 May 2018 |
| Parties: | (1) The Company (2) Emperor International |
| Nature: | The MLA sets out the framework of the terms governing all existing and future tenancy/licensing transaction(s) (“Tenancy Transaction(s)”) regarding leasing of certain office properties or other properties (including signage or signboard space) from Emperor International for the period from 24 May 2018 to 31 March 2021 with aggregate tenancy annual caps for the Company being set for each of the financial years ended/ending 31 March 2019, 2020 and 2021 (“Aggregate Tenancy Annual Caps”). |

Pursuant to the MLA, relevant member(s) of the Group and any member(s) of Emperor International may from time to time enter into any definitive leasing agreements in relation to any Tenancy Transaction (“Definitive Leasing Agreement”) on terms and conditions as may be agreed between the relevant parties. The terms of each Definitive Leasing Agreement shall be on normal commercial terms or on terms which are no less favorable than those offered by independent third parties. The terms and rental shall be subject to arm's length negotiation and determined based on the condition of the properties and with reference to the then prevailing market rents on properties comparable in location, area and permitted use. The aggregate amount paid/payable in respect of the Tenancy Transactions for the Year was HK\$8,312,000.

董事於重大交易、安排或合約之權益及關連交易

於本年度內，本集團曾與關連人士(定義見上市規則)進行下列持續關連交易：

A. 總租賃協議(「總租賃協議」)

| | |
|-------------|--|
| 日期： | 2018年5月24日 |
| 訂約方： | (1) 本公司 (2) 英皇國際 |
| 性質： | 總租賃協議載列規管於2018年5月24日至2021年3月31日期間自英皇國際租賃若干辦公室物業或其他物業(包括廣告牌或招牌)之所有現有及未來租賃／授權交易(「租賃交易」)的框架條款並就截至2019年、2020年及2021年3月31日止各財政年度分別訂立本公司總租賃年度上限(「總租賃年度上限」)。 |

根據總租賃協議，本集團相關成員公司與英皇國際任何成員公司可不時按相關訂約方可能同意之條款及條件就任何租賃交易訂立正式租賃協議(「正式租賃協議」)。各正式租賃協議之條款應按一般商業條款或按不遜於獨立第三方所提供者訂立。條款及租金應經公平磋商協定，並應根據該等物業狀況及參考具有相若位置、面積及許可使用之物業當時市場租金釐定。於本年度，就租賃交易已付／應付之總額為8,312,000港元。

DIRECTORS' REPORT

董事會報告

Both the Company and Emperor International were indirectly controlled by the relevant private discretionary trusts set up by Dr. Albert Yeung who is the deemed substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, Emperor International was a connected person of the Company and accordingly, the transactions contemplated under the MLA constituted continuing connected transactions of the Company. The MLA and the Aggregate Tenancy Annual caps were approved by the Board of the Company.

本公司與英皇國際均由楊博士創立之相關私人全權信託間接控制，而楊博士被視為本公司之主要股東。因此，根據上市規則第14A章，英皇國際為本公司之關連人士，故總租賃協議項下擬進行之交易構成本公司之持續關連交易。總租賃協議及總租賃年度上限已經本公司董事批准。

Announcement: 27 June 2018

公告： 2018年6月27日

Effective Date: 9 August 2018, whereupon the Aggregate Tenancy Annual Caps had replaced all the then annual caps previously obtained by the Company for the Tenancy Transactions.

生效日期： 2018年8月9日，總租賃年度上限取代本公司此前就租賃交易取得的所有年度上限。

B. Master Agreement on Provision of Products and Services (“Master Agreement”)

B. 提供產品及服務之總協議(「總協議」)

| Name of counterparty 對方姓名／名稱 | Scope of Products and Services provided 提供產品及服務的範疇 | (i) Date of agreement 協議日期 (ii) Term (D/M/Y) 協議年期(日／月／年) | Amount for the Year 本年度之金額 (HK\$'000) (千港元) |
|---|---|---|--|
| Albert Yeung Holdings Limited (“AY Holdings”) 楊受成產業控股有限公司 (「楊受成產業控股」) | Sales/provision of goods and services by the Group to AY Holdings and its associates (as defined under the Listing Rules): 本集團向楊受成產業控股及其關聯公司(定義見上市規則)銷售／提供商品及服務： (i) Selling products and providing consultancy services 銷售產品並提供諮詢服務 (ii) Selling furniture coupons 銷售傢俬禮券 (iii) Providing other types of ancillary services and any transaction of revenue nature 提供其他類別配套服務及進行屬收入性質的任何交易 | (i) 15/01/2018 (ii) 29/01/2018 – 31/03/2020 | 9,754,000 |

DIRECTORS' REPORT

董事會報告

Both the Company and AY Holdings were indirectly controlled by the relevant private discretionary trusts set up by Dr. Albert Yeung, being the deemed substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, AY Holdings was a connected person of the Company and the transactions contemplated under the Master Agreement constituted continuing connected transactions of the Company. The Company had applied for and the Stock Exchange had granted a waiver on strict compliance with the announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules for such transactions at the time of listing.

The aggregate transaction amount for the Year had exceeded the annual cap of HK\$9,000,000 by an amount of HK\$754,000, but the total amount remained less than HK\$10,000,000. The Company had made the relevant disclosure by publication of an announcement and had strengthened the internal control management to enhance its reporting system and internal control measures.

Compliance with Disclosure Requirements

None of the other related party transactions as set out in note 26 to the financial statements constitute connected transactions or continuing connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules. Save as the aforesaid exceeding of annual cap of the Master Agreement, the Company had complied with/got waiver on the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

Auditor's Letter on Non-exempt Continuing Connected Transactions

The Company's auditor was engaged to report on the Group's non-exempt continuing connected transactions ("CCTs") in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" ("Auditor's Letter") issued by the Hong Kong Institute of Certified Public Accountants.

本公司與楊受成產業控股均由楊博士創立之相關私人全權信託間接控制，而楊博士被視為本公司之主要股東。因此，根據上市規則第14A章，楊受成產業控股為本公司之關連人士，而總協議項下擬進行之交易構成本公司之持續關連交易。本公司已於上市時申請，而聯交所已就該等交易授予豁免嚴格遵守上市規則第14A章的公告及股東批准規定。

本年度之總交易額，比對年度上限9,000,000港元超出754,000港元，惟總金額仍少於10,000,000港元。本公司已通過刊發公告作出相關披露及已加強內部控制管理，以提升其報告系統及內部控制措施。

遵守披露規定

概無其他載於財務報表附註26之關聯方交易構成上市規則第14A條項下須予披露之關連交易或持續關連交易。除上述超過總協議之年度上限外，本公司已遵守／獲豁免根據上市規則第14A條有關上述關聯交易之披露要求。

有關非豁免持續關連交易之核數師函件

本公司核數師已獲委聘按照香港會計師公會頒佈之《香港審驗應聘服務準則3000（經修訂）》的「歷史財務資料審計或審閱以外的審驗應聘」，並參照《實務說明》第740號「關於香港《上市規則》所述持續關連交易的核數師函件」（「核數師函件」），匯報本集團之非豁免持續關連交易（「持續關連交易」）。

DIRECTORS' REPORT

董事會報告

The auditor had issued a qualified conclusion on the exceeding of annual cap of the Master Agreement. Other than this, the auditor had issued unqualified conclusions in respect of the CCTs in accordance with Rule 14A.56 of the Listing Rules. A copy of the Auditor's Letter had been provided by the Company to the Stock Exchange.

Confirmation of Independent Non-Executive Directors on Non-exempt Continuing Connected Transactions

Pursuant to Rule 14A.55 of the Listing Rules, the Company's independent non-executive Directors ("INEDs") had reviewed the CCTs and the Auditor's Letter and had confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better (as the case may be); and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed above, there was no transaction, arrangement or contract which was significant in relation to the Group's business to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company had received from each of the INEDs an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules. The Company considered that all of the INEDs remained independent.

核數師已就超過總協議之年度上限發出保留意見。除此之外，核數師已按照上市規則第14A.56條就持續關連交易發出無保留結論。本公司已向聯交所提供核數師函件之副本。

獨立非執行董事就非豁免持續關連交易之確認

根據上市規則第14A.55條，本公司之獨立非執行董事（「獨立非執行董事」）已審閱持續關連交易及核數師函件，並確認該等交易：

- (i) 於本集團之日常及一般業務過程中訂立；
- (ii) 按一般或更佳（視情況而定）商業條款進行；及
- (iii) 根據規管該等交易之相關協議進行，其中條款公平合理，並符合股東整體利益。

除上文所披露者外，於本年度完結時或本年度任何時間並無存在本公司或其任何控股公司、附屬公司或同系附屬公司所訂立而董事或其關連實體於當中擁有重大權益（無論直接或間接）且對本集團業務而言屬重大之交易、安排或合約。

獨立非執行董事之獨立確認書

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出之年度獨立確認書。本公司認為，全體獨立非執行董事均仍為獨立人士。

DIRECTORS' REPORT

董事會報告

EMOLUMENT POLICY

The emoluments of the Directors shall be decided by the Board as recommended by the Remuneration Committee having regard to a written remuneration policy (which ensures a clear link of business strategy and a close alignment with the Shareholders' interest and current market best practice). Remuneration should be paid with reference to the Board's corporate goals and objectives, the salaries paid by comparable companies, time commitment and responsibilities of the Executive and Non-executive Directors, internal equity of employment conditions across the Group and applicability of performance-based remuneration. The Directors' fee are paid in line with market practice. No individual should determine his or her own remuneration.

Employee's remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance as well as market pay levels. Remuneration package includes, as the case may be, basic salary, Directors' fees, housing allowances, contribution to pension schemes, discretionary bonus relating to financial performance of the Group and individual performance, ad hoc rewards, share options and other competitive fringe benefits such as medical and life insurances.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 8 and note 9 to the financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate revenue from sales of goods or rendering of services attributable to the Group's five largest customers accounted for less than 30% (2019: 30%) of the Group's total revenue for the Year.

During the Year, the aggregate purchase attributable to the Group's five largest suppliers and the Group's largest supplier accounted for approximately 41.9% (2019: 36.5%) and 14.6% (2019: 12.7%) respectively of the Group's total purchases for the Year.

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in the above major suppliers of the Group.

薪酬政策

董事之酬金須由董事會根據薪酬委員會參照一套書面薪酬政策(以確保與業務策略有清晰聯繫,並密切符合股東之權益及現行市場最佳常規)向其提供的推薦意見而釐定。酬金乃參考董事會企業目標及目的、可予以比較公司支付的薪金、執行及非執行董事的時間投入及職責、本集團內部一貫的僱傭條件及與表現掛鈎的薪酬之適用性。董事袍金則以符合市場常規而支付。並無個別人士可釐定其本身之酬金。

僱員薪酬乃根據個人責任、能力及技術、經驗及表現以及市場薪酬水平釐定。薪酬待遇包括(視情況而定)基本薪金、董事袍金、房屋津貼、退休金計劃供款、與本集團財務表現及個人表現掛鈎之酌情花紅、特設薪酬、購股權及其他具有競爭力之額外福利(如醫療及人壽保險)。

董事及本集團五位最高薪人士之薪酬詳情分別載於財務報表附註8及附註9。

主要客戶及供應商

本年度,本集團五大客戶所帶來之銷售商品或提供服務總收入佔本集團本年度之收入總額少於30%(2019年:30%)。

本年度,本集團五大供應商及本集團最大供應商所帶來之總採購額佔本集團本年度之採購總額分別約41.9%(2019年:36.5%)及14.6%(2019年:12.7%)。

董事、彼等之緊密聯繫人士或據董事所知擁有本公司已發行股份數目5%以上之任何股東,概無於上述本集團主要供應商中擁有任何權益。

DIRECTORS' REPORT

董事會報告

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report from pages 32 to 60 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, there was sufficient public float of at least 25% of the Company's issued shares as required under the Listing Rules.

AUDITOR

Ernst & Young will retire at the 2020 AGM and a resolution for their re-appointment as auditor of the Company will be proposed thereat.

On behalf of the Board

Wong Chi Fai

Chairman

Hong Kong

11 June 2020

企業管治

本公司採納之主要企業管治常規載於本年報第32至60頁之企業管治報告。

足夠之公眾持股量

根據本公司可得之公開資料及據董事所知，於刊發本年報前之最後實際可行日期，本公司已發行股份維持上市規則所規定至少25%之足夠公眾持股量。

核數師

安永會計師事務所將於2020股東週年大會上退任，而續聘其為本公司核數師之決議案將於會上提呈。

代表董事會

黃志輝

主席

香港

2020年6月11日

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board is committed to maintaining a high standard of corporate governance for the Company so as to ensure “Accountability, Responsibility and Transparency” towards Shareholder, stakeholders, investors as well as employees of Company.

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the “CG Code”) under Appendix 14 of the Listing Rules. For the Year, The Company had fully complied with all the code provisions of the CG Code as set out in Appendix 14 of the Listing Rules.

THE BOARD

Roles and Responsibilities of the Board

The Company is headed by the Board which is responsible for the leadership, control and promotion of the success of the Group in the interests of the Shareholders by directing and supervising its affairs and by formulating strategic directions and monitoring the financial and management performance of the Group.

Board Composition

As at 31 March 2020, the Board comprised seven Directors, with four Executive Directors and three INEDs who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The biographies of the Directors are set out on pages 17 to 19 of this annual report under the “Biographies of Directors and Senior Executives” section.

Chairman and Chief Executive Officer

Mr. Wong Chi Fai has been appointed as the Chairman of the Board who provides leadership for the Board. With the support of the company secretary of the Company (“Company Secretary”), he ensures that all Directors receive, in a timely manner, adequate information and are properly briefed on issues arising at the board meetings. He is responsible for ensuring that the Board works effectively and performs its responsibilities. He holds meetings without the presence of Executive Directors with INEDs at least once a year.

董事會致力為本公司維持高水平之企業管治，以確保為股東、本公司持份者、投資者以及僱員提供「問責、負責及其透明度」之制度。

董事會已採納多項政策以確保遵守上市規則附錄十四「企業管治守則」(「企業管治守則」)的守則條文。於本年度，本公司一直全面遵守上市規則附錄十四所載之企業管治守則之所有守則條文。

董事會

董事會之角色及職責

本公司由董事會領導，董事會負責以符合股東利益為出發點指導及監督其事務，並透過制定策略方向及監察本集團之財務及管理表現，從而領導、監控及促進本集團之成功。

董事會組成

於2020年3月31日，董事會由七名董事組成，包括四名執行董事及三名獨立非執行董事，彼等擁有於相同行業或與本集團業務管理相關之技能、經驗及專業知識。董事履歷載於本年報第17至19頁「董事及高級管理人員之履歷」一節。

主席及行政總裁

黃志輝先生獲委任為董事會主席，負責領導董事會。在本公司之公司秘書(「公司秘書」)之協助下，彼確保全體董事可及時收取充分資訊，及獲清楚告知於董事會會議上討論之事項。彼負責確保董事會有效地運作及履行其職責。彼與獨立非執行董事每年至少舉行一次沒有執行董事出席的會議。

CORPORATE GOVERNANCE REPORT

企業管治報告

Mr. Ng Koon Keung, Ricky is the Chief Executive Officer (“CEO”) of the Group (also being an Executive Director) who is responsible for the Group’s strategic planning, business growth and development as well as overseeing different functions. The day-to-day operation and management of the Group’s businesses are delegated to Ms. Mok Fung Lin, Ivy, the Chief Operating Officer (“COO”) of the Group (also being an Executive Director and the Company Secretary).

The Board considers that the current segregation of duties make the Board and the operation of the Group function effectively.

Independent Non-executive Directors

All INEDs are professionals with valuable experience and expertise in legal, accounting or auditing in business areas who contribute impartial view and make independent judgment on issues to be discussed at Board meetings. Each of them has been appointed for an initial term of three years which is renewed automatically for successive term of one year subject to early termination with notice being served by either party. The terms of the INEDs are also subject to retirement by rotation and re-election provision under the Articles of Association of the Company.

The Company had received confirmation of independence from each of the INEDs. Based on the annual review conducted by the Nomination Committee, the Board considered each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs had been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

Delegation to the Management

The management is led by the Executive Committee of the Company (which comprises all the Executive Directors of the Board) and has been delegated powers and authorities to carry out the day-to-day management and operation of the Group, formulate business policies and make decision on key business issues. The Executive Committee shall have all powers and authorities of the Board except the following matters as set out in a “Formal Schedule on Matters specifically reserved by the Board”:

- determining the Group’s objectives and strategies;
- approving annual and interim results and financial reporting;

吳冠強先生為本集團之行政總裁(「行政總裁」)(亦為執行董事)，負責本集團之策略規劃、業務增長及發展，並負責監管不同職能。本集團營運總監(「營運總監」)莫鳳蓮女士(亦為執行董事兼公司秘書)獲授權負責本集團業務之日常營運及管理。

董事會認為，董事會現時之分工可使董事會及本集團職能有效運作。

獨立非執行董事

所有獨立非執行董事均為於業務範疇內之法律、會計、審計等方面擁有寶貴經驗及知識之專業人士，就將於董事會會議上討論之事宜提供公正觀點及作出獨立判斷。彼等各自之初步任期為三年，其後按年自動續期，惟可由任何一方發出書面通知提早終止。獨立非執行董事的任期亦受本公司組織章程細則項下之輪值退任及重選連任條文所規限。

本公司已接獲各獨立非執行董事之獨立性確認書。根據提名委員會進行之年度審核，董事會參照上市規則第3.13條所載因素認為各獨立非執行董事屬獨立人士。本公司在所有需要披露董事姓名的公司通訊中，均已明確列明獨立非執行董事之身份。

授權予管理層

管理層乃由本公司執行委員會(此由董事會之所有執行董事所組成)領導，並獲授予權力及權限，以進行本集團之日常管理及營運、制定業務政策，並就主要業務事項作出決定。除以下「正式表列為特別保留予董事會作決定之事項」所載之事項外，執行委員會將擁有董事會之一切權力及權限：

- 釐定本集團之目標及策略；
- 批准年度及中期業績以及財務報告；

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- declaring or recommending payment of dividends or other distributions;
- approving major changes that require notification by announcement under the Listing Rules;
- approving publication of the announcement for notifiable transactions under the Listing Rules (except for discloseable transactions in relation to lease transactions recognizing the right-of-use asset according to HKFRS 16 “Lease”);
- approving non-exempted connected transactions/non-exempted continuing connected transactions (other than those transactions took place from time to time under the master agreement(s) previously approved by the Board/Shareholders (as the case may be)) under the Listing Rules;
- approving proposed transactions requiring Shareholders’ approval as stipulated under the Listing Rules;
- approving major capital re-structuring and issue of new securities of the Company;
- approving the establishment of Board committees;
- approving policies and practices on compliance with legal and regulatory requirements, including but not limited to risk management policy, remuneration policy and corporate governance policy;
- approving financial assistance to Directors;
- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit and financial reporting functions; and
- approving such other matters or transactions as specified by the Board or as thought fit by the Committee or as required by all applicable laws, rules and regulations from time to time.
- 宣派或建議派付股息或其他分派；
- 批准根據上市規則須以公告形式作出通知之重大變動；
- 批准刊發有關上市規則項下之須予公佈交易之公告(根據香港財務報告準則第16號「租賃」確認使用權資產之租賃交易相關須予披露交易除外)；
- 批准根據上市規則之非豁免關連交易／非豁免持續關連交易(根據已由董事會／股東(視情況而定)批准之主協議不時進行之交易除外)；
- 批准根據上市規則規定需要股東批准之建議交易；
- 批准本公司之主要資本重組及發行新證券；
- 批准成立董事委員會；
- 批准有關遵守法例及監管規定方面的政策及常規，包括但不限於風險管理政策、薪酬政策及企業管治政策；
- 批准對董事之財務援助；
- 確保本公司會計、內部審核及財務匯報職能之資源、員工資格及經驗、培訓計劃及預算之充足性；及
- 批准董事會指定或委員會認為適合或所有不時適用的法律、規則及法規規定之有關其他事項或交易。

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Induction, Support and Professional Development of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of equity and business interest in the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments of the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses in order to assist them to perform their duties to the Company.

The Directors confirmed that they had complied with the Code provision A.6.5 of the CG Code on Directors' training. During the Year, each Director had participated in continuous professional development by attending seminars/workshops/reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company.

董事之啟導、支援及專業發展

所有董事均已獲提供有關擔任董事之職責及責任、適用於董事之相關法例及規例、於本集團之權益及業務權益披露之責任之相關指引資料，而於新任董事獲委任後，亦會於短期內向其提供該等就任董事須知資料。全體董事亦已就上市規則及其他適用監管要求之發展獲得最新資料，從而確保遵例，同時加強彼等對良好企業管治常規之意識。董事會已議定程序，使董事可在適當情況下經合理要求後尋求獨立專業意見以協助彼等為本公司執行職責，費用由本公司承擔。

董事確認，彼等已遵守企業管治守則內有關董事培訓之企業管治守則條文第A.6.5條。於本年度，各董事均已參與持續專業發展，透過出席有關以下主題之座談會／工作坊／閱讀材料，以發展及重溫彼等之知識及技能，並向本公司提供培訓記錄。

| Name of Directors | 董事姓名 | Topics of training covered 培訓所涵蓋課題 |
|----------------------------|-------|---------------------------------------|
| Mr. Wong Chi Fai | 黃志輝先生 | (1) corporate governance 企業管治 |
| Mr. Ng Koon Keung, Ricky | 吳冠強先生 | (2) finance 財務 |
| Ms. Mok Fung Lin, Ivy | 莫鳳蓮女士 | (3) industry specific 行業相關 |
| Ms. Fan Man Seung, Vanessa | 范敏嫦女士 | (4) regulatory 監管 |
| Ms. Chan Yee Man | 陳綺雯女士 | |
| Mr. Chiu Kin Fai | 招健暉先生 | |
| Mr. Ng Hoi Yue | 伍海于先生 | |

Relationship between the Board Members

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) among each other.

Directors' insurance

The Company has arranged appropriate insurance cover in respect of any legal action against the Directors.

董事會成員間之關係

董事會成員之間概無任何關係(包括財務、業務、家屬或其他重大／相關關係)。

董事之保險

本公司已就董事可能會面對之任何法律訴訟作出適當之投保安排。

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Directors' Attendance and Time Commitment

The attendance of Directors at the meetings during the Year is set out below:

董事出席會議情況及時間投入

各董事於本年度出席會議之情況載列如下：

| Name of Directors 董事姓名 | Board 董事會 | Audit Committee 審核委員會 | Remuneration Committee 薪酬委員會 | Nomination Committee 提名委員會 | No. of meetings attended/held 出席會議/舉行會議次數 | | | Meeting of Chairman with INEDs 主席與獨立 非執行董事 之會議 | 2019 AGM 2019 股東週年大會 |
|---|--------------|-----------------------------|------------------------------------|----------------------------------|---|---------------------------------|-----|---|----------------------------|
| | | | | | Corporate Governance Committee 企業管治 委員會 | Executive Committee 執行委員會 | | | |
| Executive Directors 執行董事 | | | | | | | | | |
| Mr. Wong Chi Fai (Note 1) 黃志輝先生(附註1) | 4/4 | | 1/1 | | | | 7/7 | 1/1 | 1/1 |
| Mr. Ng Koon Keung, Ricky 吳冠強先生 | 4/4 | | | | | | 7/7 | | 1/1 |
| Ms. Mok Fung Lin, Ivy 莫鳳蓮女士 | 4/4 | | | | | | 7/7 | | 1/1 |
| Ms. Fan Man Seung, Vanessa (Note 2) 范敏嫦女士(附註2) | 4/4 | | | 1/1 | 1/1 | | 7/7 | | 1/1 |
| Independent Non-Executive Directors 獨立非執行董事 | | | | | | | | | |
| Ms. Chan Yee Man (Note 3) 陳綺雯女士(附註3) | 4/4 | 3/3 | 1/1 | 1/1 | | | | 1/1 | 1/1 |
| Mr. Chiu Kin Fai (Note 4) 招健暉先生(附註4) | 4/4 | 3/3 | | 1/1 | 1/1 | | | 1/1 | 1/1 |
| Mr. Ng Hoi Yue (Note 5) 伍海于先生(附註5) | 4/4 | 3/3 | 1/1 | | 1/1 | | | 1/1 | 1/1 |
| Total number of meetings held: 舉行會議之總數： | 4 | 3 | 1 | 1 | 1 | | 7 | 1 | 1 |

Notes:

- Chairman of the Executive Committee
- Chairperson of the Corporate Governance Committee
- Chairperson of the Audit Committee
- Chairman of the Nomination Committee
- Chairman of the Remuneration Committee

附註：

- 執行委員會主席
- 企業管治委員會主席
- 審核委員會主席
- 提名委員會主席
- 薪酬委員會主席

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The Board has reviewed the contribution required from each Director to perform his/her responsibilities to the Company and is satisfied that each Director had been spending sufficient time in performing his/her responsibilities during the Year.

Board Meetings and Proceedings

Regular Board meetings were held at approximately quarterly intervals. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures, all applicable rules and regulations are followed.

With the assistance of the Company Secretary, the meeting agenda is set by the Chairman of the Board in consultation with other Board members. Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting. For all other board meetings, reasonable notice was given. Board papers and related materials which provide appropriate, accurate, clear, complete and reliable information are generally sent to all Directors and relevant committee members at least 3 days before each Board meeting and Board Committee meeting to enable the Directors to make informed decisions.

Minutes of Board meetings and Board committee meetings are drafted by the secretary of the meetings and recorded in sufficient details the matters considered and decisions reached, with draft and final versions being circulated to the Directors for their comment and records respectively, within reasonable time after the meetings are held. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time with reasonable notice by any Director.

If a Director has 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. That Director will abstain from voting on the relevant Board resolution in which he/she or any of his/her associates has a material interest and he/she shall not be counted in the quorum present at the Board meeting. INEDs, who, and whose close associates, have no material interest in the transaction are present at that Board meeting.

董事會已檢討各董事在履行本公司職責時所作貢獻，且信納於本年度內，全體董事均已付出足夠時間履行彼等之職責。

董事會會議及程序

董事會定期會議約每季舉行。董事會可獲取公司秘書及公司秘書團隊主要職員之意見及服務，確保遵循董事會程序、所有適用之規則及規例。

在公司秘書之協助下，會議議程乃由董事會主席在諮詢其他董事會成員後設定。董事會會議之通告至少於各董事會定期會議舉行前14日發送予董事。至於其他董事會會議，亦會發出合理通知。董事會文件連同所有適當、準確、清晰、完整及可靠資料一般於每次董事會會議及董事委員會會議至少3日前送交予全體董事及相關委員會成員以便董事作出知情決定。

經由會議秘書起草以及就所考慮事宜及所達致決定作出足夠詳細記錄之董事會會議記錄及董事委員會會議記錄之初稿及最終定稿均會分發予董事，分別供彼等於舉行會議後在合理時間內表達意見及備案之用。有關會議記錄之正本由公司秘書保存，可供任何董事於發出合理通知後在任何合理時間查閱。

若任何董事在董事會將予考慮之事項中存有董事會認為屬重大之利益衝突，則該事項將以召開董事會會議而非以書面決議案方式處理，而該董事將就自身或其任何聯繫人士於當中擁有重大利益之相關董事會決議案放棄投票，且不會計入出席該董事會會議之法定人數內。在交易中本身及其緊密聯繫人士均沒有重大利益之獨立非執行董事均有出席有關董事會會議。

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Board Committees

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

All members of the Audit Committee and majority members of the Remuneration Committee and Nomination Committee are INEDs. Clear written terms of reference of all the Board Committees are given to the respective members of these Committees. Details of the Board Committees are set out below:

1. **Executive Committee** (set up on 8 January 2018)

The Executive Committee consists of all the Executive Directors, namely Mr. Wong Chi Fai (*Chairman of the Committee*), Mr. Ng Koon Keung, Ricky, Ms. Mok Fung Lin, Ivy and Ms. Fan Man Seung, Vanessa.

The primary duties of the Executive Committee are (a) formulating business policies and making decision (including entering into transactions) on matters relating to the management and day-to-day operations of the Group; (b) making and reviewing corporate/financial/treasury planning, investment and operation strategy of the Group; (c) discussing and approving any financial, borrowing, charging and guarantee commitment to be made by or on behalf of the Group; (d) approving any transactions, including discloseable transactions, exempted connected transactions and non-exempted continuing connected transactions took place from time to time under the master agreement(s) previously approved by the Board/Shareholders (as the case may be) under the Listing Rules; (e) approving any publication of relevant announcement for discloseable transaction in relation to lease transaction recognizing the right-of-use asset by the Company as lessee according to HKFRS 16 "Leases"; and (f) having all power and authorities of the Board except those matters specifically reserved for the full Board as set out in the "Formal Schedule on matters reserved for and delegated by the Board" adopted by the Board from time to time.

董事委員會

為協助董事會履行其職責及促進有效管理，董事會若干職能已由董事會委派予執行委員會、審核委員會、薪酬委員會、提名委員會及企業管治委員會。

審核委員會所有成員及薪酬委員會及提名委員會之大多數成員為獨立非執行董事。所有董事委員會均以書面清晰訂明該等委員會內各成員之職權範圍。董事委員會詳情載列如下：

1. **執行委員會**(於2018年1月8日成立)

執行委員會由全體執行董事組成，分別為黃志輝先生(委員會主席)、吳冠強先生、莫鳳蓮女士及范敏嫦女士。

執行委員會之主要職責為(a)就與本集團管理及日常營運有關之事項制定業務政策及作出決定(包括訂立交易)；(b)制定及檢討本集團之企業/財務/庫務計劃、投資及營運策略；(c)討論及批准任何本集團或代表本集團制定之財務、借貸、抵押及保證承諾；(d)批准任何交易，包括根據上市規則之須予披露交易、獲豁免關連交易及已由董事會/股東(視情況而定)批准之主協議不時進行之非豁免持續關連交易；(e)批准就本公司(作為承租人)根據香港財務報告準則第16號「租賃」確認使用權資產之租賃交易相關須予披露交易刊發相關公告；及(f)擁有董事會之所有權力及授權，惟董事會不時採納之「需要董事會決定及由董事會授權之事項之正式預定計劃表」所載指定由全體董事會作決定之事項除外。

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2. **Audit Committee** (set up on 8 January 2018)

The Audit Committee consists of three INEDs, namely Ms. Chan Yee Man (*Chairperson of the Committee*), Mr. Chiu Kin Fai and Mr. Ng Hoi Yue.

The specific written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; (b) reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process; (c) approving the remuneration and terms of engagement of external auditor; and (d) reviewing financial information and overseeing the financial reporting, risk management and internal control systems. The Audit Committee held three meetings during the Year.

A summary of work performed by the Audit Committee during the Year is set out as follows:

- i. reviewed with the management/finance personnel and/or the external auditor the effectiveness of audit process and the accounting policies and principles adopted by the Group, the accuracy and fairness of the annual consolidated financial statements for the financial year ended 31 March 2019 ("Previous Year") and the interim consolidated financial statements for the six months ended 30 September 2019;
- ii. reviewed with the senior management and finance personnel the effectiveness of the risk management and internal control systems of the Group;
- iii. performed annual review of the non-exempted continuing connected transactions of the Group made during the Previous Year;
- iv. recommended to the Board on the re-appointment of external auditor at the 2019 annual general meeting ("2019 AGM"); and
- v. approved the audit plan for the Year, reviewed the independence of external auditor and approved its engagement.

2. **審核委員會**(於2018年1月8日成立)

審核委員會由三名獨立非執行董事組成，其分別為陳綺雯女士(委員會主席)、招健暉先生及伍海于先生。

審核委員會之具體書面職權範圍可於聯交所及本公司網站查閱。審核委員會主要負責(a)就委聘、重新委聘及罷免外聘核數師向董事會提供推薦意見；(b)檢討及監察外聘核數師之獨立性以及審核程序之客觀性及有效性；(c)批准外聘核數師之酬金及委聘條款；及(d)審閱財務資料及監察財務報告、風險管理及內部監控系統。審核委員會於本年度舉行三次會議。

於本年度內，審核委員會履行之工作概要載列如下：

- i. 與管理層／財務人員及／或外聘核數師審閱審核過程及本集團所採納之會計政策及原則之成效，以及分別截至2019年3月31日止財政年度(「上年度」)及截至2019年9月30日止六個月之年度及中期綜合財務報表之準確性及公平性；
- ii. 與高級管理層及財務人員檢討本集團風險管理及內部監控系統之成效；
- iii. 對本集團於上一年度之非豁免持續關連交易進行年度審閱；
- iv. 建議董事會於2019年股東週年大會(「2019股東週年大會」)上重新委聘外聘核數師；及
- v. 批准本年度之審核計劃、檢討外聘核數師之獨立性及批准其委聘。

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3. Remuneration Committee (set up on 8 January 2018)

The Remuneration Committee consists of three members, namely Mr. Ng Hoi Yue (*Chairman of the Committee*), Ms. Chan Yee Man, both being INEDs, and Mr. Wong Chi Fai, an Executive Director.

The specific written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company. The Remuneration Committee is primarily responsible for making recommendation to the Board on (a) the Company's policy and structure for the remuneration of Directors and senior management; (b) the remuneration of INEDs; and (c) the specific remuneration packages for individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 8 to the consolidated financial statements. The Remuneration Committee held one meeting during the Year.

A summary of the work performed by the Remuneration Committee during the Year is set out as follows:

- i. reviewed the Directors' fees and made recommendation to the Board; and
- ii. reviewed the current remuneration structure/package of the Executive Directors and senior management and recommended the Board to approve their specific packages.

4. Nomination Committee (set up on 8 January 2018)

The Nomination Committee consists of three members, namely Mr. Chiu Kin Fai (*Chairman of the Committee*), Ms. Chan Yee Man, both being INEDs and Ms. Fan Man Seung, Vanessa, an Executive Director.

The specific written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are (a) reviewing the structure, size, composition and diversity of the Board; (b) reviewing the Board Diversity Policy; (c) determining the policy for the nomination of Directors ("Nomination Policy") and identifying potential candidates for directorship; (d) assessing the independence of INEDs; (e) reviewing the time commitment of each Director in performing his/her responsibilities; and (f) making recommendations to the Board on the appointment, re-appointment, re-election or re-designation of Directors and succession planning for Directors. The Nomination Committee held one meeting during the Year.

3. 薪酬委員會(於2018年1月8日成立)

薪酬委員會由三名成員組成，其分別為獨立非執行董事伍海于先生(委員會主席)及陳綺雯女士，以及執行董事黃志輝先生。

薪酬委員會之具體書面職權範圍可於聯交所及本公司網站查閱。薪酬委員會主要負責就(a)本公司之董事及高級管理層之薪酬政策及架構；(b)獨立非執行董事之薪酬；及(c)個別執行董事及高級管理層之具體薪酬待遇向董事會提供推薦意見。本年度各董事之薪酬詳情載於綜合財務報表附註8。薪酬委員會於本年度舉行一次會議。

於本年度內，薪酬委員會所履行之工作概要載列如下：

- i. 檢討董事袍金並向董事會提供推薦意見；及
- ii. 檢討執行董事及高級管理層之薪酬架構／待遇水平，並就彼等之具體薪酬待遇向董事會提供建議。

4. 提名委員會(於2018年1月8日成立)

提名委員會由三名成員組成，其分別為獨立非執行董事招健暉先生(委員會主席)及陳綺雯女士，以及執行董事范敏嫦女士。

提名委員會之具體書面職權範圍可於聯交所及本公司網站查閱。提名委員會之主要職責為：(a)檢討董事會的架構、人數、組成及多元化；(b)檢討董事會多元化政策；(c)確定董事提名之政策(「提名政策」)及物色潛在董事候選人；(d)評核獨立非執行董事的獨立性；(e)檢討各董事於履行其職責時所投入的時間；及(f)就董事委任、重新委任、重選或調任以及董事繼任計劃向董事會提出建議。提名委員會於本年度舉行一次會議。

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A summary of the work performed by the Nomination Committee during the Year is set out as follows:

- i. reviewed the structure, size, composition and diversity of the Board;
- ii. reviewed the independence of the INEDs;
- iii. reviewed the confirmation from the Directors on time commitment in performing their duties as Directors; and
- iv. made recommendation to the Board on the re-election of Directors at the 2019 AGM.

Board Diversity Policy

As adopted by the Board, the Board Diversity Policy aims to achieve diversity of the Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives to the business nature of the Company. Selection of candidates on the Board is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Nomination Committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director that will bring to the Board against the objective criteria, with due regard for the benefits of diversity of the Board that would complement the Company's corporate strategy.

Nomination Policy

The Company had adopted a written Nomination Policy of the Group which aims at assisting the Nomination Committee in identifying and nominating suitable candidates for directorship based on the Board Diversity Policy and sets out the nomination criteria and the nomination procedures for (i) nominating new Director to fill a casual vacancy on the Board; (ii) making recommendation to Shareholders regarding any director for election or re-election at general meeting; and (iii) nomination by Shareholders on election of new Director.

於本年度內，提名委員會所履行之工作概要載列如下：

- i. 檢討董事會之架構、人數、組成及多元化；
- ii. 檢討獨立非執行董事之獨立性；
- iii. 檢討自董事就履行彼等職責所投入之時間獲得之確認；及
- iv. 就於2019股東週年大會上膺選連任之董事向董事會提供推薦意見。

董事會多元化政策

董事會所採納之董事會多元化政策旨在從最廣義角度實現董事會多元化，以根據本公司業務性質而具備適當所需技巧、經驗及多樣的觀點。選擇董事會候任董事乃基於多方面考慮，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年期。提名委員會亦會評估任何建議重選的董事或任何獲提名委任為董事之候選人為董事會帶來之價值及貢獻，並按客觀準則評選，充分顧及董事會多元化的裨益，從而完善本公司之企業策略。

提名政策

本公司已書面採納本集團之提名政策，旨在協助提名委員會根據董事會多元化政策物色及提名合適的董事候選人，並就(i)提名新董事以填補董事會的臨時空缺；(ii)向股東提出有關股東大會選舉或重選任何董事的建議；及(iii)股東就新董事的選舉提名列明提名標準及提名程序。

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5. *Corporate Governance Committee* (set up on 8 January 2018)

The Corporate Governance Committee (“CGC”) consists of five members, namely Ms. Fan Man Seung, Vanessa (*Chairperson of the Committee*), the Executive Director, Mr. Chiu Kin Fai and Mr. Ng Hoi Yue, both being INEDs, a representative from company secretarial function and a representative from finance and accounts function.

The specific written terms of reference of the CGC are available on the website of the Company. The primary duties of the CGC are (a) reviewing the policies and practices on corporate governance of the Company (“CG Policy”) and making recommendations to the Board; (b) reviewing and monitoring the policies and practices of the Company on compliance with legal and regulatory requirements of the Company; (c) developing, reviewing and monitoring the code of conduct applicable to Directors and relevant employees of the Group on dealings with the Company’s securities; (d) reviewing and monitoring the training and continuous professional development of Directors and senior management; and (e) reviewing the Company’s compliance with the CG Code and disclosure in this report. The CGC held one meeting during the Year.

A summary of the work performed by the CGC during the Year is set out as follows:

- i. reviewed the CG Policy and made recommendation to the Board;
- ii. reviewed the policies and practices on compliance with legal and regulatory requirements;
- iii. reviewed the training and continuous professional development of Directors and senior management;
- iv. reviewed the said code of conduct applicable to Directors and relevant employees of the Group; and
- v. reviewed the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

5. 企業管治委員會(於2018年1月8日成立)

企業管治委員會(「企業管治委員會」)由五名成員組成，其分別為執行董事范敏嫦女士(委員會主席)、獨立非執行董事招健暉先生及伍海于先生、一名公司秘書職能代表及一名財務及會計職能代表。

企業管治委員會之具體書面職權範圍可於本公司網站查閱。企業管治委員會之主要職責為(a)檢討本公司在企業管治方面之政策及常規(「企業管治政策」)並向董事會提供推薦意見；(b)檢討及監察本公司在遵守本公司法規及監管規定方面之政策及常規；(c)制定、檢討及監察董事及本集團相關僱員買賣本公司證券所適用之行為守則；(d)檢討及監察董事及高級管理層之培訓及持續專業發展；及(e)檢討本公司遵守企業管治守則及本報告披露之情況。企業管治委員會於本年度舉行一次會議。

於本年度內，企業管治委員會所履行之工作概要載列如下：

- i. 檢討企業管治政策並向董事會提供推薦意見；
- ii. 檢討在遵守法規及監管規定方面之政策及常規；
- iii. 檢討董事及高級管理層之培訓及持續專業發展；
- iv. 檢討董事及本集團相關僱員之所述行為準則；及
- v. 檢討本公司遵守企業管治守則及企業管治報告之披露情況。

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COMPANY SECRETARY

The Company Secretary whose appointment was approved by the Board, plays an important role in supporting the Board for ensuring good information flow within the Board and that the Board policy and procedures are followed. She is responsible for advising the Board on general duties and obligations of Directors and good corporate governance issues, and has facilitated induction and professional development of the Directors. She has day-to-day knowledge of the Company's affairs.

During the Year, the Company Secretary had duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

SECURITIES TRANSACTION OF DIRECTORS

The Company has adopted Ulferts Securities Code as its own code of conduct regarding securities transactions on terms no less exacting than the required standards for securities dealings as set out in Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"). Having made specific enquiry to Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code and Ulferts Securities Code throughout the Year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledged their responsibilities to prepare the annual consolidated financial statements of the Group and other financial disclosures required under the Listing Rules. The management has provided all members of the Board with monthly updates on internal financial statements which give a balanced and understandable assessment of the Group's performance, position and prospects as at the reporting date.

公司秘書

經董事會批准委任之公司秘書於支持董事會就確保董事會內部良好的信息流動以及董事會政策和程序得到遵守方面發揮著重要作用。彼負責就董事之一般職責及義務以及良好企業管治事宜向董事會提供意見，並推動董事之啟導及專業發展。彼對本公司之日常事務有所認識。

於本年度內，公司秘書已妥為遵守上市規則第3.29條項下之培訓規定。

董事之證券交易

本公司已採納歐化證券守則作為其進行證券交易的自有守則，其條款不遜於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」）的證券交易規定標準。經向所有董事作出特定查詢後，彼等全體確認，彼等於本年度內一直遵守標準守則及歐化證券守則所載之規定交易準則。

問責及核數

董事知悉彼等負責編製本集團之年度綜合財務報表及上市規則所規定之其他財務披露事項。管理層已每月向董事會全體成員提供內部財務報表更新資料，以提供於報告日期有關本集團之表現、狀況及前景的公正及易於理解的評估。

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In preparing the consolidated financial statements for the Year, the Board adopted appropriate accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the consolidated financial statements are prepared on a “going concern” basis (with supporting assumptions or qualifications as necessary) and showed a true view of the state of affairs of the Group for the Year. The management had provided sufficient explanation and information to the Board on the consolidated financial statements to enable it to make an informed assessment of the financial and other information put before it for approval. The auditor of the Company had made a statement about their reporting responsibilities in the Independent Auditor’s Report.

RISK MANAGEMENT AND INTERNAL CONTROL

A. Goals and objectives

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists a company in achieving its business objectives. Internal control policies and procedures within the Group are updated regularly with the primary objective of providing general guidance and recommendations on a basic framework of risk management and internal control systems (“Control Systems”) in order to reduce the likelihood or mitigate the Group’s operational risks and inherent risks.

The Board is responsible to ensure that the Group establishes and maintains appropriate and effective Control Systems. Such systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

A review has been conducted on (i) the internal control measures and procedures covering all material controls including governance, operational, financial, and compliance controls; and (ii) risk management functions in its principal subsidiaries for the Year.

於編製本年度綜合財務報表時，董事會採納適用之會計政策，並貫徹應用該等政策、作出審慎及合理之判斷及估計，並確保綜合財務報表按「持續經營」基準編製（並於需要時作出支持性假設或限定性條件）並真實呈列本集團於本年度之財務狀況。管理層已向董事會提供有關綜合財務報表之充份解釋及資料以使董事會就向其提交以供批准之財務及其他資料作出知情評估。本公司之核數師已就彼等之匯報責任於獨立核數師報告內作出聲明。

風險管理及內部監控

A. 宗旨及目標

內部監控對成功經營及日常業務營運至關重要，並能協助公司達成其業務目標。本集團之內部監控政策及程序定期更新，主要目標為就風險管理及內部監控系統（「監控系統」）之基本框架提供一般指引及意見，以降低本集團營運風險及內在風險的可能性或緩解該等風險。

董事會負責確保本集團建立及維持適當及有效的監控系統。該等系統旨在管理而非消除未能實現業務目標的風險，並僅可就重大錯誤陳述或損失提供合理而非絕對保證。

於本年度內，本公司已檢討(i)內部監控措施及程序，涵蓋所有重大監控，包括管理營運財務及合規監控；及(ii)其主要附屬公司內風險管理職能。

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B. Internal Control

The control structure of the Control Systems is set out as follows:

1. Governance Control

The Board

- responsible for the Control Systems and reviewing their effectiveness
- oversee the Control Systems on an ongoing basis with the assistance of Audit Committee
- ensure maintenance of appropriate and effective Control Systems
- define management structure with clear lines of responsibility and limit of authority
- determine the nature and extent of significant risk that the Company is willing to take in achieving the strategic objectives and formulate the Group's risk management strategies

Audit Committee

- review and discuss the Control Systems with the management annually to ensure that the management has performed its duty to have effective Control Systems. This discussion includes the adequacy of resources, staff qualification and experience, training programmes and budget of the Company's accounting and financial reporting function
- review the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment (as detailed in Section C(2) below)
- review and discuss annually the significant control failings or weaknesses that are identified and raised by the auditors
- consider major findings on internal control matters (if any) raised by internal or external auditor and make recommendations to the Board

B. 內部監控

監控系統的監控架構載列如下：

1. 管治監控

董事會

- 負責監控系統並審閱其有效性
- 在審核委員會協助下持續監督監控系統
- 確保監控系統維持合適及有效性
- 制定有明確責任及權限的管理架構
- 釐定本公司就達致戰略目標所願承擔之重大風險之性質及程度，並制定本集團之風險管理策略

審核委員會

- 每年檢討並與管理層討論監控系統，以確保管理層履行其職責以維持監控系統之有效性。該討論包括本公司會計及財務申報職能之資源、員工資格及經驗以及彼等之培訓計劃及預算之充足性
- 檢討重大風險之性質及程度，以及本公司應對其業務及外部環境(定義見下文第C(2)條)變化之能力
- 每年檢討並討論核數師發現及提出之重大監控失效或缺陷
- 考慮內部或外聘核數師提出有關內部監控事宜的重要發現(如有)並向董事會提出建議

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The management (includes heads of business units, departments and divisions)

- design, implement and monitor the Control Systems properly and ensure that they are executed effectively
- give prompt responses to, and follow up the findings (if any) on internal control matters raised by internal or external auditors
- monitor risks and take measures to mitigate risks in their day-to-day operations
- provide confirmation to the Board on the effectiveness of the Control Systems
- prepare organization charts to show the reporting relationships within the operation and management to establish line of responsibilities

Internal Audit Department

- carry out the analysis and independent appraisal of adequacy and effectiveness of the Control Systems in respect of all material controls, including financial, operational and compliance aspects
- alert the management on the audit review findings or irregularities and advise them on the implementation of necessary steps and actions to enhance the internal controls of the Group
- report the results of internal audit reviews and agreed action plans to the Audit Committee and the Board on regular basis

管理層 (包括業務單位、部門及分部主管)

- 妥為設計、實施及監督監控系統，並確保監控系統得到有效執行
- 對內部或外聘核數師提出之有關內部監控事宜之發現(如有)作出及時回應及跟進
- 監察風險並採取措施降低日常營運風險
- 就監控系統之有效性向董事會作出確認
- 編製企業組織圖，展現營運及管理內的報告關係，以建立責任範圍

內部審核部門

- 對監控系統所有重要監控(包括財務、營運及合規方面)之充足性及有效性進行分析及獨立評價
- 向管理層提報有關審核檢討之發現或不規範行為，及就採取必要步驟及行動以提高本集團內部監控方面向彼等提供意見
- 定期向審核委員會及董事會匯報內部審核檢討之結果及協定執行之計劃

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2. Operational Controls

During the Year, the management had analyzed the control environment identified risks pertaining thereto, and implemented various controls therein as follows:—

- i. **Approach taken:** The management conducts interviews with relevant staff, reviews relevant documentation of the Control Systems and evaluates findings of any deficiencies in the design of the Group's Control Systems, provides recommendations for improvement and assesses the effectiveness of implementation of such recommendations, where appropriate. The scope and findings of review on the Control Systems will be reported to and reviewed by the Audit Committee annually.
- ii. **Procedure manuals and operational guidelines:** They are in place to safeguard the assets against unauthorized use or disposition and ensure maintenance of proper accounting records that are in compliance with the applicable laws, rules and regulations for the provision of reliable financial that are information for internal use and/or external publication.
- iii. **Management information system and technology:** Such use to control over the business activities allows close tracking of various inputs and outputs of the Group's business such as inventory, products, customer information system and human resources. It also tracks audit trails in the authorization system under which permissions and responsibility of authorization are clearly identified and adequate records can be maintained in the system.
- iv. **Reports and variance analysis:** Such reports and analysis of each segment in the upstream, midstream and downstream are conducted on regular basis such that the performance of each point of sales and each product category can be easily accessible.

2. 營運監控

於本年度內，管理層已對監控環境及其相關已識別風險作分析，並就此實施以下多項監控：

- i. **所採取方法：**管理層與相關員工進行面談，並審閱監控系統相關文件及評估本集團監控系統設計中所發現之任何不足，就改善措施提出建議及評估實施有關建議之有效性（倘適用）。監控系統審閱的範圍及發現已每年呈報審核委員會並經其審閱。
- ii. **程序手冊及運作指引：**制定該等手冊及指引以保障資產，以免未經授權使用或處置，並確保遵守適用法律、規則及法規存置適當會計記錄，以提供可靠財務資料供內部使用及／或對外刊發。
- iii. **管理資訊系統及技術：**此用於控制業務活動，允許密切追蹤本集團業務之各項輸入及輸出，如存貨、產品、客戶資料系統及人力資源。其亦於授權系統追蹤審核程序，據此，授權許可及責任獲明確識別及該等系統可存置足夠記錄。
- iv. **報告及差異分析：**定期對上游、中游及下游各階段進行有關報告及分析，故可易於了解各銷售點及各產品類別之表現。

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- v. **Information flow:** The transparent information flow alerts the management promptly of any deviations. Benchmarking with historical database and comparisons with the same also acts as a detecting device for spotting unusual activities.
- vi. **Safeguarding of assets:** A number of general insurance policies are maintained including general accident insurance on the asset in office, warehouse, retail stores against robbery, burglary, fire and flooding. Insurance for unexpected operational risks and marine insurance for cargo shipment from suppliers or manufacturers which are not on CIF terms are also maintained. Stocktake is conducted at least once a year and cycle counts may be prescribed by operation head. Daily cash count at retail shops and reconciliation is concluded.
- vii. **Quality control:** starting from procurement stage in selection of furniture suppliers and product offering:
- For “Ulfenbo” products and products for special projects, suppliers and manufacturers are required to produce evidence of compliance such as test reports, raw material suppliers’ certificates and documents on electrical parts.
 - Before placing purchase orders with any new furniture suppliers, the procurement team will assess their workmanship and product quality as well as their reputation in the industry.
 - For products of new design which are usually first released in the international furniture exhibitions and fairs, the procurement team will inspect the products for workmanship and safety or quality issue. Regular meetings are held between the procurement team and the inspection and repair team to exchange, discuss and resolve any quality issue with the products. We also engage independent third parties from time to time to inspect products manufactured in the PRC.
- v. **信息流：**透明的信息流及時提醒管理層任何偏差。以過往數據庫為基準及與之比較亦為發現不尋常活動之檢測工具。
- vi. **保障資產：**投購多項一般保險，包括為辦公室、倉庫及零售店資產投購之一般意外險，以防盜竊、搶劫、火災及水災。此外亦為無法預料的營運風險投購保險及就由供應商或生產商運送之貨物付運（並非按到岸條款）投購水險。每年至少進行一次盤點，並且可由營運主管規定週期計數。每日於零售店清點現金並進行對賬。
- vii. **品質監控：**從挑選傢俬供應商及產品供應的採購階段開始：
- 就「歐化寶」產品及工程項目產品而言，供應商及生產商須提供合規證明，例如測試報告、原材料證書及針對電子零件之文件。
 - 向任何新傢俬供應商下達採購訂單前，採購團隊會評估有關供應商之工藝、產品質量及其於行內的聲譽。
 - 對於通常首次於國際傢俬展銷會展覽的新設計產品，採購團隊會檢測產品工藝及安全或質量問題。採購團隊定期與檢查維修團隊舉行會議，就產品的任何質量問題交換意見、討論及解決問題。我們亦不時聘用獨立第三方對於中國製造的產品進行檢測。

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- For custom-made furniture, the project team conducts pre-shipment inspection at the factory of our outsourced manufacturers by checking of random samples of the finished products on workmanship and other specifications such as size, labelling and packaging to verify that the finished lots conform to such specifications before delivery.
- When the cargo of our products are shipped to Hong Kong, the logistics team will check the quantity, shipping mark and package condition of the products upon their delivery to our warehouse. The whole process of devanning the cargo will be recorded by video. If the Company discovers there is any damage, our logistics team will, sometimes under the supervision of surveyors, unpack the relevant product and examine it for defect. For products of new model or from new supplier, our sales team will perform checking when the goods arrive at the store for display.
- If any complaint is received in respect of any product which is attributable to manufacturing defect, the procurement team in conjunction with the inspection and repair team would make a decision as to whether or not to inspect other pieces of the same product model from the same shipment to see if similar manufacturing defect occurs in the same batch of shipment.
- Our management will be informed if defects are found and our sales director will decide whether to proceed with insurance claim and/or liaise with the relevant supplier for negotiation of appropriate remedy.
- 訂製傢俬方面，工程團隊在外判生產商工廠內進行裝運前檢測，透過隨機抽樣檢查成品之工藝及其他規格（如尺寸、標籤及包裝），以核實製成品批次在付運前符合有關規格。
- 當產品運送至香港時，物流團隊會於產品付運至倉庫後檢查產品的數量、運輸標誌及包裝狀況。貨物的整個拆箱過程將會錄影。倘若本公司發現有任何損壞，物流團隊會（有時在公證人的監察下）拆開相關產品之包裝並檢查產品是否有瑕疵。新型號產品或來自新供應商之產品在運抵店舖上架之前，銷售團隊會對有關產品作出檢查。
- 倘若任何產品因生產瑕疵而接到投訴，採購團隊會連同檢查維修團隊一同決定是否要檢查同一批貨物同一產品型號的其餘貨品，查明同一批貨物是否有類似的生產瑕疵。
- 瑕疵一經發現便會向管理層報告，而銷售總監將決定是否提出保險索賠及／或聯絡相關供應商商討適當補救措施。

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- viii **Purchase:** The Group maintains a list of approved suppliers for purchase of inventory. All suppliers and their payment terms are pre-approved by CEO and recorded in systems. CEO stipulates the amount of inventory purchase each month after taking into account of inventory level and sales forecast. Inventory provision policy is based on aging position of inventory items and their condition. All consignment items are approved by CEO on a case-by-case basis.
- ix **Retails Sales and wholesale sales:** Discount policy and credit policy are in place. All discounts offered must be pre-approved by the management. No credit is given to retail customers. Goods return/refund must also be approved by the management. Consignment of Ulfenbo products to dealers must be approved by the COO.

3. Financial Controls

- i. proper controls are in place for the recording of complete, accurate and timely accounting and management information;
- ii. annual budget on all capital and revenue items are prepared and approved by the management before being adopted;
- iii. the management monitors the business activities closely and reviews monthly financial results of operations against budgets/forecast;
- iv. regular reports on revenue, trade receivables' ageing and debtors' ageing and internal financial reports are prepared to the management which give a balanced and understandable assessment of the Group's financial performance;
- v. monthly updates on internal financial statements are provided to the management and all Directors which give a balanced and understandable assessment of the Group's performance, financial position, liquidity and prospects in sufficient details;

viii **採購:** 本集團保留一份採購庫存之經批准的供應商清單。所有供應商及其付款條款均由行政總裁預先批准並記錄於系統。計及庫存水平及銷售預測後，行政總裁規定每月的庫存採購量。庫存供應策略乃基於庫存項目的老化狀況及其條件。所有寄售項目均由行政總裁根據具體情況批准。

ix **零售銷售及批發銷售:** 貼現政策和信貸政策到位。所有折扣必須由管理層預先批准。零售客戶不會獲得任何信貸。退貨/退款必須獲得管理層批准。向經銷商寄售歐化寶產品亦必須獲營運總監的批准。

3. 財務監控

- i. 已建立適當的監控程序，確保全面、準確及準時記錄會計及管理資料；
- ii. 所有資本及收入項目之年度預算編製後，均須先獲管理層批准方可採納；
- iii. 管理層嚴密監控業務活動並每月將經營之財務業績與預算/預測進行對比檢討；
- iv. 為管理層編製收入、貿易應收款項賬齡及應收債項賬齡的定期報告以及內部財務報告，對本集團的財務表現給予平衡及可理解的評估；
- v. 每月向管理層及全體董事提供內部財務報表的更新，其中載有本集團表現、財務狀況及前景的持平及易於理解的評估，並具有充足詳情；

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- vi. bank reconciliation is performed on monthly basis to identify unrecorded bank transactions;
 - vii. monthly inventory count is performed in storerooms and warehouse;
 - viii. annual audit by external auditor is carried out to ensure that the consolidated financial statements are prepared in accordance with generally accepted accounting principles, the Group's accounting policies and the applicable laws and regulations;
 - ix. daily available fund report is reviewed to monitor the cash flows against budgets/forecast; and
 - x. review the adequacy of resources, qualifications and experience of staff for accounting and financial reporting function and their training programs.
- vi. 每月進行銀行對賬，以識別未記錄的銀行交易；
 - vii. 每月盤點庫房及倉庫的庫存；
 - viii. 外聘核數師進行年度審核以確保綜合財務報表乃根據公認會計原則、本集團之會計政策及適用的法律及法規編製；
 - ix. 審閱每日所得的資金報告，以就現金流量與預算／預測的對比進行監控；及
 - x. 審查會計及財務報告職能的工作人員資源、資格及經驗的充足性及其培訓計劃。

4. Compliance Controls

The following policies and procedures are in place to safeguard the compliance control:

- i. **Systems and Procedures on Disclosure of Inside Information** to ensure, with the assistance of an internal work team (if required), that any material information which comes to the knowledge of any one or more officers should be promptly identified, assessed and escalated, where appropriate, for the attention of the Board. The Board shall make timely decisions on disclosure, if necessary, and take appropriate measures to preserve confidentiality of inside information until proper dissemination of inside information;
- ii. **Policies and practices on compliance with legal and regulatory requirements** which shall be reviewed and monitored regularly by the CGC as delegated by the Board in order to ensure that the Company is in compliance with all the applicable laws, statues, rules and regulations and keep up on any legal developments;
- iii. **CCT Compliance Committee** is established to monitor, control and regularly review connected transactions and continuing connected transactions of the Company and ensure proper compliance with all relevant laws and regulations, the Listing Rules and disclosure requirements;

4. 合規監控

設有以下政策及程序以保障合規監控：

- i. 設有內幕消息披露機制及程序，以在內部工作小組（如需要）協助下確保任何一名或多名主要人員得悉的任何重大資料須予及時識別、評估及提交（倘適用）至董事會。董事會須就披露作出適時決定（如需要），並採取適當措施將內幕消息保密，直至妥善發佈內幕消息為止；
- ii. 有關遵守法律及監管規定之政策與常規會由董事會委派之企業管治委員會定期檢討及監察，確保本公司遵守所有適用法律、法規、規則及規例，並跟上任何法律發展；
- iii. 設有持續關連交易合規委員會以監察、監控及定期檢討本公司之關連交易及持續關連交易，並確保妥為符合一切相關法律及法規、上市規則及披露規定；

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- iv. **Whistle-blowing policy** for the employees of the Group to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. Such arrangement will be reviewed by the Audit Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters; and
- v. **Anti-money Laundering and Counter-Terrorist Financing Policy and Procedures** are established to set out the general framework for combating crime against money laundering and financing of terrorism. Such policy and procedures provide guideline to prevent the Group's employees and clients/customers/suppliers/vendors/contractors from being misused for money laundering, terrorist financing or other financial crime and have set out some indications of potentially suspicious transactions/activities for employees' reference.

Review of Internal Controls

Effectiveness of internal controls is tested by Internal Audit Department regularly. Internal audit reviews and agreed action plans should be reported to the Audit Committee and the Board on timely basis.

C. Risk Management

(1) Risk Management Process

The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review.

The management is entrusted with duties to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority. Risk are evaluated by the Board and management based on (i) the severity of the impact of the risk on the Group's financial results; (ii) the probability that the risk will occur; and (iii) the velocity or speed at which risk may occur.

- iv. **設有檢舉政策**，可讓本集團僱員在保密的情況下就財務匯報、內部監控或其他事宜中的可能不當行為進行舉報。該等安排將由審核委員會檢討，確保有恰當安排就有關事項進行公平及獨立之調查；及
- v. **制定反洗錢及反恐融資政策及程序**，以制定打擊洗錢及為恐怖主義融資犯罪的總體框架。該等政策及程序提供指導方針，以防止本集團的僱員及顧客／客戶／供應商／供貨商／承包商被濫用於洗錢、恐怖主義融資或其他金融犯罪，並載明若干潛在可疑交易／活動的跡象，供僱員參考。

檢討內部監控

內部監控的有效性由內審計部門定期測試。內部審計檢討及經協定行動計劃應及時向審計委員會及董事會報告。

C. 風險管理

(1) 風險管理程序

風險管理程序包括風險識別、風險評估、風險管理措施及風險監控及檢討。

管理層獲委派於其責任及權力範圍內識別、分析、評估、應對、監察及傳達與任何活動、職務或程序有關風險。董事會及管理層根據(i)風險對本公司財務業績造成之影響之嚴重性；(ii)風險發生之概率；及(iii)風險發生之速度或速率，對風險進行評估。

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Based on the risk evaluation, the Company will manage the risk as follows:-

- **Risk elimination** – the management may identify and implement certain changes or controls that in effect eliminate the risk entirely.
- **Risk mitigation** – the management may implement risk mitigation plan designed to reduce the likelihood, velocity or severity of the risk to an acceptable level or contingency plan for possible loss scenarios.
- **Risk control and monitoring** – it involves making decisions regarding which risks are acceptable and how to address those that are not; accidents and other situations involving loss or near-loss will be investigated and properly documented as part of the effort to manage risks.
- **Risk retention** – the management may decide that the risk rating is low enough that the risk is acceptable level and no action is required and the risk will continue to be monitored as part of the risk management program to ensure the level of risk does not increase to an unacceptable level.

(2) Significant Risks and Strategies

Certain significant risks have been identified through the process of risk identification and assessment. Such significant risks of the Group and their respective key strategies/control measures are set out below:

根據風險評估，本公司將按以下方式管理風險：-

- **風險消除** – 管理層可確定及實施若干變動或監控，完全排除風險。
- **減低風險水平** – 管理層可實施風險緩解計劃，旨在使風險之可能性、速度或嚴重性降低降至可接受水平，或就潛在虧損情境預備應變方案。
- **風險監控及監察** – 涉及對那種風險屬可接受及如何應對不可接受之風險作出決定；而作為管理風險之一部分，對涉及造成損失或接近損失之事故及其他情況將進行調查並妥為存檔。
- **維持風險水平** – 管理層可確定基於風險評級屬於低而風險屬可接受水平而毋須採取任何措施以及作為風險管理計劃的一部分，將繼續監察風險以確保風險不會上升至不可接受水平。

(2) 主要風險及策略

本集團已透過風險識別及評估程序識別若干重大風險。本集團所面臨的該等重大風險以及其相關之主要策略／控制措施載列如下：

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1. *Decline in consumption demand resulted from downturn in economic, unstable social conditions and outbreak of COVID-19*

Facing the unfavourable market situation, the Group:-

- proactively manages the Group's geographical presence and develops alternative sales channel including online shopping;
- optimizes business operations and shop establishments;
- takes stringent cost control measures including human resources streamline plan, rental concession/reduction negotiation with landlord; and
- closely monitors inventory level.

2. *Interruption of supply chain due to outbreak of COVID-19 and suspension of suppliers' manufacturing plants*

- diversify suppliers from different geographical area to maintain a stable inventory supply;
- open communication channels with customers and to explore alternative arrangements; and
- maintain close contact with suppliers to ensure that goods can be shipped once the suppliers resume production.

3. *Threat of disruption of operation due to staff's contraction of COVID-19*

COVID-19 is a highly contagious disease. People contracting the disease and those in close contact with the virus carrier are subject to quarantine. Retail outlets, offices and restaurants with staff contracting the disease in Hong Kong are required to suspend business temporarily for thorough disinfection. To minimize the risk:-

1. 經濟下行·社會狀況不穩定及 COVID-19 疫情爆發導致消費需求下降

面對不利的市場狀況，本集團：-

- 積極管理本集團的地域據點並開發包括線上購物在內的代替銷售渠道；
- 優化業務營運及店舖設置；
- 採取嚴格的成本控制措施，包括人力資源精簡計劃、與業主協商租金優惠／減免；及
- 密切監控存貨水平。

2. COVID-19 疫情爆發及供應商生產廠房停工導致供應鏈中斷

- 多樣化不同地區供應商，以維持穩定的存貨供應；
- 開放客戶溝通渠道，探尋其他安排；及
- 與供應商保持密切聯繫，以確保可於供應商恢復生產後即刻裝運商品。

3. 員工感染 COVID-19 導致的經營中斷風險

COVID-19 是一種高傳染性疾病。染病人群及病毒攜帶者的密切接觸者須接受隔離。於香港之零售店、辦公室及餐廳如有員工感染該病，則須暫停營業進行全面消毒。為將風險降至最低：-

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- All staff travelling overseas or to Mainland China are required to report to the Company and may be required to stay at home for 14 days after return to Hong Kong before reporting duty.
- The Company implemented split office arrangement during the period when the threat of community infection was high.
- There is flexible working hours arrangement for office staff and shortening of business hours of the Company's showrooms and roadshows.
- The Company is providing masks for staff and sanitizers at work place.
- There is reduction in the number of meetings and the participants and video-conference is used to minimize close contact among staff.
- 所有前往海外及中國大陸的員工須向本公司進行報告，且回港後可能須居家隔離14天方可報到。
- 本公司於社區感染風險較高的時期實行分開辦公室之安排。
- 辦公室員工實行彈性工作時間，縮短本公司陳列室及路演營業時間。
- 本公司在工作場所為員工提供口罩及消毒劑。
- 減少會議次數及與會人數，採用視頻會議盡量減少員工之間進行密切接觸。

4. *Reliance on Hong Kong market*

The Company diversifies the market exposure, and the Group explores online option with no territorial limitation.

5. *Unknown online competitors*

The Group is further developing and leveraging on online and offline market.

6. *Shop location and rental expenses*

Shop rental is always the key cost component of the Group. The significant fluctuation of shop rents may affect the Group's profitability. The Company seeks to reduce the risk of cost increases in the following ways:-

- establish good relationship with landlords and developers, keep abreast of rental of premises in the vicinity to cater for showroom replacement, if required;
- explore other locations with good potential at reasonable level. Traffic and relative position to competitors nearby are also evaluated;

4. *依賴香港市場*

本公司分散市場風險，且本集團開發在線選擇，不受地域限制。

5. *未知的線上競爭對手*

本集團正進一步開發和利用線上及線下市場。

6. *店舖位置及租金開支*

店舖租金始終是本集團的主要成本組成部分。店舖租金的重大波動可能會影響本集團的盈利能力。本公司力求通過以下方式降低成本增加的風險：-

- 與業主及開發商建立良好關係，及時了解附近物業的租金情況，以便在需要時更換陳列室；
- 在合理水平上探索具有良好潛力的其他地點；亦會評估附近競爭對手的交通及相對位置；

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- perform profitability forecast to determine financial viability;
- closely monitor individual shop performance and profitability to determine their renewal options; and
- set up pop up stores at low rent to learn more about the foot traffic and spending power of the location before setting up a long-term showroom.

7. Product selection

Product selection is the area where the Group should focus on in order to make sure that we stay ahead of the competition:

- the purchasing team and management will attend various furniture fairs to keep abreast of latest trend and select good products; and
- regular sales meeting is held to review the sales trend and market response to products.

8. Inventories turnover management

A higher, or quicker, inventory turnover decreases the cash conversion cycle. An effective inventories turnover management is in place:-

- there is regular review on inventory ageing position. Compare with sales forecast and market trend;
- high-value items are purchased after sales orders are received; and
- maintain close business relationship and communication with manufacturers to strive for optimal and timely supply.

9. Cyber security risk

In order to mitigate cyber security risk, the following measures are in place:-

- install action of specialized ransomware/virus detection software in all computers;
- strict control and regular review of access rights to the Group's systems;
- training for personnel about dangerous email attachments; and
- regular backups of data for recovery.

- 進行盈利能力預測，以確定財務可行性；
- 密切監控個體店舖的業績和盈利能力，以釐定其續期選擇；及
- 以低廉的租金設立快閃店，以在設立長期陳列室前進一步瞭解該地的人流量及消費能力。

7. 產品選擇

產品選擇乃本集團應關注區域，以確保我們在競爭中保持領先地位：

- 採購團隊及管理層將參加各種傢俬展覽，以了解最新潮流及選擇良好產品；及
- 定期召開銷售會議，以審查銷售趨勢及產品市場反應。

8. 存貨周轉管理

更高或更快的存貨周轉會降低現金轉換週期。本集團已制定有效的存貨周轉管理：-

- 定期審查存貨賬齡狀況；與銷售預測及市場趨勢進行比較；
- 在收到銷售後購買高價值產品；及
- 與製造商保持密切的業務關係及溝通，以爭取最佳與及時之供應。

9. 網絡安全風險

為降低網絡安全風險，本集團已制定以下措施：-

- 在所有計算機上安裝特定勒索軟件／病毒檢測軟件；
- 嚴格控制及定期檢討本集團系統的訪問權限；
- 為人員提供危險郵件附件有關的培訓；及
- 定期備份數據，以進行恢復。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIVIDEND POLICY

The Company had adopted a written dividend policy setting out the principles for the Board to determine appropriate amount of dividend to be distributed to the Shareholders. The Company intends to provide Shareholders with regular interim and final dividends (as the case may be) based on the earnings attributable to its Shareholders after taking into consideration of the factors stated in the policy, including inter alia, (i) cash flow requirements for business operations; (ii) cash available, financial liabilities and capital commitment; (iii) market environment and challenges; and (iv) future development and investment opportunities. The declaration of dividends or recommendation on such payment shall be subject to all applicable laws, rules and regulations including but not limited to the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“CO”) and the articles of association of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Company had established a shareholders’ communication policy and the Board shall review it on a regular basis to ensure its effectiveness. The Company communicates with the Shareholders and/or potential investors mainly in the following ways: (i) the holding of annual general meetings (“AGM”) and extraordinary general meetings, if any, which may be convened for specific purposes to provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases providing updated information of the Group; (iii) the availability of latest information of the Group on the Company’s website at <https://www.ulfertsintl.com>; (iv) the holding of press conference(s) from time to time; and (v) meeting with investors and analysts on a regular basis and participate investor road show and sector conference.

There is regular dialogue with institutional Shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to visit the Company’s website to raise enquiries through our Investor Relations Department whose contact details are available on the Company’s website and the “Corporate Information and Key Dates” section of this annual report.

股息政策

本公司已採納一項書面股息政策，訂明董事會釐定將分配予股東之適當股息金額之原則，計及該政策所述之各項因素包括(其中包括)(i)業務營運之現金流量要求；(ii)可用現金、金融負債和資本承諾；(iii)市場環境和挑戰；及(iv)未來的發展和投資機會後，本公司根據與其股東的盈利歸屬擬向股東支付定期中期及末期股息(視情況而定)。宣派股息或就此派付之建議須遵守所有適用法律、規則及規例，包括但不限於上市規則、公司條例(香港法例第622章)(「公司條例」)及本公司組織章程細則。

與股東之溝通

本公司已經制定股東溝通政策，且董事會須定期檢討以確保其成效。本公司主要以下列方式與股東及／或潛在投資者溝通：(i)舉行股東週年大會(「股東週年大會」)及就特定目的召開之股東特別大會(如有)，藉以提供機會讓股東直接與董事會溝通；(ii)根據上市規則之規定刊發公告、年報、中期報告及／或通函及提供本集團最新資料之新聞稿；(iii)發放本集團之最新資料於本公司網站<https://www.ulfertsintl.com>；(iv)不時舉行記者招待會；及(v)定期與投資者及分析員會面，及參加投資者路演及業界大會。

本公司與機構股東定期對話，發佈財務業績時亦會舉行全面發佈會。歡迎股東及投資者瀏覽本公司網站及透過本公司投資者關係部門查詢，該部門之聯絡詳情可於本公司網站及本年報「公司資料及重要日期」一節查閱。

CORPORATE GOVERNANCE REPORT

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Separate resolutions are proposed at the general meetings for substantial separate issues, including re-election of retiring Directors. The Company's notice to the Shareholders for the 2019 AGM was sent to Shareholders at least 20 clear business days before the meeting and notices of all other general meetings will be sent to the Shareholders at least 10 clear business days before the meetings.

The chairman of the 2019 AGM, the chairmen/members of the Board Committees and the external auditor were available at the 2019 AGM to answer questions from the Shareholders. With the assistance of the Company Secretary, the Chairman of the meeting had explained the procedures for conducting a poll during the meeting.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the CG Code.

Right to Convene/Call General Meetings

Shareholder(s) representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings may send a request to the Company pursuant to Section 566 of the CO. The request must state the general nature of the business to be dealt with at the meeting, and may include the text of resolution that may properly be moved and is intended to be moved at the meeting. Requests may consist of several documents in like form. A request may be sent to the Company for the attention of the Company Secretary in hard copy form or in electronic form and must be authenticated by the relevant Shareholder(s). Such request will be verified with the Company's share registrar and the Company Secretary will request the Board to convene a general meeting within 21 days upon its confirmation that the request is in order. Such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting and such notice must include notice of the resolution.

獨立事宜(包括重選退任董事)均於股東大會上提呈個別決議案。本公司就2019股東週年大會致股東之通告於大會舉行前至少20個營業日向股東發送，而就所有其他股東大會而言，則會在有關大會舉行前至少10個營業日向股東發送通知。

2019股東週年大會主席、董事委員會主席／成員及外聘核數師均會出席2019股東週年大會，以解答股東提問。在公司秘書之協助下，大會主席已於大會上解釋以投票方式進行表決之程序。

股東之權利

根據企業管治守則須予披露之若干股東權利之摘要如下。

召集／召開股東大會之權利

根據公司條例第566條，倘股東擁有佔全體有權於股東大會上投票之股東之總投票權最少5%，則可向本公司發出要求。要求須列明大會上將處理事項之一般性質，並可包含在該大會可能恰當地動議並擬於該大會動議之決議案文本。要求可包含多份格式相似之文件。要求可以列印本或電子版本送達本公司予公司秘書且必須經相關股東確認。該要求將由本公司股份過戶登記處核實，當要求獲確認妥當後，公司秘書將要求董事會於21日內召開股東大會。相關大會須於不超過召開大會通告日期後28日之日期舉行且相關通告必須包含決議案之通告。

CORPORATE GOVERNANCE REPORT

企業管治報告

Section 568 of the CO provides that if the Directors do not within 21 days as stated above to call a general meeting, the Shareholders representing more than one half of the total voting rights of all of them, may themselves call a general meeting, but the meeting so convened must be called for a date not more than 3 months after the Directors become subject to the requirement to call a meeting. The meeting must be called in the same matter, as nearly as possible, as that in which that meeting is required to be called by the Directors. The business that may be dealt with at the meeting includes a resolution to be dealt with at the meeting. All reasonable expenses incurred by the Shareholders of this purpose must be reimbursed by the Company.

Putting forward Proposals at General Meetings

Section 615 of the CO provides that (i) Shareholder(s) representing at least 2.5% of the total voting rights of all Shareholders; or (ii) at least 50 Shareholders having a right to vote on the resolution at the AGM may request the Company to circulate a notice of a resolution to be properly moved or is intended to be moved at that meeting. Such request must identify the resolution to be moved at the AGM, must be authenticated by the relevant Shareholder(s) and sent to the registered office of the Company for the attention of the Company Secretary in hard copy form or in electronic form not later than 6 weeks before the relevant AGM or if later, the time when the notice of AGM is despatched.

Proposing a Person for Election as a Director

The procedures for Shareholders to propose a person for election as a Director are available for viewing on the Company's website.

Making Enquires

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Secretaries Limited. Other Shareholders' enquiries can be directed to the Investor Relations Department of the Company.

CONSTITUTIONAL DOCUMENTS

There is no significant change in the Company's constitutional documents during the Year.

公司條例第568條規定倘董事未按以上所述於21日內召開股東大會，則佔全體股東總投票權一半以上之股東，可自行召開股東大會，但如此召開之大會須在董事收到召開大會要求後不超過三個月舉行。該大會須以盡可能接近董事召開大會之相同方式召開。可能於大會上處理之事宜包括將於會上處理之決議案。股東就此產生的所有合理開支須由本公司償還。

於股東大會上提出建議之權利

公司條例第615條規定：(i)佔全體有投票權的股東最少2.5%之股東；或(ii)最少50名擁有權利於股東週年大會上就決議案投票之股東可要求本公司發出關於將在該會議上恰當地動議並擬在該會議上動議決議案的通告。該要求須指出有待於股東週年大會上動議之決議案，須經相關股東認證並不遲於相關股東週年大會或(如較後)寄發股東週年大會通告時間前6個星期以列印本或電子版送至本公司註冊辦事處予公司秘書。

提名他人參選董事

股東提名他人參選董事之程序可於本公司網站查閱。

作出查詢

股東可向本公司之股份過戶登記處卓佳秘書商務有限公司查詢彼等之持股情況。股東之其他查詢可向本公司投資者關係部門作出。

組織章程文件

於本年度，本公司之組織章程文件並無任何重大變動。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the consolidated financial statements in accordance with applicable standards. Members of the Audit Committee were of the view that the Company's auditor, Messrs. Ernst & Young ("EY") is independent and had recommended the Board to re-appoint it as the Company's auditor at the 2020 AGM. During the Year, EY has rendered audit services and certain non-audit services to the Group and the remuneration paid/payable to it by the Group is set out as follows:

核數師之獨立性及酬金

審核委員會獲授權根據適用之準則審閱及監督核數師之獨立性，以確保綜合財務報表審計過程之客觀性及有效性。審核委員會成員認為，本公司之核數師安永會計師事務所（「安永」）屬獨立人士並建議董事會於2020股東週年大會重新委任其為本公司之核數師。於本年度內，安永曾向本集團提供核數服務及若干非核數服務，而本集團已付／應付予彼之酬金載列如下：

| Service rendered 所提供服務 | Fees paid/ payable 已付／應付費用 HK\$'000 千港元 |
|---|--|
| Audit services 核數服務 | 850 |
| Non-audit services: 非核數服務： | |
| – Agreed-upon procedures for continuing connected transactions and review of preliminary results announcement | 30 |
| – 持續關聯交易的議定程序及審閱初步業績公告 | |

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the members of Ulferts International Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Ulferts International Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 67 to 143, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

致歐化國際有限公司股東
(於香港註冊成立之有限公司)

意見

我們已審計列載於第67頁至第143頁的歐化國際有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於2020年3月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

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」)真實而公允地反映了 貴集團於2020年3月31日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在本報告「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

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

關鍵審計事項

關鍵審計事項是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。這些事項是在對綜合財務報表整體進行審計並形成意見的背景下進行處理的，我們不對這些事項提供單獨的意見。我們對下述每一事項在審計中是如何應對的描述也以此為背景。

我們已經履行了本報告「核數師就審計綜合財務報表承擔的責任」部分闡述的責任，包括與這些關鍵審計事項相關的責任。相應地，我們的審計工作包括執行為應對評估的綜合財務報表重大錯報風險而設計的審計程序。我們執行審計程序的結果，包括應對下述關鍵審計事項所執行的程序，為綜合財務報表整體發表審計意見提供了基礎。

Key audit matter
關鍵審計事項

How our audit addressed the key audit matter
我們的審計如何處理關鍵審計事項

Write-down of inventories to net realisable value 撇減存貨至可變現淨值

The Group had inventories with a carrying amount of approximately HK\$36,399,000 as at 31 March 2020. The Group periodically reviews the net realisable value of inventories to determine whether any write-down of inventories to their net realisable value is required. In estimating the net realisable value of inventories, the Group considers, inter alia, the nature, ageing and condition of inventories, pricing policy and strategies, current market condition and other relevant factors.

貴集團於2020年3月31日有賬面值約36,399,000港元之存貨。貴集團對存貨之可變現淨值進行定期審查，以釐定是否需要將存貨撇減至可變現淨值。於估計存貨之可變現淨值時，貴集團會考慮(其中包括)存貨之性質、庫齡及狀態、定價政策及策略、現行市況及其他有關因素。

The determination of net realisable value of inventories requires management to make significant assumptions and estimates that affect the reported amount of inventories and related disclosures.

釐定可變現淨值需要管理層作出重大假設及估計，其可影響存貨之申報金額及相關披露。

We focus on this matter due to the magnitude of the balance involved and the significant accounting judgements and estimates required in estimating the net realisable value of inventories.

由於有關結餘之金額龐大，且估計存貨之可變現淨值需要運用重大會計判斷及估計，故我們把注意力放在這事項。

The related disclosures are included in notes 3 and 14 to the consolidated financial statements.

相關披露資料載於綜合財務報表附註3及14。

We evaluated management's assessment of whether the Group's inventories are stated at the lower of cost and net realisable value. Our procedures included, evaluating the methodologies, inputs and assumptions used by the Group in determining the net realisable value of inventories and the write-down of inventories required, with reference to, inter alia, the nature, ageing and condition of inventories, pricing policy and strategies, historical and subsequent sales information, and current market condition.

我們已評核管理層就貴集團之存貨是否按成本與可變現淨值之間的較低值呈列所作之評估。我們的評核程序，包括評核貴集團在釐定存貨之可變現淨值及所需之存貨撇減時所運用之方法、輸入數據及假設，當中參考(其中包括)存貨之性質、庫齡及狀態、定價政策及策略、過往及往後銷售資料，以及現行市況。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Other Information Included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

刊載於年度報告內其他信息

貴公司董事須對其他信息負責。其他信息包括刊載於年度報告內的信息，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綜合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報的情況。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報，我們需要報告該事實。在這方面，我們沒有任何報告。

董事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》擬備真實而公允的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯報所需的內部控制負責。

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

審核委員會協助貴公司董事履行職責，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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 scepticism 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.

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。我們根據香港《公司條例》第405條僅對全體股東作出報告，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯報存在時總能發現。錯報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綜合財務報表所作出的經濟決定，則有關的錯報可被視作重大。

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報的風險，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，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯報的風險高於未能發現因錯誤而導致的重大錯報的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

核數師就審計綜合財務報表承擔的責任(續)

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告止日所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表包括披露的整體列報方式、結構和內容，以及綜合財務報表是否公允反映交易及事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、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。

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chung Chi Ming.

Ernst & Young

Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

11 June 2020

核數師就審計綜合財務報表承擔的責任(續)

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

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律或法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是鍾志明。

安永會計師事務所

執業會計師
香港中環
添美道1號
中信大廈22樓

2020年6月11日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

Year ended 31 March 2020 截至2020年3月31日止年度

| | | 2020 二零二零年 | 2019 二零一九年 |
|---|-------------|------------------|-----------------|
| | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| REVENUE 收入 | 5 | 218,853 | 242,959 |
| Cost of sales 銷售成本 | | (84,485) | (90,695) |
| Gross profit 毛利 | | 134,368 | 152,264 |
| Other income and gains 其他收入及收益 | 5 | 4,137 | 3,575 |
| Selling and distribution expenses 銷售及分銷開支 | | (124,637) | (130,939) |
| General and administrative expenses 一般及行政開支 | | (25,042) | (29,281) |
| Finance costs 財務成本 | 6 | (2,677) | (240) |
| LOSS BEFORE TAX 除稅前虧損 | 7 | (13,851) | (4,621) |
| Income tax credit 所得稅抵免 | 10 | 2,223 | 643 |
| LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR 年內虧損及年內全面虧損總額 | | (11,628) | (3,978) |
| Attributable to: 應佔: | | | |
| Owners of the parent 母公司擁有人 | | (11,628) | (3,978) |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT 母公司普通股權益擁有人應佔每股虧損 | 11 | | |
| Basic and diluted (expressed in HK cents per share) 基本及攤薄(每股以港仙為單位) | | (1.45) | (0.50) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 March 2020 2020年3月31日

| | | 2020 二零二零年 | 2019 二零一九年 |
|---|-------------|-----------------|-----------------|
| | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| NON-CURRENT ASSETS 非流動資產 | | | |
| Property, plant and equipment 物業、廠房及設備 | 12 | 18,343 | 30,826 |
| Right-of-use assets 使用權資產 | 13 | 47,943 | – |
| Prepayments, deposits and other receivables 預付款項、按金及其他應收款項 | 16 | 10,387 | 15,009 |
| Deferred tax assets 遞延稅項資產 | 21 | 4,834 | 2,468 |
| Total non-current assets 非流動資產總值 | | 81,507 | 48,303 |
| CURRENT ASSETS 流動資產 | | | |
| Inventories 存貨 | 14 | 36,399 | 46,326 |
| Trade receivables 貿易應收款項 | 15 | 3,440 | 9,404 |
| Prepayments, deposits and other receivables 預付款項、按金及其他應收款項 | 16 | 14,467 | 8,976 |
| Tax recoverable 可退回稅項 | | – | 2,057 |
| Cash and cash equivalents 現金及現金等價物 | | 63,670 | 59,469 |
| Total current assets 流動資產總值 | | 117,976 | 126,232 |
| CURRENT LIABILITIES 流動負債 | | | |
| Trade and bills payables 貿易應付款項及應付票據 | 17 | 4,455 | 7,290 |
| Other payables and accruals 其他應付款項及應計費用 | 18 | 34,417 | 43,147 |
| Interest-bearing bank borrowings 計息銀行借款 | 19 | – | 4,002 |
| Lease liabilities 租賃負債 | 13 | 40,007 | – |
| Tax payable 應付稅項 | | 1,118 | – |
| Provisions 撥備 | 20 | 4,422 | 1,599 |
| Total current liabilities 流動負債總額 | | 84,419 | 56,038 |
| NET CURRENT ASSETS 流動資產淨值 | | 33,557 | 70,194 |
| TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債 | | 115,064 | 118,497 |
| NON-CURRENT LIABILITIES 非流動負債 | | | |
| Lease liabilities 租賃負債 | 13 | 12,440 | – |
| Provisions 撥備 | 20 | 3,818 | 6,827 |
| Total non-current liabilities 非流動負債總額 | | 16,258 | 6,827 |
| Net assets 資產淨值 | | 98,806 | 111,670 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 March 2020 2020年3月31日

| | | 2020 二零二零年 | 2019 二零一九年 |
|--|-------------|-----------------|-----------------|
| | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| EQUITY 權益 | | | |
| Equity attributable to owners of the parent 母公司擁有人應佔權益 | | | |
| Share capital 股本 | 22 | 110,337 | 110,337 |
| Retained profits/(accumulated loss) 保留溢利/(累計虧損) | | (11,531) | 1,333 |
| Total equity 權益總額 | | 98,806 | 111,670 |

Wong Chi Fai
黃志輝
Director
董事

Ng Koon Keung, Ricky
吳冠強
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 March 2020 截至2020年3月31日止年度

| | Share capital 股本 HK\$'000 千港元 | Retained profits/ (accumulated loss) 保留溢利/ (累計虧損) HK\$'000 千港元 | Total equity 權益總額 HK\$'000 千港元 |
|---|---|---|--|
| At 1 April 2018 於2018年4月1日 | 110,337 | 5,311 | 115,648 |
| Loss and total comprehensive loss for the year 年內虧損及全面虧損總額 | – | (3,978) | (3,978) |
| At 31 March 2019 於2019年3月31日 | 110,337 | 1,333 | 111,670 |
| Effect of adoption of HKFRS 16 採納香港財務報告準則第16號之影響 | – | (1,236) | (1,236) |
| At 1 April 2019 於2019年4月1日 | 110,337 | 97 | 110,434 |
| Loss and total comprehensive loss for the year 年內虧損及全面虧損總額 | – | (11,628) | (11,628) |
| At 31 March 2020 於2020年3月31日 | 110,337 | (11,531) | 98,806 |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 March 2020 截至2020年3月31日止年度

| | Notes 附註 | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|--|-------------|----------------------------------|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES 經營活動現金流量 | | | |
| Loss before tax 除稅前虧損 | | (13,851) | (4,621) |
| Adjustments for: 就以下各項所作調整: | | | |
| Finance costs 財務成本 | 6 | 2,677 | 240 |
| Interest income 利息收入 | 5 | (930) | (782) |
| Depreciation of property, plant and equipment 物業、機器及設備之折舊 | 7 | 16,243 | 10,358 |
| Depreciation of right-of-use assets 使用權資產之折舊 | 13 | 51,050 | – |
| Gain on lease modification 租賃修訂收益 | 5 | (1,120) | – |
| Loss on disposal/write-off of items of property, plant and equipment 出售/撇銷物業、廠房及設備項目之虧損 | 7 | 282 | 3 |
| Impairment of trade receivables, net 貿易應收款項減值·淨額 | 7 | 102 | – |
| Write-down of inventories to net realisable value 撇減存貨至可變現淨值 | 7 | 2,374 | 710 |
| Provision for reinstatement costs – reversal of unutilised provisions/decrease in estimated provisions 修復成本撥備 – 未動用撥備撥回/估計撥備減少 | 5 | (219) | (215) |
| | | 56,608 | 5,693 |
| Decrease/(increase) in inventories 存貨減少/(增加) | | 7,553 | (2,810) |
| Decrease/(increase) in trade receivables 貿易應收款項減少/(增加) | | 5,862 | (3,141) |
| Decrease/(increase) in prepayments, deposits and other receivables 預付款項、按金及其他應收款項減少/(增加) | | 2,307 | (1,047) |
| Increase/(decrease) in trade and bills payables 貿易應付款項及應付票據增加/(減少) | | (2,835) | 214 |
| Increase/(decrease) in other payables and accruals 其他應付款項及應計費用增加/(減少) | | (4,629) | 14,528 |
| Decrease in provisions 撥備減少 | | (714) | (116) |
| Cash generated from operations 經營活動所得現金 | | 64,152 | 13,321 |
| Interest received 已收利息 | | 930 | 782 |
| Hong Kong profits tax refunded/(paid) 退還/(已付)香港利得稅 | | 3,032 | (1,631) |
| Net cash flows from operating activities 經營活動所得現金流量淨額 | | 68,114 | 12,472 |
| CASH FLOWS FROM AN INVESTING ACTIVITY 投資活動現金流量 | | | |
| Purchases of items of property, plant and equipment 購買物業、廠房及設備項目 | | (3,295) | (20,352) |

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 March 2020 截至2020年3月31日止年度

| | 2020 二零二零年 | 2019 二零一九年 |
|---|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| CASH FLOWS FROM FINANCING ACTIVITIES 融資活動現金流量 | | |
| Net decrease in trust receipt loans 信託收據貸款減少淨額 | (4,002) | (9,778) |
| Repayment of bank borrowings 償還銀行借款 | – | (6,018) |
| Principal portion of lease payments 租賃付款之本金部分 | (53,939) | – |
| Interest portion of lease payments 租賃付款之利息部分 | (2,642) | – |
| Interest paid 已付利息 | (35) | (240) |
| Net cash flows used in financing activities 融資活動所用現金流量淨額 | (60,618) | (16,036) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS 現金及現金等價物增加/(減少)淨額 | 4,201 | (23,916) |
| Cash and cash equivalents at beginning of year 年初現金及現金等價物 | 59,469 | 83,385 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR 年末現金及現金等價物 | 63,670 | 59,469 |
| ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS 現金及現金等價物結餘分析 | | |
| Cash and bank balances 現金及銀行結餘 | 63,670 | 59,469 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

1. Corporate and Group Information

Ulferts International Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Units 1905-07, 19th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 29 January 2018.

The Company is an investment holding company. During the year, the Company’s subsidiaries were involved in the following principal activities:

- retail of imported furniture
- wholesale of imported furniture
- project sales and consultancy service arrangements (“special projects”)

The immediate holding company of the Company is Ulferts International Group Holdings Limited, which was incorporated in the British Virgin Islands (“BVI”).

In the opinion of the directors, Albert Yeung Investments Holdings Limited (“AY Investments Holdings”), which was incorporated in the BVI, is the ultimate holding company of the Company. AY Investments Holdings is legally wholly-owned by First Trust Management AG, which has replaced STC International Limited and Rozel Trustees (Channel Islands) Limited during the year ended 31 March 2020, acting as the trustee of Albert Yeung Investments Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert, a deemed substantial shareholder of the Company.

1. 公司及集團資料

歐化國際有限公司(「本公司」)於香港註冊成立為有限責任公司。本公司註冊辦事處地址位於香港灣仔軒尼詩道288號英皇集團中心19樓1905-07室。

本公司股份自2018年1月29日起在香港聯合交易所有限公司(「聯交所」)主板上市。

本公司為投資控股公司。年內，本集團附屬公司從事以下主要業務：

- 進口傢俬零售
- 進口傢俬批發
- 項目銷售及諮詢服務安排(「工程項目」)

本公司的直接控股公司為於英屬處女群島註冊成立的歐化國際集團控股有限公司。

董事認為，於2020年3月31日年度內，於英屬處女群島註冊成立的楊受成投資控股有限公司(「楊受成投資控股」)，本公司的最終控股公司及由First Trust Management AG 作為 Albert Yeung Investments Discretionary Trust之受託人法定全資擁有，其取代STC International Limited及Rozel Trustees (Channel Islands) Limited作為該信託之受託人。該信託為全權信託，由本公司視為主要股東之楊受成博士所設立。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

1. Corporate and Group Information (Continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

1. 公司及集團資料(續)

有關附屬公司之資料

本公司主要附屬公司之詳情如下：

| Name 名稱 | Place of incorporation and business 註冊成立及經營地點 | Issued ordinary share capital 已發行普通股股本 | Percentage of equity attributable to the Company 本公司應佔權益百分比 | | Principal activities 主要業務 |
|--|--|---|--|----------------|--|
| | | | Direct 直接 | Indirect 間接 | |
| Ulferts International Investment Limited 歐化國際投資有限公司 | British Virgin Islands 英屬處女群島 | US\$1 1美元 | 100 | – | Investment holding 投資控股 |
| Ulferts of Sweden (Macau) Limited 瑞典歐化(澳門)有限公司 | Macau 澳門 | MOP25,000 25,000澳門元 | – | 100 | Liaising with project customers in Macau 聯絡澳門項目客戶 |
| Ulferts of Sweden (Far East) Limited 瑞典歐化(遠東)有限公司 | Hong Kong 香港 | HK\$350,000 350,000港元 | – | 100 | Retail and wholesale of imported furniture, and special projects 進口傢俬零售與批發及工程項目 |
| Mighty Wish Limited 權望有限公司 | Hong Kong 香港 | HK\$1,000,000 1,000,000港元 | – | 100 | Provision of group tenancy agent services 提供集團租賃代理人服務 |

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

董事認為，上表所列之本公司附屬公司乃主要影響年度業績或構成本集團資產淨值重大部分之附屬公司。董事認為，提供其他附屬公司之詳情會導致篇幅過於冗長。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 編製基準

此財務報表已根據香港會計師公會(「香港會計師公會」)所頒佈之香港財務報告準則(「香港財務報告準則」)(包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則以及香港公司條例予以編製。財務報表乃按歷史成本法編製。此財務報表均以港元(「港元」)呈列，而除另有說明者外，全部價值均調整至最接近千元。

合併基準

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)於截至2020年3月31日止年度之財務報表。附屬公司為本公司直接或間接控制之一個實體(包括結構性實體)。倘本集團透過參與被投資方業務而享有或有權取得被投資方之可變回報，且有能力行使在被投資方權利影響有關回報，則本集團擁有該實體之控制權(即現時賦予本集團指令被投資方相關活動之權利)。

倘本公司直接或間接擁有之被投資方投票權或類似權利低於過半數，則評估本公司對被投資方是否有權力時，本集團會考慮所有相關事宜及情況，包括：

- (a) 與該等被投資方其他投票持有人之合約安排；
- (b) 從其他合約安排中產生之權利；及
- (c) 本集團投票權及潛在投票權。

附屬公司之財務報表乃按本公司相同報告期及一致之會計政策編製。附屬公司之業績乃自本集團取得控制權之日起予以合併，並繼續納入合併範圍，直至不再被控制為止。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

2.1 Basis of Preparation (Continued)

Basis of consolidation (continued)

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (a) the fair value of the consideration received, (b) the fair value of any investment retained and (c) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

| | |
|-------------------------------------|---|
| Amendments to HKFRS 9 | <i>Prepayment Features with Negative Compensation</i> |
| HKFRS 16 | <i>Leases</i> |
| Amendments to HKAS 19 | <i>Plan Amendment, Curtailment or Settlement</i> |
| Amendments to HKAS 28 | <i>Long-term Interests in Associates and Joint Ventures</i> |
| HK(IFRIC)-Int 23 | <i>Uncertainty over Income Tax Treatments</i> |
| Annual Improvements 2015-2017 Cycle | Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 |

2.1 編製基準(續)

合併基準(續)

與本集團成員公司間交易有關之所有集團內資產及負債、權益、收入、開支及現金流量均於綜合賬目時悉數對銷。

倘事實及情況顯示上文所述之三項控制因素之一項或多項出現變動，本集團會重新評估其是否控制被投資公司。未失去控制權之附屬公司所有權益變動入賬為權益交易。

倘本集團失去一間附屬公司之控制權，則其撤銷確認(i)該附屬公司之資產(包括商譽)及負債、(ii)任何非控股股東權益之賬面值及(iii)於權益內記錄之累積匯兌差額；及確認(a)所收代價之公平值、(b)所保留任何投資之公平值及(c)損益中任何因此產生之盈餘或虧損。先前於其他全面收益內確認之本集團應佔部分應重新分類為損益或保留溢利(如適用)，按猶如本集團已直接出售相關資產及負債時之基準予以確認。

2.2 會計政策變動及披露

本集團已於本年綜合財務報表首次採納以下新訂及經修訂香港財務報告準則。

| | |
|-----------------------|---|
| 香港財務報告準則第9號之修訂 | 具負補償之提前還款特性 |
| 香港財務報告準則第16號 | 租賃 |
| 香港會計準則第19號之修訂 | 計劃修訂、縮減或結清 |
| 香港會計準則第28號之修訂 | 於聯營公司及合營企業之長期權益 |
| 香港(國際財務報告詮釋委員會)詮釋第23號 | 所得稅處理之不確定性 |
| 2015年至2017年週期之年度改善 | 香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號之修訂 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

2.2 Changes in Accounting Policies and Disclosures (Continued)

Except for the amendments to HKFRS 9, HKAS 19, HKAS 28 and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group reassessed a sublease arrangement at 1 April 2019 that was previously classified as an operating lease applying HKAS 17 based on the remaining contractual terms and conditions of the head lease and sublease at 1 April 2019, and determined that this arrangement is a finance lease applying HKFRS 16. Accordingly, the Group recognised a net investment in a sublease amounting to HK\$3,176,000 and derecognised the corresponding right-of-use asset of the head lease amounting to HK\$3,176,000.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

2.2 會計政策變動及披露 (續)

除香港財務報告準則第9號之修訂、香港會計準則第19號之修訂、香港會計準則第28號之修訂及2015年至2017年週期之年度改善與編製本集團財務報表無關，新訂及經修訂香港財務報告準則之性質及影響載列如下：

- (a) 香港財務報告準則第16號取代香港會計準則第17號「租賃」、香港（國際財務報告詮釋委員會）—詮釋第4號「釐定安排是否包括租賃」、香港（準則詮釋委員會）—詮釋第15號「經營租賃—優惠」及香港（準則詮釋委員會）—詮釋第27號「評估涉及租賃法律形式交易之內容」。該準則載列確認、計量、呈列及披露租賃之原則，並要求承租人在單一資產負債表模式中將所有租賃入賬，以確認及計量使用權資產及租賃負債，惟若干確認豁免除外。香港財務報告準則第16號下出租人之會計處理與香港會計準則第17號並無重大變更。出租人將繼續使用與香港會計準則第17號相似之原則將租賃分類為經營或融資租賃。

本集團於2019年4月1日重新評估一項轉租安排，該安排先前於2019年4月1日應用香港會計準則第17號根據總租賃及轉租之餘下合同條款及條件分類為經營租賃，並確定應用香港財務報告準則第16號該安排為融資租賃。因此，本集團確認於轉租之投資淨額約3,176,000港元，並終止確認總租賃之相關使用權資產約3,176,000港元。

本集團採用經修訂追溯法採納香港財務報告準則第16號，初始應用日期為2019年4月1日。根據該方法，本集團已追溯應用該準則，並將首次採納的累計影響視為對於2019年4月1日保留溢利期初結餘的調整，而2019比較資料未經重列，並繼續根據香港會計準則第17號及相關詮釋呈報。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

2.2 Changes in Accounting Policies and Disclosures (Continued)

(a) (continued)

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for certain of its office properties, retail stores, warehouses and equipment used in its operations. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

2.2 會計政策變動及披露 (續)

(a) (續)

租賃之新定義

根據香港財務報告準則第16號，倘合約為換取代價而授予於一段時間內控制使用已識別資產之權利，則該合約為租賃或包含租賃。當客戶有權從使用已識別資產獲得絕大部分經濟利益以及直接使用已識別資產時，控制權即獲授予。本集團選擇使用過渡性可行權宜方法，以允許該準則僅適用於先前已於初始應用日期根據香港會計準則第17號及香港(國際財務報告詮釋委員會)一詮釋第4號識別為租賃之合約。根據香港會計準則第17號及香港(國際財務報告詮釋委員會)一詮釋第4號尚未識別為租賃之合約並無重新評估。因此，香港財務報告準則第16號項下之租賃定義已僅應用於在2019年4月1日或之後訂立或更改之合約。

作為承租人—先前分類為經營租賃之租賃

採納香港財務報告準則第16號之影響性質

本集團就其業務中使用之若干辦公物業、零售店鋪、倉庫及設備訂有租賃合約。作為承租人，本集團先前根據有關租賃是否將資產所有權之絕大部分回報及風險轉移至本集團之評估，將租賃分類為融資租賃或經營租賃。根據香港財務報告準則第16號，本集團採用單一方法確認及計量所有租賃之使用權資產及租賃負債，惟低價值資產租賃(按個別租賃基準選擇)及租期為或少於12個月之租賃(「短期租賃」)(按相關資產類別選擇)之兩項選擇性豁免除外。本集團確認使用權資產折舊(及減值，如有)及尚未償還租賃負債之應計利息(為融資成本)，而非於自2019年4月1日開始之租期內按直線法於經營租賃項下確認租金開支。

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財務報表附註

31 March 2020 截至2020年3月31日止年度

2.2 Changes in Accounting Policies and Disclosures (Continued)

(a) (continued)

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

Impact on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate and separately presented in the statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

2.2 會計政策變動及披露 (續)

(a) (續)

作為承租人 – 先前分類為經營租賃之租賃

過渡之影響

於2019年4月1日之租賃負債按餘下租賃付款現值確認，使用增量借貸利率貼現及單獨於綜合財務狀況表內呈列。使用權資產按租賃負債金額計量，並就與緊接2019年4月1日前於財務狀況表確認之租賃相關之任何預付或應計租賃付款金額作出調整。

所有該等資產於當日均已根據香港會計準則第36號就任何減值作出評估。本集團選擇於綜合財務狀況表中單獨呈列使用權資產。

於2019年4月1日應用香港財務報告準則第16號時，本集團已使用以下選擇性可行權宜方法：

- 應用租期自初始應用日期起12個月內終止之短期租賃豁免
- 倘合約包含延期／終止租賃之選擇權，則事後釐定租賃期。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.2 Changes in Accounting Policies and Disclosures (Continued)

(a) (continued)

Financial impact at 1 April 2019

The impact arising from the adoption of HKFRS 16 at 1 April 2019 was as follows:

| | HK\$'000 千港元 |
|---|-----------------|
| Assets 資產 | |
| Increase in right-of-use assets 使用權資產增加 | 75,157 |
| Increase in prepayments, deposits and other receivables 預付款項、按金及其他應收款項增加 | 3,176 |
| <hr/> | |
| Increase in total assets 總資產增加 | 78,333 |
| <hr/> | |
| Liabilities 負債 | |
| Increase in lease liabilities 租賃負債增加 | 83,909 |
| Decrease in other payables and accruals 其他應付款項及應計費用減少 | (4,340) |
| <hr/> | |
| Increase in total liabilities 負債總額增加 | 79,569 |
| <hr/> | |
| Decrease in retained profits 保留溢利減少 | (1,236) |

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

於2019年4月1日之租賃負債與於2019年3月31日之經營租賃承擔對賬如下：

| | HK\$'000 千港元 |
|---|-----------------|
| Operating lease commitments as at 31 March 2019 於2019年3月31日之經營租賃承擔 | 89,481 |
| Weighted average incremental borrowing rate as at 1 April 2019 於2019年4月1日之加權平均增量借貸利率 | 5% |
| <hr/> | |
| Lease liabilities as at 1 April 2019 於2019年4月1日之租賃負債 | 83,909 |

2.2 會計政策變動及披露 (續)

(a) (續)

於2019年4月1日之財務影響

於2019年4月1日採納香港財務報告準則第16號所產生之影響如下：

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2.2 Changes in Accounting Policies and Disclosures (Continued)

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions. The Group determined that the interpretation did not have any significant impact on the financial position or performance of the Group.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

| | |
|--|---|
| Amendments to HKFRS 3 | <i>Definition of a Business</i> ¹ |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | <i>Interest Rate Benchmark Reform</i> ¹ |
| Amendments to HKFRS 10 and HKAS 28 (2011) | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³ |
| HKFRS 17 | <i>Insurance Contracts</i> ² |
| Amendments to HKAS 1 and HKAS 8 | <i>Definition of Material</i> ¹ |

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

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

³ No mandatory effective date yet determined but available for adoption

2.2 會計政策變動及披露(續)

(b) 香港(國際財務報告詮釋委員會)–詮釋第23號提供倘稅項處理涉及影響香港會計準則第12號的應用的不確定性(通常稱之為「不確定稅務狀況」),則第23號詮釋在該情況下的所得稅(即期及遞延)會計處理方法。該詮釋不適用於香港會計準則第12號範圍外的稅項或徵稅,尤其亦不包括與不確定稅項處理相關的權益及處罰相關規定。該詮釋具體處理(i)實體是否考慮不確定稅項進行單獨處理;(ii)實體對稅務機關的稅項處理檢查所作的假設;(iii)實體如何釐定應課稅溢利或稅項虧損、稅基、未動用稅項虧損、未動用稅收抵免及稅率;及(iv)實體如何考慮事實及情況變動。本集團已於採納該詮釋時考慮其是否有任何不確定稅務狀況。本集團認為該詮釋對本集團之財務狀況或表現概無任何重大影響。

2.3 已頒佈但尚未生效之香港財務報告準則

本集團並未於該等財務報表中應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

| | |
|--|---------------------------------------|
| 香港財務報告準則第3號之修訂本 | 業務之定義 ¹ |
| 香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂本 | 利率基準改革 ¹ |
| 香港財務報告準則第10號及香港會計準則第28號(2011)之修訂本 | 投資者與其聯營公司或合營企業之間的資產出售或注資 ³ |
| 香港財務報告準則第17號 | 保險合同 ² |
| 香港會計準則第1號及香港會計準則第8號之修訂本 | 重大之定義 ¹ |

¹ 於2020年1月1日或之後開始之年度期間生效

² 於2021年1月1日或之後開始之年度期間生效

³ 未釐定強制生效日期,惟仍可供採納

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2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (Continued)

The Group is still in process of assessing the impact of the above new and revised HKFRSs. Further information about those HKFRSs that are currently expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 April 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 已頒佈但尚未生效之香港財務報告準則(續)

本集團仍在評估上述新訂及經修訂香港財務報告準則之影響。目前預期將適用於本集團之該等香港財務報告準則之進一步資料如下。

香港財務報告準則第3號之修訂本對業務的定義作出澄清並提供額外指引。有關修訂澄清，一組綜合活動及資產須包括至少一項投入及一項實質過程，乃一同對創造產出能力作出顯著貢獻，方可被視為一項業務。業務即使未包括創造產出的所有必要投入及過程仍可存續。有關修訂撤除有關市場參與者是否有能力收購有關業務並繼續生產產出的評核，而將焦點放於獲收購投入及獲收購實質過程是否一同對創造產出能力作出顯著貢獻。有關修訂亦已將產出的定義縮窄，以集中於向客戶提供的商品或服務、投資收入或一般活動之其他收入。此外，有關修訂提供有關評核獲收購過程是否具實質性的指引，並推出一項任選公平值集中度測試，以就獲收購活動及資產組別是否為業務進行簡化評核。本集團預期自2020年4月1日起前瞻性採納該等修訂。由於有關修訂於前瞻性應用於首次應用日期或其後所發生的交易或其他事件，本集團將不會於過渡日期受有關修訂影響。

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2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (Continued)

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The Group currently is still assessing whether the amendments will have any significant impact on the Group's financial statements in the period of initial application.

2.4 Summary of Significant Accounting Policies

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises.

2.3 已頒佈但尚未生效之香港財務報告準則(續)

香港會計準則第1號及香港會計準則第8號修訂本訂明重大的新定義。新定義規定，倘合理預期省略、錯誤陳述或含糊表達信息會影響一般用途綜合財務報表的主要使用者基於該等綜合財務報表作出的決策，則此信息屬重大。該等修訂澄清重大性將取決於信息的性質或重要性。倘合理預期信息的錯誤陳述會影響主要使用者作出的決定，則有關錯誤陳述屬重大。本集團預期自2020年4月1日起前瞻性採納該等修訂。本集團仍在評估有關修訂是否將對本集團於首次應用期間的財務報表造成重大影響。

2.4 重大會計政策概要

非金融資產減值

倘出現任何減值跡象，或當有需要為一項資產(存貨、遞延稅項資產及金融資產除外)進行年度減值測試，則須估計資產之可收回金額。除非資產並不產生明顯獨立於其他資產或資產組別之現金流入(在此情況下，可回收金額則按資產所屬之現金產生單位釐定)，否則資產之可收回金額按資產或現金產生單位之使用價值與其公平值減出售成本之較高者計算，並按個別資產釐定。

僅當資產之賬面值超過其可收回金額時，減值虧損方予確認。評估使用價值時估計未來現金流量乃使用可反映當時市場對金錢價值之評估及該項資產特有風險之除稅前折現率折現至其現值。減值虧損於所產生期間在損益內扣除。

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2.4 Summary of Significant Accounting Policies (Continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 重大會計政策概要 (續)

非金融資產減值(續)

於各報告期末會評定是否有現象顯示之前已確認之減值虧損不再存在或減少。倘出現該等跡象，則可收回金額會予以估計。僅當用以釐定資產之可收回金額之估計出現變動時，先前確認之資產減值虧損(商譽除外)方會撥回，惟不得超過倘過往年度並無就資產確認減損而釐定之賬面值(經扣除任何折舊)。撥回之減值虧損於所產生期間計入損益表。

關聯方

以下人士於下列情況將被視為與本集團有關連：

(a) 倘為以下人士或其親屬而該人士：

- (i) 控制或共同控制本集團；
- (ii) 對本集團有重大影響；或
- (iii) 為本集團或本集團母公司之主要管理層成員；

或

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2.4 Summary of Significant Accounting Policies (Continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (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 parent of the Group.

2.4 重大會計政策概要(續)

關聯方(續)

(b) 該人士為符合下列任何條件之實體：

- (i) 該實體與本集團為屬同一集團之成員公司；
- (ii) 該實體為另一實體(或另一實體之母公司、附屬公司或同系附屬公司)之聯營公司或合營企業；
- (iii) 該實體與本集團為同一第三方之合營企業；
- (iv) 該實體為一名第三方實體之合營企業，而另一實體為該第三方實體之聯營公司；
- (v) 該實體為本集團或與本集團有關連之實體就僱員利益設立之離職後福利計劃；
- (vi) 該實體受由(a)項所列人士控制或共同控制；
- (vii) 於(a)(i)項所列人士對該實體具有重大影響力或為該實體(或該實體之母公司)之主要管理層成員；及
- (viii) 該實體或同集團之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。

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2.4 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|-----------------------------------|--------------------------|
| Leasehold improvements | Over the lease terms |
| Furniture, fixtures and equipment | 20% – 33 $\frac{1}{3}$ % |
| Motor vehicles | 20% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 重大會計政策概要 (續)

物業、廠房及設備與折舊

物業、廠房及設備乃按成本減累積折舊及任何減值虧損列賬。物業、廠房及設備項目之成本包括其購買價及令該項資產達至其運作狀況及運送至其預期使用位置之任何直接應佔成本。

物業、廠房及設備項目投入運作後產生之支出，如修理與維護費用等，一般均會於該等支出產生期間在損益內扣除。於滿足確認標準情況下，重大檢修支出將撥充資本，計入資產賬面值作為重置處理。物業、廠房及設備之重要部分須按階段重置，本集團將有關部分確認為分別擁有特定可使用年期之個別資產，並相應作出折舊。

折舊乃按各物業、廠房及設備項目之估計可使用年期以直線法撇銷其成本至剩餘價值。就此所使用之主要年率如下：

| | |
|----------|--------------------------|
| 租賃物業裝修 | 租賃期內 |
| 傢俬、裝置及設備 | 20% - 33 $\frac{1}{3}$ % |
| 汽車 | 20% |

倘物業、廠房及設備項目各部分之可使用年期並不相同，該項目各部分之成本將按合理基礎在各部分之間分配，而每部分將作個別折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度年結日予以檢討，在適當情況下加以調整。

物業、廠房及設備項目，包括首次確認之任何重要部分於已出售或預期其使用或出售不再產生未來經濟利益時終止確認。於終止確認資產年度在損益中確認之任何出售或報廢盈虧，乃有關資產之出售所得款項淨額與賬面值之差額。

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2.4 Summary of Significant Accounting Policies (Continued)

Leases (applicable from 1 April 2019)

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 重大會計政策概要(續)

租賃(自2019年4月1日起應用)

本集團於合約開始時評估合約是否為或包含租賃。倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約屬於或包含租賃。

本集團作為承租人

本集團對所有租賃(惟短期租賃及低價值資產租賃除外)採取單一確認及計量方法。本集團確認租賃負債以作出租賃付款，而使用權資產指使用相關資產的權利。

(a) 使用權資產

使用權資產於租賃開始日期(即相關資產可供使用當日)確認。使用權資產按成本計量，減去任何累計折舊及任何減值虧損，並就租賃負債的任何重新計量作出調整。使用權資產成本包括已確認租賃負債的款額、已產生初始直接成本及於開始日期或之前作出的租賃款項減任何已收租賃獎勵。使用權資產於租期及資產估計可使用年期之較短者按直線法進行折舊。

倘租賃資產的擁有權於租期結束前轉讓予本集團或成本反映行使購買選擇權，則按資產估計可使用年期計算折舊。

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2.4 Summary of Significant Accounting Policies (Continued)

Leases (applicable from 1 April 2019) (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 重大會計政策概要 (續)

租賃(自2019年4月1日起應用)(續)

本集團作為承租人(續)

(b) 租賃負債

租賃負債於租賃開始日期以租期內作出的租賃付款現值確認。租賃付款包括定額付款(含實質定額款項)減任何應收租賃優惠款項、取決於指數或利率的可變租賃付款以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價及倘租期反映本集團正行使終止選擇權時，有關終止租賃支付的罰款。不取決於指數或利率的可變租賃付款於出現觸發付款的事件或條件的期間內確認為支出。

計算租賃付款現值時，因租賃隱含的利率難以釐定，則本集團使用租賃開始日期的增量借款利率計算。於開始日期後，租賃負債金額的增加反映利息的增加，並因租賃付款而減少。此外，倘有任何修改(即租期變更、租賃付款變更(例如指數或利率變動導致對未來租賃付款發生變化)或購買相關資產的選擇權評估的變更)則重新計量租賃負債的賬面值。

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2.4 Summary of Significant Accounting Policies (Continued)

Leases (applicable from 1 April 2019) (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 重大會計政策概要 (續)

租賃 (自2019年4月1日起應用) (續)

本集團作為承租人 (續)

(c) 短期租賃及低價值資產租賃

本集團對其機器及設備短期租賃 (即自開始日期起計租期為12個月或以下且並不包含購買權之租賃) 應用確認短期租賃豁免。倘本集團就低價值資產訂立租賃, 則本集團決定是否按個別租賃基準將租賃資本化。短期租賃的租賃付款和低價值資產的租賃在租賃期內按直線法確認為開支。

本集團作為出租人

當本集團作為出租人時, 其於租賃開始時 (或發生租賃變更時) 將其各項租賃分類為經營租賃或融資租賃。

本集團並未轉讓資產所有權所附帶的絕大部分風險及回報的租賃歸類為經營租賃。倘合約包括租賃及非租賃部分, 本集團根據相對獨立的售價基準將合約代價分配予各部分。租金收入於租期內按直線法列賬, 並因其經營性質之故於損益列作收入。於磋商及安排經營租賃時產生的初始直接成本乃計入租賃資產的賬面值, 並於租期內按相同方法確認為租金收入。或然租金乃於所賺取的期間內確認為收入。

轉移承租人相關資產所有權附帶的絕大部分風險及回報的租賃入賬為融資租賃。

NOTES TO FINANCIAL STATEMENTS

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2.4 Summary of Significant Accounting Policies (Continued)

Leases (applicable from 1 April 2019) (continued)

Group as a lessor (continued)

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Leases (applicable before 1 April 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Financial assets

Initial recognition and measurement

Financial assets of the Group are classified, at initial recognition, as subsequently measured at amortised cost.

2.4 重大會計政策概要 (續)

租賃(自2019年4月1日起應用)(續)

本集團作為出租人(續)

於開始日期，租賃資產的成本按租賃付款及相關付款(包括初始直接成本)的現值資本化，並按相等於租賃投資淨額的應收款項呈列。有關租賃的融資成本於損益扣除，以得出租期內的不變週期收費率。

本集團為中間出租人時，轉租乃參考主租賃產生的使用權資產分類為融資租賃或經營租賃。倘主租賃為本集團將資產負債表確認豁免應用於其中的短期租賃，則本集團將轉租分類為經營租賃。

租賃(於2019年4月1日前應用)

資產擁有權絕大部分回報及風險由出租人擁有之租賃列為經營租賃。倘本集團為出租人，本集團按經營租賃出租的資產計入非流動資產，而經營租賃項下的應收租金於租賃期內以直線法計入損益內。倘本集團為承租人，根據經營租賃應付之租金(扣除出租人給予之任何優惠)於租賃期內按直線法於損益中扣除。

金融資產

首次確認及計量

本集團之金融資產於首次確認時分類為其後以攤銷成本計量。

NOTES TO FINANCIAL STATEMENTS

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2.4 Summary of Significant Accounting Policies (Continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.4 重大會計政策概要(續)

金融資產(續)

首次確認及計量(續)

於首次確認時對金融資產分類乃取決於金融資產之合約現金流量特徵，以及本集團管理該等金融資產之業務模式。除不包含重大融資部份或本集團已應用簡易實務處理方法不對重大融資部份之影響作出調整之貿易應收款項外，本集團首次按公平值加(就並非透過損益按公平值計量之金融資產而言)交易成本計量金融資產。不包含重大融資部份或本集團已應用簡易實務處理方法之貿易應收款項根據下文「收入確認」所載政策，按根據香港財務報告準則第15號所釐定之交易價格計量。

為使金融資產按攤銷成本或透過其他全面收益按公平值計量進行分類及計量，需就未償還本金產生純粹支付本金及利息(「SPPI」)現金流量。現金流量並非SPPI之金融資產透過損益按公平值分類及計量，而不論業務模式。

本集團管理金融資產之業務模式，乃指其管理金融資產從而產生現金流量之方法。業務模式決定現金流量將來自收取合約現金流量、出售金融資產，或兩者兼得。按攤銷成本分類及計量的金融資產於以持有金融資產為目標的業務模式內持有，旨在收取合約現金流量，而按透過其他全面收益按公平值分類及計量的金融資產於旨在持有以收取合約現金流量及出售的業務模式內持有。並非以上述業務模式內持有的金融資產按透過損益按公平值分類及計量。

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2.4 Summary of Significant Accounting Policies (Continued)

Financial assets (continued)

Initial recognition and measurement (continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 重大會計政策概要 (續)

金融資產(續)

首次確認及計量(續)

金融資產之所有一般買賣於交易日(即本集團承諾買賣該資產之日期)予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產之金融資產買賣。

其後計量以攤銷成本計量之金融資產(債務工具)

以攤銷成本計量之金融資產其後採用實際利息法計量，並可計提減值。當資產被終止確認、變更或減值，則收益及虧損於損益內確認。

終止確認金融資產

金融資產(或一項金融資產之一部分或一組類似金融資產之一部分(如適用))在下列情況將終止確認(即自本集團綜合財務狀況表中剔除):

- 收取該項資產所得現金流量之權利經已屆滿；或
- 本集團已轉讓其收取該項資產所得現金流量之權利，或已承擔一項責任，在未有嚴重拖延之情況下，根據一項「轉付」安排向第三方全數支付已收取之現金流量；及(a)本集團已轉讓該項資產之絕大部分風險及回報；或(b)本集團並無轉讓或保留該項資產絕大部分風險及回報，但已轉讓該項資產之控制權。

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2.4 Summary of Significant Accounting Policies (Continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 重大會計政策概要(續)

終止確認金融資產(續)

倘本集團已轉讓其收取資產所得現金流量之權利，或已訂立轉付安排，則會評估其是否保留該項資產擁有權之風險及回報以及保留之程度。倘本集團並無轉讓亦無保留該項資產之絕大部分風險及回報，亦無轉讓該項資產之控制權，其只要有持續參與便會繼續確認被轉讓資產。在此情況下，本集團亦確認相關負債。被轉讓資產及相關負債按反映本集團所保留權利及責任之基準計量。

就透過向被轉讓資產提供擔保之方式持續參與而言，有關被轉讓資產按資產原賬面值與本集團可能須支付之最高代價金額之較低者計量。

金融資產減值

本集團就所有並非按透過損益按公平值持有之債務工具確認預期信貸虧損(「預期信貸虧損」)撥備。預期信貸虧損按根據合約到期之合約現金流量與本集團預期收取之所有現金流量(按原實際利率之約數貼現)之間的差額。預期現金流量將包括出售屬於合約條款整體部份之已持有抵押品或其他加強信貸安排帶來之現金流量。

一般方法

預期信貸虧損分兩個階段確認。對於自首次確認以來信貸風險並無大幅增加之信貸風險承擔而言，預期信貸虧損乃就由於未來12個月內可能發生之違約事件而產生信貸虧損而計提撥備(12個月預期信貸虧損)。對於自首次確認以來信貸風險已大幅增加之信貸風險承擔而言，則須就預期於風險承擔之餘下年期內產生之信貸虧損作出虧損撥備，而不論違約之時間(全期預期信貸虧損)。

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2.4 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 重大會計政策概要 (續)

金融資產減值(續)

一般方法(續)

於各報告日期，本集團評估金融工具之信貸風險有否自首次確認以來大幅增加。在作出評估時，本集團將金融工具於報告日期已產生之違約風險與金融工具於首次確認日期已產生之違約風險比較，並考慮在毋須付出不必要成本或努力下可得之合理及有根據的資料，包括過往及前瞻性資料。

當合約付款逾期90日，本集團便會視金融資產遭違約。然而，在某些情況下，當有內部或外部資料顯示本集團不大可能於考慮本集團所持有之任何加強信貸安排前全數收取未支付合約金額時，本集團亦可視金融資產為遭違約。當無法合約預期可收回合約現金流量時，便撇銷金融資產。

以攤銷成本計量之金融資產須根據一般方法計提減值，並在以下計量預期信貸虧損之階段內分類，惟下文詳述應用簡易方法之貿易應收款項除外。

第一階段– 自首次確認以來信貸風險並無大幅增加以及虧損撥備按相等於12個月預期信貸虧損之數額計量之金融工具

第二階段– 自首次確認以來信貸風險大幅增加但並非信貸減值金融資產以及虧損撥備按相等於全期預期信貸虧損之數額計量之金融工具

第三階段– 於報告日期為信貸減值(但並非已購買或已產生之信貸減值)以及虧損撥備按相等於全期預期信貸虧損之數額計量之金融資產

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2.4 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.4 重大會計政策概要(續)

金融資產減值(續)

簡化方法

就不包含重大融資部份之貿易應收款項而言，或當本集團應用簡易實務處理方法不對重大融資部份之影響作出調整時，本集團在計算預期信貸虧損時會應用簡化方法。在簡化方法下，本集團並不追蹤信貸風險之變動，但會根據於各報告日期之全期預期信貸虧損確認虧損撥備。本集團已建立一個撥備矩陣，乃建基於其過往信貸虧損經驗，並已就債務人特定及經濟環境之前瞻性因素作出調整。

金融負債

首次確認及計量

本集團之金融負債於首次確認時適當地分類為貸款及借款或應付賬款。

所有金融負債於首次確認時按公平值計量，如屬貸款及借款及應付賬款，則扣除直接應佔交易成本。

其後計量以攤銷成本計量之金融負債(貸款及借款)

於首次確認後，計息貸款及借款其後以實際利率法按攤銷成本計量，除非折現之影響甚微，在此情況下，則按成本列賬。有關收益及虧損於負債終止確認時透過實際利率攤銷過程在損益確認。

攤銷成本經計及收購之任何折讓或溢價以及屬於實際利率組成部分之費用或成本後計算。實際利率攤銷計入損益中。

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2.4 Summary of Significant Accounting Policies (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred in the process of disposal.

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 重大會計政策概要 (續)

終止確認金融負債

金融負債於該負債項下之責任解除或撤銷或屆滿時終止確認。

倘現有金融負債被另一項來自同一貸款人以條款截然不同之金融負債所取代，或現有負債之條款被大幅修訂，該等交換或修訂以終止確認原負債及確認新負債處理，相關賬面值之間之差額於損益內確認。

抵銷金融工具

倘現時有可執行之合法權利抵銷已確認金額，並且擬以淨額基準進行結算或同時將資產變現及清償負債，方可將金融資產及金融負債抵銷，而淨額於財務狀況表呈報。

存貨

存貨以成本與可變現淨值兩者之較低者入賬。成本乃按加權平均基準釐定。可變現淨值乃根據估計售價減去任何將在出售過程產生之估計成本計算。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及可即時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期之短期高流動性投資，減須按要求償還之銀行透支，並構成本集團現金管理組成部分。

就綜合財務狀況表而言，現金及現金等價物包括手頭及銀行現金，包括定期存款及用途不受限制且性質與現金相似之資產。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.4 Summary of Significant Accounting Policies (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

A provision for reinstatement costs is recognised when a contractual obligation under the terms of an operating lease has arisen to reinstate a leased property at the end of the lease. Reinstatement costs are provided at the value of the expected costs to settle the obligation at the end of the reporting period using estimated cash flows and an equivalent asset is recognised and depreciated over the term of the operating lease. The estimated future costs of reinstatement are reviewed, and adjusted if appropriate, at least at each financial year end.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/ jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 重大會計政策概要(續)

撥備

倘因過往事件須承擔現時責任(法定或推定責任)而履行責任很可能導致未來資源外流,則撥備予以確認,惟責任數額必須能可靠估計。

倘折現影響重大,則確認撥備之數額為預期履行責任所需之未來開支於報告期末之現值。隨時間流逝使折現現值增加之款項計入損益。

按經營租賃條款因須在租賃期期末修復租賃之物業而產生合約責任時,予以確認修復成本撥備。於報告期末使用估計現金流量以預期清償責任之成本價值作出修復成本撥備,而等值資產會予以確認並按經營租賃期折舊。估計未來修復成本至少於每個財政年度末檢討及調整(如適用)。

所得稅

所得稅包括即期及遞延稅項。與損益以外確認之項目相關之所得稅於損益以外,在其他全面收益或直接於權益確認。

即期稅項資產及負債乃按預期自稅務機構退回或付予稅務機構之金額根據截至報告期末已實施或實質上已實施之稅率(及稅法)計算,並考慮本集團經營所在國家/司法權區之現行詮釋及慣例。

遞延稅項使用負債法按報告期末之資產及負債稅基與其作財務申報之賬面值之間之所有暫時性差額作出撥備。

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2.4 Summary of Significant Accounting Policies (Continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 重大會計政策概要 (續)

所得稅(續)

所有應課稅暫時性差額，均被確認為遞延稅項負債，惟下述情況除外：

- 因初次確認商譽或一項交易(非業務合併)中之資產或負債所產生之遞延稅項負債，並於交易時不會影響會計溢利或應課稅溢利或虧損；及
- 就於附屬公司之投資所產生之應課稅暫時性差額而言，暫時性差額撥回時間可受控制，而暫時性差額於可見將來可能不會撥回。

所有可扣減暫時性差額及未動用稅項抵免與任何未動用稅務虧損之結轉，均被確認為遞延稅項資產。倘應課稅溢利可用於抵銷可扣減暫時性差額，以及未動用稅項抵免及未動稅務虧損之結轉可予動用，則遞延稅項資產會予以確認，惟下述情況除外：

- 因有關可扣減暫時性差額之遞延稅項資產源自初次確認一項交易(非業務合併)中之資產或負債，並於交易時不會影響會計溢利或應課稅溢利或虧損；及
- 就於附屬公司之投資所產生之可扣減暫時性差額而言，遞延稅項資產僅於暫時性差額於可見將來可能撥回且應課稅溢利將用以抵銷暫時性差額時，方會予以確認。

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2.4 Summary of Significant Accounting Policies (Continued)

Income tax (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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2.4 重大會計政策概要 (續)

所得稅 (續)

遞延稅項資產之賬面值於報告期末檢討，並扣減至不再可能有足夠應課稅溢利用於扣減所有或部分將予動用之遞延稅項資產為止。未確認遞延稅項資產於報告期末重估，並確認至可能有足夠應課稅溢利將用於扣減所有或部分將予收回之遞延稅項資產。

遞延稅項資產及負債以預期適用於資產變現或負債清還期間之稅率計量，並基於報告期末已頒佈或實質上頒佈之稅率(及税法)計算。

倘(及僅於)本集團具有可依法強制執行的權利，可使用即期稅項資產抵銷即期稅項負債，且遞延稅項資產與遞延稅項負債是關於同一稅務機關就同一應課稅實體所徵收的所得稅或就計劃於各段未來期間(而預期在有關期間內將結清或收回大額的遞延稅項負債或資產)以淨額基準結算即期稅項負債與資產或同時變現資產及結清負債之不同應課稅實體所徵收的所得稅時，則遞延所得稅資產及遞延所得稅負債可相互抵銷。

收入確認

來自客戶合約收入

客戶合約收入於商品或服務的控制權轉移至客戶時確認，有關金額反映本集團預期就交換該等貨品或服務有權獲得的代價。

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2.4 Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

- *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods.

2.4 重大會計政策概要 (續)

收入確認 (續)

來自客戶合約收入 (續)

當合約中的代價包括可變金額時，估計代價金額將為本集團有權以換取將貨品或服務轉移至客戶的金額。可變代價在合約開始時估計並受到限制，直至與可變代價相關的不確定性其後得以解決時，很有可能所確認累計收入金額中不會出現重大收入轉撥。

倘合約中包含為客戶提供向客戶轉讓貨物或服務超過一年的重大融資利益的融資部分，則收入按應收款項的現值計量，並使用本集團與客戶於合約開始時進行的單獨融資交易所反映的貼現率貼現。倘合約中包含為本集團提供超過一年而具有重大財務利益的融資部分，則根據合約確認的收入包括按實際利率法計算的合約負債所附加的利息開支。就客戶付款與轉讓承諾商品或服務之間的期限為一年或更短的合約而言，交易價不會使用香港財務報告準則第15號的實際權宜法就重大融資部分作出調整。

- *銷售貨品*

銷售貨品的收入於資產的控制權轉讓予客戶的時間點確認，有關時點通常為交付貨品時。

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2.4 Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

- Consultancy service arrangements

Revenue from consultancy service arrangements is recognised over time, using an output method to measure the Group's progress towards complete satisfaction of the relevant services, because the customer simultaneously receives and consumes the benefits provided by the Group, as the Group performs. The output method recognises revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

Other income

Other service income is recognised over time, using an output method to measure the Group's progress towards complete satisfaction of the relevant services.

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 重大會計政策概要 (續)

收入確認 (續)

來自客戶合約收入 (續)

- 諮詢服務安排

諮詢服務安排的收入隨時間使用輸出法確認，以計量本集團完全達成相關服務的進度，因為在本集團履約時客戶同時收取並消耗本集團提供的利益。輸出法基於直接計量迄今向客戶轉交的服務相對於合約項下所承諾餘下服務的價值確認收入。

其他收入

其他服務收入採用輸出法計量本集團對相關服務完全信納的進度隨時間確認。

租金收入乃就有關租期按時間比例法確認。

利息收入按應計基準及以實際利率法，透過採用將金融工具在預期可使用年期（或較短期間）（倘適用）的估計未來現金收入準確貼現至金融資產的賬面淨值的比率予以確認。

合約負債

合約負債於本集團將相關貨品或服務轉讓前向客戶收取付款或付款到期時（以較早者為準）確認。合約負債於本集團根據合約履行時（即轉讓相關貨品或服務之控制權予客戶時）確認為收益。

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2.4 Summary of Significant Accounting Policies (Continued)

Employee benefits

Retirement benefit schemes

The Group operates an occupational retirement scheme registered under the Hong Kong Occupational Retirement Schemes Ordinance for those employees who are eligible to participate in the scheme. This scheme has been granted exemption under the Hong Kong Mandatory Provident Fund Schemes Ordinance. When an employee leaves the scheme before his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group are reduced by the relevant amount of the forfeited employer's contributions.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Contributions to these schemes are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the schemes. The assets of these schemes are held separately from those of the Group in independently administered funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2.4 重大會計政策概要 (續)

僱員福利

退休福利計劃

本集團根據香港職業退休計劃條例，為所有合資格參與該計劃之僱員設有職業退休計劃。根據香港強制性公積金計劃條例，該退休計劃已獲豁免。當僱員於可全數享有本集團所作之僱主供款之前退出該計劃，本集團應付之持續供款於沒收僱主供款之相關金額中扣除。

本集團亦根據香港強制性公積金計劃條例設有一項定額供款強制性公積金退休福利計劃(「強積金計劃」)，以供該等合資格參加強積金計劃之僱員參與。本集團所作之僱主供款於向強積金計劃作出供款時全數歸僱員所有。

該等計劃所作出之供款乃按僱員基本薪金之百分比計算，並於依照強積金計劃之規則繳納供款時在損益中扣除。該等計劃之資產乃與本集團之資產分開，由獨立管理基金持有。

外幣

財務報表以港元呈列，港元即本公司之功能貨幣。本集團內之各實體決定其功能貨幣且各實體之財務報表項目均使用功能貨幣計量。本集團各實體所記錄之外幣交易初步使用交易日期之現行功能貨幣之匯率換算入賬。以外幣計值之貨幣資產及負債，按有關功能貨幣於報告期末之匯率換算。因結算或換算貨幣項目而導致之匯兌差額於損益確認。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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2.4 Summary of Significant Accounting Policies (Continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

2.4 重大會計政策概要(續)

外幣(續)

按歷史成本以外幣計量之非貨幣項目，採用初步交易日期之匯率換算。

於釐定初步確認相關資產、開支或收入及終止確認與預付代價有關的非貨幣資產或非貨幣負債所用的匯率時，初始交易日期為本集團初步確認預付代價產生的非貨幣資產或非貨幣負債當日。倘若涉及多筆預付款項或預收款項，則本集團須釐定每次支付或收取預付代價的交易日期。

3. 重大會計判斷及估計

編製本集團財務報表時，管理層需要作出會影響收入、開支、資產及負債呈報金額及其相關披露以及或然負債披露之判斷、估計及假設。該等假設及估計之不確定性可能導致日後須就受影響之資產或負債賬面值作出重大調整。

估計不確定性

下文所討論有關於報告期末就估計不確定性之未來及其他主要來源之主要假設存在可導致資產與負債賬面值於下一財務年度需要作出重大調整之重大風險，茲描述如下。

NOTES TO FINANCIAL STATEMENTS

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3. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the reporting period. Non-financial assets with finite useful lives 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 a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation 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. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provisions for reinstatement costs

The Group makes provisions for reinstatement costs associated with certain leased properties under operating leases attributable to the Group based on the estimates of the expected costs to be incurred to settle the relevant contractual obligations under the terms of the leases at the end of the reporting period, which are subject to uncertainties and might differ from the actual costs to be incurred. Significant judgements and estimates are required, including, inter alia, making various assumptions with reference to past experience and available information to determine the expected costs to be incurred. Further details are included in note 20 to the financial statements.

3. 重大會計判斷及估計(續)

估計不確定性(續)

非金融資產減值

本集團於報告期末就所有非金融資產(包括使用權資產)評估是否有任何減值跡象。有限定使用年期之非金融資產於有跡象顯示賬面值不可收回之情況下作減值測試。倘資產之賬面值或現金產生單位超過其可收回金額(即公平值減出售成本或使用價值之較高者),則該資產出現減值。公平值減出售成本乃根據同類資產公平交易中自具約束力之出售交易所得數據或可觀察市價減出售資產之增加成本計算。倘採用使用價值計算方式,則管理層必須估計來自資產或現金產生單位之預期未來現金流量及選取適當之折現率以計算該等現金流量之現值。

修復成本撥備

本集團於報告期末按清償租賃條款下之相關合約責任所產生之預期成本之估計對經營租賃下之若干租賃物業有關之本集團應佔復原成本作出撥備,當中存在不確定因素並可能與予產生之實際成本有差異。於釐定將產生之預期成本時須作出重大判斷及估計,當中包括參考過往經驗及可用資料作出多種假設。其進一步詳情載於財務報表附註20。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

3. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (continued)

Net realisable value of inventories

The Group periodically reviews the net realisable value of inventories to determine whether any write-down of inventories to net reliable value is required. In estimating the net realisable value of inventories, the Group considers, inter alia, the nature, ageing and condition of inventories, pricing policy and strategies, current market condition and other relevant factors. Based on such assessment, write-down of inventories will be made when the carrying amount of inventories decline below their estimated net realisable value. Due to changes in market and economic environment and customers' preference, actual saleability of inventories and actual selling prices that could be realised might be different from the original estimation and profit or loss could be affected by differences in these estimations.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. As appropriate, the Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

3. 重大會計判斷及估計(續)

估計不確定性(續)

存貨之可變現淨值

本集團定期評估存貨之可變現淨值以釐定是否須將任何存貨撇減至可變現淨值。於估計存貨之可變現淨值時，本集團會考慮(其中包括)存貨之性質、庫齡及狀態、定價政策及策略、現行市況及其他有關因素。根據有關評估，倘存貨賬面值跌至低於其估計可變現淨值，則存貨將予以撇減。由於市場及經濟環境及顧客偏好不斷變化，貨品實際適銷性及可變現實際售價或會與初始估計有所不同，而此估計之差額可能對損益造成影響。

有關貿易應收款項之預期信貸虧損撥備

本集團使用撥備矩陣計算有關貿易應收款項的預期信貸虧損。撥備率乃按多個具有類似損失模式的客戶分部分組的逾期日數得出。

撥備矩陣初步按本集團的歷史可觀察違約率得出。如合適，本集團將就前瞻性資料校正矩陣以調整歷史信貸虧損經驗。例如，倘預測經濟狀況預期將下一年度轉差，而可導致違約數目增加，則會調整歷史違約率。於各報告日期，歷史可觀察違約率獲更新，且分析前瞻性估計的變動。

評估歷史可觀察違約率、預測經濟狀況及預期信貸虧損之間的關係屬重大估計。預期信貸虧損的金額對情況及預測經濟狀況的變動屬敏感。本集團的歷史信貸虧損經驗及經濟狀況預測亦未必代表一位客戶於日後的實際違約情況。

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3. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4. Operating Segment Information

The Group principally focuses on the retail and wholesale of imported furniture, and special projects. Information reported to the Group’s chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

Substantially all of the Group’s revenues from external customers during the years ended 31 March 2020 and 2019 were attributed to Hong Kong based on the location of the customers or the location of certain key processes/resources from which the Group derived the revenues.

(b) Non-current assets

All of the Group’s non-current assets as at the end of the reporting period were located in Hong Kong based on the location of the assets.

3. 重大會計判斷及估計(續)

估計不確定性(續)

租賃－估算增量借款利率

本集團無法輕易釐定租賃內所隱含的利率，因此，使用增量借款利率（「增量借款利率」）計量租賃負債。增量借款利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產，而以類似抵押品於類似期間借入所需資金應支付之利率。因此，增量借款利率反映了本集團「應支付」的利率，當無可觀察利率時（如就並無訂立融資交易之附屬公司而言）或當須對利率進行調整以反映租賃之條款及條件時（如當租賃並非以附屬公司之功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據（如市場利率）可用時，本集團使用可觀察輸入數據估算增量借款利率並須作出若干實體特定的估計（如附屬公司單獨的信貨評級）。

4. 經營分部資料

本集團主要經營進口傢俬零售與批發及工程項目。就資源分配及表現評估而言，向本集團主要經營決策者匯報之資料，側重於本集團之整體經營業績，因為本集團之資源已整合且並無分散經營分部資料可提供。因此，並無呈列經營分部資料。

地區資料

(a) 來自外部客戶之收入

於截至2020年及2019年3月31日止年度，本集團來自外部客戶之收入按客戶所處位置或按本集團由此獲得收入之若干重要業務流程／資源之位置絕大部分來自香港。

(b) 非流動資產

本集團於報告期末之非流動資產按資產所處位置全部均位於香港。

NOTES TO FINANCIAL STATEMENTS

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4. Operating Segment Information (Continued)

Information about major customers

No revenues from transactions with a single external customer for the years ended 31 March 2020 and 2019 amounted to 10% or more of the total revenue of the Group.

5. Revenue, Other Income and Gains

An analysis of revenue is as follows:

| | 2020 二零二零年 | 2019 二零一九年 |
|---|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Revenue from contracts with customers 來自客戶合約收入 | | |
| Retail of furniture 傢俬零售 | 198,594 | 226,795 |
| Wholesale of furniture 傢俬批發 | 9,258 | 11,777 |
| Special projects – project sales and consultancy service arrangements 工程項目 – 項目銷售及諮詢服務安排 | 11,001 | 4,387 |
| | 218,853 | 242,959 |

Revenue from contracts with customers

(i) Disaggregated revenue information

客戶合約收入

(i) 細分收入資料

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Types of goods or services 貨品或服務類型 | | |
| Sale of goods 銷售貨品 | 218,321 | 242,879 |
| Consultancy service arrangements 諮詢服務安排 | 532 | 80 |
| Total revenue from contracts with customers 客戶合約收入總額 | 218,853 | 242,959 |
| Timing of revenue recognition 收入確認時間 | | |
| At a point in time 於某一時點 | 218,321 | 242,879 |
| Services transferred over time 隨時間轉移之服務 | 532 | 80 |
| Total revenue from contracts with customers 客戶合約收入總額 | 218,853 | 242,959 |

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財務報表附註

31 March 2020 截至2020年3月31日止年度

5. Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: 於報告期初計入合約負債的已確認收益： | | |
| Sale of goods 銷售貨品 | 22,548 | 16,195 |

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is generally satisfied upon delivery of goods. For retail sale of furniture, payment in advance and/or upon delivery by customers is normally required. For wholesale of furniture, payment is generally due within 30 to 60 days from the date of billing. For project sales, payment is generally due based on terms agreed by relevant parties as set out in respective agreements.

Consultancy service arrangements

The performance obligation is generally satisfied over time as services are rendered and payment is generally due based on terms agreed by the relevant parties as set out in respective agreements.

The Group generated revenues from certain projects for the supply of custom-made furniture and other related products and services ("project sales") and arrangements involving the supply of custom-made furniture and related products and services by external furniture suppliers to certain fellow subsidiaries ("consultancy service arrangements"). During the year, the Group's total revenue from consultancy service arrangements amounted to approximately HK\$532,000 (2019: HK\$80,000).

5. 收入、其他收入及收益(續)

客戶合約收入(續)

(i) 細分收入資料(續)

下表顯示本報告期間確認之收益金額，其計入報告期初合約負債並於過往期間履行履約責任確認：

(ii) 履約責任

有關本集團履約責任之資料概述如下：

銷售貨品

履約責任通常於貨品交付後達成。就傢俬零售而言，客戶通常須提前及／或於交付後付款。就傢俬批發而言，付款一般於結算之日起30至60日內到期。就項目銷售而言，付款一般按相關方根據各協議所載協定的條款到期。

諮詢服務安排

履約責任一般隨提供服務的時間達成。付款一般按相關方根據各協議所載協定的條款到期。

本集團自供應訂製傢俬及其他相關產品及服務(「項目銷售」)以及涉及外部傢俬供應商向若干同系附屬公司供應訂製傢俬及有關產品及服務之安排(「諮詢服務安排」)之若干項目中賺取收入。年內，本集團來自於諮詢服務安排之收入總額約為532,000港元(2019年：80,000港元)。

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財務報表附註

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5. Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers (continued)

The Group entered into several contractual agreements with certain third parties for the supply of custom-made furniture and related services, pursuant to which, the Group directly/indirectly delivered such goods and services to certain fellow subsidiaries and, in the opinion of the directors of the Company, these are special project arrangements involving the fellow subsidiaries. During the year, the Group recognised project sales revenues of approximately HK\$11,000 (2019: HK\$336,000) under such arrangements.

5. 收入、其他收入及收益(續)

客戶合約收入(續)

本集團與若干第三方就供應客戶訂製傢俬及相關服務訂立多份合約安排。據此，本集團直接／間接交付該等商品及服務予若干同系附屬公司，而本公司董事認為，該等安排乃涉及同系附屬公司之工程項目安排。年內，本集團根據該等安排確認項目銷售收入約11,000港元(2019年：336,000港元)。

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|
| Other income and gains 其他收入及收益 | | |
| Other service income 其他服務收入 | 1,305 | 1,080 |
| Rental income 租金收入 | — | 1,181 |
| Provision for reinstatement costs – reversal of unutilised provisions/ decrease in estimated provisions 修復成本撥備 – 未動用撥備撥回／估計撥備減少 | 219 | 215 |
| Gain on lease modification 租賃修訂收益 | 1,120 | — |
| Bank interest income 銀行利息收入 | 930 | 782 |
| Others 其他 | 563 | 317 |
| | 4,137 | 3,575 |

6. Finance Costs

6. 財務成本

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|--------------------------------------|----------------------------------|----------------------------------|
| Interest on bank borrowings 銀行借款之利息 | 35 | 240 |
| Interest on lease liabilities 租賃負債利息 | 2,642 | — |
| | 2,677 | 240 |

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7. Loss Before Tax

The Group's loss before tax is arrived at after charging/ (crediting):

7. 除稅前虧損

本集團除稅前虧損已扣除/(計入)下列各項：

| | | 2020 二零二零年 | 2019 二零一九年 |
|--|-------------|-----------------|-----------------|
| | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| Cost of inventories sold and services provided 已出售存貨成本及已提供服務成本 | | 82,111 | 89,985 |
| Write-down of inventories to net realisable value 撇減存貨至可變現淨值 | | 2,374 | 710 |
| Total amount recognised as cost of sales 已確認為銷售成本之總額 | | 84,485 | 90,695 |
| Auditor's remuneration 核數師酬金 | | 850 | 1,030 |
| Depreciation of property, plant and equipment 物業、機器及設備之折舊 | 12 | 16,243 | 10,358 |
| Depreciation of right-of-use assets 使用權資產之折舊 | 13 | 51,050 | – |
| Loss on disposal/write-off of items of property, plant and equipment 出售/撤銷物業、廠房及設備項目之虧損 | | 282 | 3 |
| Minimum lease payments under operating leases 經營租賃項下最低租賃付款 | | – | 60,100 |
| Lease payments not included in the measurement of lease liabilities 未計入租賃負債計量之租賃付款 | 13(c) | 4,539 | – |
| Contingent rents under operating leases 經營租賃項下或然租金 | | – | 560 |
| Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)): 僱員福利開支(不包括董事及主要行政人員薪酬(附註8)): | | | |
| Wages, salaries, bonuses and allowances 工資、薪金、花紅及津貼 | | 35,545 | 40,846 |
| Pension scheme contributions (defined contribution schemes) 退休金計劃供款(定額供款計劃) | | 1,623 | 1,746 |
| | | 37,168 | 42,592 |
| Impairment of trade receivables, net 貿易應收款項減值·淨額 | 15 | 102 | – |
| Foreign exchange differences, net 匯兌差異·淨額 | | (175) | (1,144) |

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財務報表附註

31 March 2020 截至2020年3月31日止年度

8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration of the Group for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Fees 袍金 | 1,140 | 1,140 |
| Other emoluments: 其他酬金： | | |
| Salaries, allowances and discretionary bonuses 薪金、津貼及酌情花紅 | 3,514 | 3,956 |
| Pension scheme contributions (defined contribution schemes) 退休金計劃供款(定額供款計劃) | 119 | 36 |
| | 3,633 | 3,992 |
| | 4,773 | 5,132 |

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

| | 2020 二零二零年 | 2019 二零一九年 |
|------------------|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Chan Yee Man 陳綺雯 | 180 | 180 |
| Chiu Kin Fai 招健暉 | 180 | 180 |
| Ng Hoi Yue 伍海于 | 180 | 180 |
| | 540 | 540 |

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

8. 董事及主要行政人員酬金

根據聯交所證券上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條以及香港公司(披露董事利益資料)規例第2部所披露於年內本集團董事及主要行政人員酬金如下：

(a) 獨立非執行董事

年內，已付獨立非執行董事之袍金如下：

年內並無應付獨立非執行董事之其他薪酬(2019年：無)。

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8. Directors' and Chief Executive's Remuneration (Continued)

8. 董事及主要行政人員酬金(續)

(b) Executive directors and the chief executive

(b) 執行董事及主要行政人員

| | Fees 袍金 | Salaries, allowances and discretionary bonuses 薪金、津貼及 酌情花紅 | Pension scheme contributions 退休金 計劃供款 | Total remuneration 酬金總額 |
|---|-----------------|--|---|-------------------------------|
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 2020 2020年 | | | | |
| Executive director and the chief executive: 執行董事及主要行政人員： | | | | |
| Ng Koon Keung, Ricky 吳冠強 | 150 | 2,217 | 60 | 2,427 |
| Executive directors: 執行董事： | | | | |
| Wong Chi Fai 黃志輝 | 150 | – | – | 150 |
| Mok Fung Lin, Ivy 莫鳳蓮 | 150 | 1,297 | 59 | 1,506 |
| Fan Man Seung, Vanessa 范敏嫦 | 150 | – | – | 150 |
| | 600 | 3,514 | 119 | 4,233 |
| 2019 2019年 | | | | |
| Executive director and the chief executive: 執行董事及主要行政人員： | | | | |
| Ng Koon Keung, Ricky 吳冠強 | 150 | 2,490 | 18 | 2,658 |
| Executive directors: 執行董事： | | | | |
| Wong Chi Fai 黃志輝 | 150 | – | – | 150 |
| Mok Fung Lin, Ivy 莫鳳蓮 | 150 | 1,466 | 18 | 1,634 |
| Fan Man Seung, Vanessa 范敏嫦 | 150 | – | – | 150 |
| | 600 | 3,956 | 36 | 4,592 |

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

年內，概無董事或主要行政人員根據任何安排放棄或同意放棄任何酬金。

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9. Five Highest Paid Employees

The five highest paid employees of the Group during the year included two directors (2019: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2019: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | 2020 二零二零年 | 2019 二零一九年 |
|---|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Salaries, allowances and discretionary bonuses 薪金、津貼及酌情花紅 | 2,556 | 2,859 |
| Pension scheme contributions 退休金計劃供款 | 86 | 143 |
| | 2,642 | 3,002 |

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

| | Number of employees 僱員人數 | |
|--|-----------------------------|---------------|
| | 2020 二零二零年 | 2019 二零一九年 |
| Nil to HK\$1,000,000 零至1,000,000港元 | 2 | 2 |
| HK\$1,000,001 to HK\$1,500,000 1,000,001港元至1,500,000港元 | 1 | 1 |
| | 3 | 3 |

During the year, no emolument was paid or payable by the Group to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group or as compensation for the loss of office (2019: Nil).

9. 五名最高薪僱員

年內，本集團五名最高薪僱員包括兩名董事(2019年：兩名董事)，其酬金詳情載於上文附註8。其餘三名(2019年：三名)並非本公司董事又非主要行政人員之最高薪僱員於年內之酬金詳情如下：

酬金在下列範圍內之非董事及非主要行政人員之最高薪僱員人數如下：

年內，本集團並無向非董事及非主要行政人員之最高薪酬僱員支付或應付任何酬金，作為吸引加入本集團或於加入本集團後之獎勵或離職賠償(2019年：無)。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

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10. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

10. 所得稅

香港利得稅乃就於年內在香港產生之估計應課稅溢利按稅率16.5%(2019年：16.5%)作出撥備。

| | 2020 二零二零年 | 2019 二零一九年 |
|---|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Current – Hong Kong 即期 – 香港 | | |
| Charge for the year 年內支出 | 138 | 227 |
| Under/(over) provision in prior years 過往年度撥備不足/(超額撥備) | 5 | (83) |
| Deferred (note 21) 遞延(附註21) | (2,366) | (787) |
| Total tax credit for the year 年內稅項抵免總額 | (2,223) | (643) |

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory tax rate (statutory tax rate for the jurisdiction in which the Company and the majority of the Group's operating subsidiaries are domiciled) to the tax credit at the Group's effective tax rate is as follows:

按香港法定稅率(本公司及本集團大部分經營附屬公司所在司法權區之法定稅率)計算適用於除稅前虧損之稅項開支與按本集團實際稅率計算之稅項抵免對賬如下：

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Loss before tax 除稅前虧損 | (13,851) | (4,621) |
| Tax credit at the Hong Kong statutory tax rate of 16.5% 按香港法定稅率16.5%計算之稅項抵免 | (2,285) | (762) |
| Adjustment in respect of current tax of previous periods 過往期間即期稅項調整 | 5 | (83) |
| Income not subject to tax 無需繳稅之收入 | (192) | (167) |
| Expenses not deductible for tax 不可扣稅開支 | 600 | 409 |
| Others 其他 | (351) | (40) |
| Tax credit at the Group's effective tax rate 按本集團實際稅率計算之稅項抵免 | (2,223) | (643) |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

11. Loss Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of HK\$11,628,000 (2019: HK\$3,978,000) and the weighted average number of ordinary shares of 800,000,000 (2019: 800,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2020 and 2019.

The calculation of basic loss per share is based on:

11. 母公司普通股權益擁有人應佔每股虧損

截至2020年3月31日止年度，每股基本虧損乃根據年內母公司普通股權益擁有人應佔虧損11,628,000港元(2019年：3,978,000港元)及年內已發行普通股加權平均數800,000,000股(2019年：800,000,000股)計算。

本集團於截至2020年及2019年3月31日止年度並無具潛在攤薄作用之已發行普通股。

下列為用作計算每股基本及攤薄虧損之數據：

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Loss 虧損 | | |
| Loss attributable to ordinary equity holders of the parent used in the basic loss per share calculation 計算每股基本虧損所用母公司普通股權益擁有人應佔虧損 | (11,628) | (3,978) |

| | Number of shares 股份數目 | |
|--|--------------------------|---------------|
| | 2020 二零二零年 | 2019 二零一九年 |
| Shares 股份 | | |
| Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation 計算每股基本虧損所用之年內已發行普通股加權平均數 | 800,000,000 | 800,000,000 |

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財務報表附註

31 March 2020 截至2020年3月31日止年度

12. Property, Plant and Equipment

12. 物業、廠房及設備

| | Leasehold improvements 租賃物業裝修 | Furniture, fixtures and equipment 傢俬、裝置及設備 | Motor vehicles 汽車 | Total 總賬面值 |
|---|----------------------------------|---|----------------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 31 March 2020 2020年3月31日 | | | | |
| At 31 March 2019 and at 1 April 2019: 於2019年3月31日及於2019年4月1日： | | | | |
| Cost 成本 | 72,259 | 13,588 | 2,198 | 88,045 |
| Accumulated depreciation 累計折舊 | (43,188) | (12,121) | (1,910) | (57,219) |
| Net carrying amount 賬面淨值 | 29,071 | 1,467 | 288 | 30,826 |
| At 1 April 2019, net of accumulated depreciation 於2019年4月1日，扣除累計折舊 | 29,071 | 1,467 | 288 | 30,826 |
| Additions 添置 | 3,643 | 399 | – | 4,042 |
| Disposal/write-off 出售／撇銷 | (277) | (5) | – | (282) |
| Depreciation provided during the year 年內折舊撥備 | (15,622) | (539) | (82) | (16,243) |
| At 31 March 2020, net of accumulated depreciation 於2020年3月31日，扣除累計折舊 | 16,815 | 1,322 | 206 | 18,343 |
| At 31 March 2020: 於2020年3月31日： | | | | |
| Cost 成本 | 75,625 | 13,982 | 2,198 | 91,805 |
| Accumulated depreciation 累計折舊 | (58,810) | (12,660) | (1,992) | (73,462) |
| Net carrying amount 賬面淨值 | 16,815 | 1,322 | 206 | 18,343 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

12. Property, Plant and Equipment (Continued)

12. 物業、廠房及設備(續)

| | Leasehold improvements 租賃物業裝修 | Furniture, fixtures and equipment 傢俬、裝置及設備 | Motor vehicles 汽車 | Total 總賬面值 |
|---|----------------------------------|---|----------------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 31 March 2019 2019年3月31日 | | | | |
| At 1 April 2018: 於2018年4月1日 : | | | | |
| Cost 成本 | 51,087 | 12,536 | 2,198 | 65,821 |
| Accumulated depreciation 累計折舊 | (34,883) | (11,731) | (1,828) | (48,442) |
| Net carrying amount 賬面淨值 | 16,204 | 805 | 370 | 17,379 |
| At 1 April 2018, net of accumulated depreciation 於2018年4月1日，扣除累計折舊 | 16,204 | 805 | 370 | 17,379 |
| Additions 添置 | 22,742 | 1,066 | – | 23,808 |
| Disposal/write-off 出售／撤銷 | – | (3) | – | (3) |
| Depreciation provided during the year 年內折舊撥備 | (9,875) | (401) | (82) | (10,358) |
| At 31 March 2019, net of accumulated depreciation 於2019年3月31日，扣除累計折舊 | 29,071 | 1,467 | 288 | 30,826 |
| At 31 March 2019: 於2019年3月31日 : | | | | |
| Cost 成本 | 72,259 | 13,588 | 2,198 | 88,045 |
| Accumulated depreciation 累計折舊 | (43,188) | (12,121) | (1,910) | (57,219) |
| Net carrying amount 賬面淨值 | 29,071 | 1,467 | 288 | 30,826 |

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13. Leases

The Group as a lessee

The Group has lease contracts for certain of its office properties, retail stores, warehouses and equipment used in its operations. Leases of properties and equipment generally have lease terms of 1 to 5 years.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

| | Properties and equipment 物業及設備 |
|---------------------------------|-----------------------------------|
| | HK\$'000 千港元 |
| As at 1 April 2019 於2019年4月1日 | 75,157 |
| Additions 添置 | 23,836 |
| Depreciation charge 折舊支出 | (51,050) |
| As at 31 March 2020 於2020年3月31日 | 47,943 |

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

| | Lease liabilities 租賃負債 |
|---|---------------------------|
| | HK\$'000 千港元 |
| Carrying amount at 1 April 2019 於2019年4月1日之賬面值 | 83,909 |
| New leases 新租賃 | 22,477 |
| Accretion of interest recognised during the year 年內已確認利息增量 | 2,642 |
| Payments 付款 | (56,581) |
| Carrying amount at 31 March 2020 於2020年3月31日之賬面值 | 52,447 |
| Analysed into: 分析為: | |
| Current portion 流動部分 | 40,007 |
| Non-current portion 非流動部分 | 12,440 |

The maturity analysis of lease liabilities is disclosed in note 30 to the financial statements.

13. 租賃

本集團作為承租人

本集團擁有用於其營運之若干辦公物業、零售店、倉庫及設備。物業及設備之租期通常為一至五年。

(a) 使用權資產

年內本集團使用權資產之賬面值及變動載列如下：

(b) 租賃負債

年內租賃負債之賬面值及變動載列如下：

租賃負債之到期日分析於財務報表附註30披露。

NOTES TO FINANCIAL STATEMENTS

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31 March 2020 截至2020年3月31日止年度

13. Leases (Continued)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

| | 2020 二零二零年 HK\$'000 千港元 |
|--|----------------------------------|
| Interest on lease liabilities 租賃負債利息 | 2,642 |
| Depreciation charge of right-of-use assets 使用權資產之折舊支出 | 51,050 |
| Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 March 2020 (included in selling and distribution expenses) 與短期租賃及餘下租期於2020年3月31日或之前屆滿之其他租賃有關開支 (計入銷售及分銷開支) | 4,238 |
| Expense relating to leases of low-value assets (included in administrative expense and selling and distribution expenses) 低價值資產租賃有關之開支 (計入行政開支以及銷售及分銷開支) | 301 |
| Total amount recognised in profit or loss 於損益確認之總額 | 58,231 |

(d) The total cash outflow for leases is disclosed in note 24(c) to the financial statements.

(e) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms:

2020

| | Payable within five years 五年內支付 HK\$'000 千港元 | Payable after five years 五年後支付 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|---|--|--------------------------------|
| Extension options expected not to be exercised 預期末獲行使之續租選擇權 | 82,660 | 34,379 | 117,039 |

13. 租賃(續)

本集團作為承租人(續)

(c) 於損益確認之租賃相關金額載列如下：

(d) 租賃現金流出總額於財務報表附註24(c)披露。

(e) 續租選擇權

本集團擁有若干包含續租選擇權的租賃合約。該等選擇權由管理層磋商以靈活管理租賃資產組合並與本集團的業務需求相符。下文載列與續租選擇權行使日期後期間相關的未貼現潛在未來租金付款(不包括在租賃條款內)：

2020年

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13. Leases (Continued)

The Group as a lessor

The Group subleases certain car parks under finance lease arrangement, with the lease negotiated for a term of three years.

At 31 March 2020, the undiscounted lease payments receivables by the Group in future periods under non-cancellable finance lease with its tenant are as follows:

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|
| Within one year 一年內 | 1,540 | 1,520 |
| After one year but within two years 一年後但於兩年內 | 390 | 1,540 |
| After two years but within three years 兩年後但於三年內 | – | 390 |
| | 1,930 | 3,450 |

14. Inventories

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|----------------------------|----------------------------------|----------------------------------|
| Goods held for sale 持作出售貨品 | 36,399 | 46,326 |

15. Trade Receivables

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|--------------------------|----------------------------------|----------------------------------|
| Trade receivables 貿易應收款項 | 3,592 | 9,454 |
| Impairment 減值 | (152) | (50) |
| | 3,440 | 9,404 |

13. 租賃(續)

本集團作為出租人

本集團根據融資經營租賃安排分租若干停車場，商定租期為三年。

於2020年3月31日，本集團與其租戶不可撤銷融資租賃下於未來期間應收未貼現租金付款如下：

14. 存貨

15. 貿易應收款項

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15. Trade Receivables (Continued)

The Group's retail sales are usually paid in cash or by major credit/debit cards, with the settlement from the corresponding banks or other financial institutions normally within 7 to 30 days. The Group's trading terms with its wholesale, project and consultancy service customers are mainly on credit, except for new customers, where payment in advance and/or upon delivery is normally required. The credit period for these customers is generally one to two months, extending up to six months for major project and consultancy service customers, or based on terms agreed by the relevant parties as set out in respective agreements. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

| | 2020 二零二零年 | 2019 二零一九年 |
|---------------------|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Within 1 month 一個月內 | 2,808 | 8,266 |
| 1 to 3 months 一至三個月 | 449 | 974 |
| Over 3 months 三個月以上 | 183 | 164 |
| | 3,440 | 9,404 |

Included in the Group's trade receivables was an amount due from a related company of approximately HK\$66,000 as at 31 March 2020 (2019: a fellow subsidiary of approximately HK\$98,000).

The movement in the loss allowance for impairment of trade receivables is as follows:

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| At beginning of year 於年初 | 50 | 50 |
| Impairment losses, net (note 7) 減值虧損，淨額(附註7) | 102 | — |
| At end of year 於年末 | 152 | 50 |

15. 貿易應收款項(續)

本集團之零售銷貨通常以現金支付或以主要信用卡／扣賬卡形式支付，往來銀行或其他金融機構通常會於7至30日內結算。本集團與其批發客戶、項目客戶及諮詢服務客戶之貿易條款主要為以信貸方式結賬，惟新客戶一般情況下須按預付及／或交貨付款方式結算。該等客戶之信貸期一般為一至兩個月，可為主要的項目客戶及諮詢服務客戶最多延長至六個月或按相關方根據各協議所載協定之期限。本集團力求嚴格控制其未清償之應收款項，並由高級管理層審閱逾期結欠。本集團並無就其貿易應收款項結餘持有任何抵押品或其他信用提升措施。貿易應收款項為不計息。

於報告期末，本集團貿易應收款項按發票日期之賬齡分析如下：

於2020年3月31日，本集團貿易應收款項包括應收關聯公司款項約66,000港元(2019：同系附屬公司款項約98,000港元)。

貿易應收款項減值虧損撥備之變動載列如下：

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15. Trade Receivables (Continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments. The calculation reflects information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, as appropriate.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2020

| | Past due 逾期 | | | | Total 總計 |
|--|----------------|-------------------------------|---------------------------|---------------------------|-------------|
| | Current 即期 | Less than 1 month 少於一個月 | 1 to 3 months 一至三個月 | Over 3 months 三個月以上 | |
| Expected credit loss rate 預期信貸虧損率 | 2.42% | 12.66% | 14.09% | 17.39% | 4.23% |
| Gross carrying amount (HK\$'000) 總賬面值(千港元) | 3,018 | 237 | 291 | 46 | 3,592 |
| Expected credit losses (HK\$'000) 預期信貸虧損(千港元) | 73 | 30 | 41 | 8 | 152 |

Based on an impairment analysis performed at the end of the reporting period, the expected credit loss as at 31 March 2019 was considered by management to be minimal.

16. Prepayments, Deposits and Other Receivables

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Prepayments 預付款項 | 671 | 1,861 |
| Deposits and other receivables* 按金及其他應收款項* | 24,183 | 22,124 |
| | 24,854 | 23,985 |
| Impairment allowance 減值撥備 | — | — |
| | 24,854 | 23,985 |
| Less: Non-current portion 減：非流動部分 | (10,387) | (15,009) |
| Current portion 流動部分 | 14,467 | 8,976 |

* Included in the Group's deposits and other receivables was an amounts due from fellow subsidiaries of approximately HK\$2,512,000 as at 31 March 2020 (2019: HK\$2,513,000) which are unsecured, non-interest bearing and repayable on demand.

15. 貿易應收款項(續)

於各報告日期均採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於就多個客戶分部進行分組而逾期的日數計算。該計算反映於報告日期可得的有關過往事件、現況及未來經濟狀況預測(如適當)的資料。

下文載列使用撥備矩陣得出本集團貿易應收款項面臨的信貸風險的資料：

於2020年3月31日

根據於報告期末進行的減值分析，於2019年3月31日的預期信貸虧損被管理層視為較小。

16. 預付款項、按金及其他應收款項

* 於2020年3月31日，應收同系附屬公司款項約2,512,000港元(2019年：2,513,000港元)計入本集團按金及其他應收款項，屬無抵押、免息及須按要求償還。

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16. Prepayments, Deposits and Other Receivables (Continued)

The movements in the loss allowance for impairment of other receivables are as follows:

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| At beginning of year 於年初 | – | (115) |
| Amount written off as uncollectible 撇銷不可收回金額 | – | 115 |
| At end of year 於年末 | – | – |

None of the financial assets included in the above balances was either past due or impaired as at 31 March 2020 and 2019. The financial assets included in the above balances related to deposits and other receivables for which there was no recent history of default and past due amounts. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 March 2020 and 2019 was considered by management to be minimal.

17. Trade and Bills Payables

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2020 二零二零年 | 2019 二零一九年 |
|---------------------|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Within 1 month 一個月內 | 3,613 | 6,699 |
| 1 to 3 months 一至三個月 | 34 | 204 |
| Over 3 months 三個月以上 | 808 | 387 |
| | 4,455 | 7,290 |

The trade and bills payables are non-interest-bearing and are normally settled on terms of 60 to 120 days.

The Group's trade and bills payables include amounts denominated in the following foreign currencies:

| | 2020 二零二零年 | 2019 二零一九年 |
|--|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| United States dollar ("US\$") 美元(「美元」) | 297 | 457 |
| Euro ("EUR") 歐元(「歐元」) | 3,452 | 6,033 |
| | 3,749 | 6,490 |

16. 預付款項、按金及其他應收款項(續)

其他應收款項減值虧損撥備之變動載列如下：

於2020及2019年3月31日計入上述結餘內之金融資產概無逾期亦無減值。計入上述結餘之金融資產與近期並無拖欠還款記錄及逾期款項的按金及其他應收款項有關。其可收回性乃經參考債務人的信貸狀況評估，及於2020及2019年3月31日的預期信貸虧損被管理層視為較小。

17. 貿易應付款項及應付票據

於報告期末，貿易應付款項及應付票據按發票日期之賬齡分析如下：

貿易應付款項及應付票據為不計息且一般須於60日至120日內結清。

本集團貿易應付款項及應付票據包括以下列外幣計值之款項：

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18. Other Payables and Accruals

18. 其他應付款項及應計費用

| | Notes 附註 | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|---|-------------|----------------------------------|----------------------------------|
| Other payables and accruals 其他應付款項及應計費用 | (a) | 15,104 | 20,543 |
| Contract liabilities 合約負債 | (b) | 19,313 | 22,604 |
| | | 34,417 | 43,147 |

Notes:

- (a) Included in the Group's other payables and accruals was an amount due to a fellow subsidiary of approximately HK\$8,853,000 as at 31 March 2020 (2019: HK\$6,992,000), which is unsecured, non-interest-bearing and has no fixed terms of repayment. Except for the above, other payables are non-interest-bearing and have an average term of one month.

As a result of the initial application of HKFRS 16, accrued lease payments of HK\$4,340,000 previously included in "Other payables and accruals" were adjusted to the right-of-use assets recognised at 1 April 2019 (refer to note 2.2 to the financial statements for further details).

- (b) Details of contract liabilities are as follows:

附註：

- (a) 於2020年3月31日應付同系附屬公司款項約8,853,000港元(2019年:6,992,000港元)計入本集團其他應付款項及應計費用。該等款項為無抵押、免息及無固定償還期限。除上述者外，其他應付款項為免息，平均期限為一個月。

由於首次應用香港財務報告準則第16號，過往計入「其他應付款項及應計費用」之應計租賃付款4,340,000港元已予調整至於2019年4月1日確認之使用權資產(進一步詳情，請參閱財務報表附註2.2)。

- (b) 合約負債之詳情載列如下：

| | 31 March 2020 二零二零年 三月三十一日 HK\$'000 千港元 | 31 March 2019 二零一九年 三月三十一日 HK\$'000 千港元 | 1 April 2018 二零一八年 四月一日 HK\$'000 千港元 |
|--|---|---|--|
| Consideration received from customers in advance 已收客戶墊付代價 | | | |
| Sale of goods 銷售貨品 | 19,243 | 22,287 | 16,293 |
| Sale of gift vouchers 銷售禮券 | 70 | 317 | 277 |
| Total contract liabilities 合約負債總額 | 19,313 | 22,604 | 16,570 |

Contract liabilities include consideration received in advance of the delivery of goods and for sale of gift vouchers.

合約負債包括提前交付貨物收取的代價及銷售禮券。

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19. Interest-Bearing Bank Borrowings

19. 計息銀行借款

| | 2020 二零二零年 | 2019 二零一九年 |
|---|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Current 即期 | | |
| Bank borrowings repayable within one year or on demand – unsecured 於一年內或按要求償還之銀行借款 – 無抵押 | – | 4,002 |

The Group's bank borrowings are denominated in the following currencies:

本集團之銀行借款以下列貨幣計值：

| | 2020 二零二零年 | 2019 二零一九年 |
|---------|-----------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| US\$ 美元 | – | 375 |
| EUR 歐元 | – | 3,627 |
| HK\$ 港元 | – | – |
| | – | 4,002 |

As at 31 March 2019, the bank borrowings bore interest at United States dollar/Euro prime lending rates as quoted by the relevant banks or the higher of the following:

- United States dollar/Euro prime lending rates as quoted by the relevant banks
- London Interbank Offered Rate plus 1.95% – 2.5%
- Hong Kong Interbank Offered Rate plus 2.75%

As at 31 March 2019, the bank borrowings of the Group with a total carrying amount of approximately HK\$4,002,000 containing a repayment on demand clause had been classified in total as current liabilities. For the purpose of the above analysis, the bank borrowings were analysed into bank borrowings repayable within one year or on demand.

As at 31 March 2020, the Group had aggregate banking facilities amounting to approximately HK\$97,000,000 (2019: HK\$97,000,000), of which an aggregate amount of HK\$9,926,000 (2019: HK\$17,685,000) was utilised as at 31 March 2020.

於2019年3月31日，銀行借款按有關銀行所報美元／歐元最優惠貸款利率或以下較高者計息：

- 相關銀行所報美元／歐元最優惠貸款利率
- 倫敦銀行同業拆息率加1.95%至2.5%
- 香港銀行同業拆息加2.75%

於2019年3月31日，賬面總額約為4,002,000港元且包含按要求償還條款之本集團銀行借款已作為流動負債歸入總額。就上述分析而言，銀行借款分為於一年內償還或按要求償還。

於2020年3月31日，本集團之銀行融資總額約為97,000,000港元(2019年：97,000,000港元)，其中於2020年3月31日已動用總額約9,926,000港元(2019年：17,685,000港元)。

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20. Provisions

Pursuant to the terms of relevant tenancy agreements, the Group, as the lessee of certain properties under operating leases, has the obligations to reinstate its leased properties to their original state or to a condition as specified in the respective tenancy agreements at the cost of the Group at the end/upon the termination of the relevant lease terms.

20. 撥備

根據有關租賃協議條款，本集團作為經營租賃項下若干物業之承租人於有關租賃期結束／終止時，有責任修復其租用物業至原狀或至各自租賃協議所規定之狀況，費用由本集團承擔。

| | Provisions for reinstatement costs 修復成本撥備 | |
|---|--|-----------------|
| | 2020 二零二零年 | 2019 二零一九年 |
| | HK\$'000 千港元 | HK\$'000 千港元 |
| At beginning of year 於年初 | 8,426 | 5,301 |
| Additional provisions 額外撥備 | 747 | 3,456 |
| Amounts utilised during the year 年內已動用金額 | (714) | (116) |
| Reversal of unutilised amounts/decrease in estimated provisions 未動用金額撥回／估計撥備減少 | (219) | (215) |
| At 31 March 於3月31日 | 8,240 | 8,426 |
| Less: Non-current portion 減：非流動部分 | (3,818) | (6,827) |
| Current portion 流動部分 | 4,422 | 1,599 |

The provisions for reinstatement costs were determined based on certain assumptions and estimates made by the directors of the Company with reference to past experience and available information. The assumptions and estimates are reviewed, and revised where appropriate, at least at each financial year end.

修復成本撥備乃根據本公司董事參考過往經驗及可用資料作出之假設及估計而釐定。該等假設及估計至少於每個財政年度末檢討及修改(如適用)。

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21. Deferred Tax Assets

The movements in deferred tax assets during the year are as follows:

| | Note 附註 | Depreciation in excess of related depreciation allowance 超過有關折舊 撥備之折舊 HK\$'000 千港元 |
|--|------------|--|
| At 1 April 2018 於2018年4月1日 | | 1,681 |
| Deferred tax credited to profit or loss during the year 計入年內損益之遞延稅項 | 10 | 787 |
| At 31 March 2019 and 1 April 2019 於2019年3月31日及2019年4月1日 | | 2,468 |
| Deferred tax credited to profit or loss during the year 計入年內損益之遞延稅項 | 10 | 2,366 |
| At 31 March 2020 於2020年3月31日 | | 4,834 |

21. 遞延稅項資產

遞延稅項資產於年內之變動如下：

22. Share Capital

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| Issued and fully paid Shares: 已發行及悉數繳足股份： | | |
| 800,000,000 (2019: 800,000,000) ordinary shares 800,000,000 (2019年：800,000,000) 普通股 | 110,337 | 110,337 |

22. 股本

23. Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 8 January 2018.

The principal terms of the Share Option Scheme are summarised as follows:

(a) Purpose of the Share Option Scheme

To enable the Group to attract, retain and motivate talented eligible participants to strive for future developments and expansion of the Group.

23. 購股權計劃

本公司於2018年1月8日採納一項購股權計劃(「購股權計劃」)。

購股權計劃之主要條款概述如下：

(a) 購股權計劃之目的

讓本集團能吸引、挽留及激勵有才幹之合資格參與者以謀求本集團之未來發展及擴張。

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23. Share Option Scheme (Continued)

(b) Eligibility

Eligible participants of the Share Option Scheme include any director, including any executive or independent non-executive director, any employee of any member of the Group, any trustee of a trust whose beneficiaries or objects include any employee or business associate of the Group, any adviser or consultant to the Group, any provider of goods and/or services to the Group, or any other person who the board of directors of the Company considers, in its sole discretion, has contributed or may contribute to the Group.

(c) Maximum number of shares available for issue

- (i) total number of shares available for issue as at 11 June 2020 (i.e. the date of the Company's annual report for the year): 80,000,000 shares: and
- (ii) percentage of the issued shares of the Company that it represents as at 11 June 2020: 10%.

(d) Maximum entitlement of each eligible participant

- (i) in aggregate not to exceed 1% of the shares in issue in any 12-month period unless approved by the shareholders; and
- (ii) options granted to substantial shareholders or independent non-executive directors or their respective associates in any 12-month period exceeding 0.1% of the shares in issue and with a value in excess of HK\$5,000,000 must be approved by the shareholders.

(e) Period within which the shares must be taken up under an option

At any time during the option period in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an option was granted from the date of grant of the option but in any event not exceeding 10 years from the date of grant.

(f) Minimum period for which an option must be held before it can be exercised

No minimum period unless otherwise determined by the board of directors.

23. 購股權計劃(續)

(b) 資格

購股權計劃之合資格參與者包括本集團任何成員公司之任何董事(包括任何執行或獨立非執行董事)、任何僱員、受益人或受益對象包括本集團任何僱員或業務聯繫人的信託的任何信託人;本集團任何顧問或諮詢人;本集團任何商品及/或服務之供應商;或本公司董事會全權酌情認為對本集團有貢獻或可能會作出貢獻之任何其他人士。

(c) 可予發行之股份上限數目

- (i) 於2020年6月11日(即本公司本年度年報日期)可予發行之股份總數:80,000,000股;及
- (ii) 於2020年6月11日佔本公司已發行股份之百分比:10%。

(d) 每名合資格參與者可獲授權益上限

- (i) 除非獲股東批准,否則在任何12個月期間內總計不得超過已發行股份之1%;及
- (ii) 於任何12個月期間內向主要股東或獨立非執行董事或彼等各自之聯繫人授出之購股權,若超過已發行股份之0.1%及價值超過5,000,000港元須經股東批准。

(e) 行使購股權認購股份之期限

根據購股權計劃之條款及自授出購股權日期起授出購股權的該等其他條款及條件於購股權期間之任何時間,惟於任何情況下,不得超過授出日期起計10年。

(f) 購股權行使前必須持有之最短期限

除非董事會另行釐定,否則並無最短期限。

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23. Share Option Scheme (Continued)

- (g) (i) Price payable on application or acceptance of the option: HK\$1.00;
- (ii) The period within which payments or calls must or may be made: within 28 days from the date of grant; and
- (iii) Period within which loans for such purposes of the payments or calls must be repaid: Not applicable.

(h) Basis for determining the exercise price

The exercise price is determined by the board of directors of the Company and will not be less than the higher of (a) the Stock Exchange closing price of the Company's shares on the date of grant; and (b) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of grant.

(i) The remaining life of the Share Option Scheme

Approximately 7.5 years (expiring on 7 January 2028).

No share option has been granted under the Share Option Scheme since its adoption date.

24. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

- (i) During the year, additional provisions for reinstatement costs in respect of certain leased properties of the Group amounting to approximately HK\$747,000 (2019: HK\$3,456,000) were recognised and these amounts were recognised as part of the cost of related property, plant and equipment of the Group and reflected as additions to leasehold improvements of the Group during the year.
- (ii) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$23,836,000 and HK\$22,477,000, respectively, in respect of lease arrangements for leased properties (2019: Nil).

23. 購股權計劃(續)

- (g) (i) 申請或接納購股權時所須繳付的代價：1.00港元；
- (ii) 必須或可能付款或通知付款之期限：授出日期起計28日內；及
- (iii) 作付款或通知付款用途的貸款償還期限：不適用。

(h) 釐定行使價之基準

行使價乃由本公司董事會釐定，惟不得低於下列較高者：(a)於授出日期本公司股份之聯交所收市價；及(b)於緊接授出日期前五個營業日本公司股份之平均聯交所收市價。

(i) 購股權計劃之餘下年期

約7.5年(於2028年1月7日屆滿)。

自購股權計劃採納日期起，概無購股權根據購股權計劃獲授出。

24. 綜合現金流量表附註

(a) 主要非現金交易

- (i) 年內，就本集團若干租用物業所作出之修復成本已作出額外撥備約747,000港元(2019年：3,456,000港元)，有關款項確認為本集團相關物業、廠房及設備成本之一部分，並於年內呈列為本集團之租賃物業裝修添置。
- (ii) 於年內，本集團就租用物業之租賃安排分別擁有使用權資產及租賃負債之非現金添置23,836,000港元及22,477,000港元(2019年：無)。

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財務報表附註

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24. Notes to the Consolidated Statement of Cash Flows (Continued) 24. 綜合現金流量表附註(續)

(b) Changes in liabilities arising from financing activities

(b) 融資活動產生之負債之變動

2020

2020年

| | Lease liabilities 租賃負債 | Bank borrowings 銀行借款 |
|--|---------------------------|-------------------------|
| | HK\$'000 千港元 | HK\$'000 千港元 |
| At 1 April 2019 於2019年4月1日 | – | 4,002 |
| Effect of adoption of HKFRS 16 採納香港財務報告準則第16號之影響 | 83,909 | – |
| At 1 April 2019 (restated) 於2019年4月1日(重列) | 83,909 | 4,002 |
| Changes from financing cash flows 融資現金流量之變動 | (56,581) | (4,002) |
| New leases 新租賃 | 22,477 | – |
| Interest expense 利息開支 | 2,642 | – |
| At 31 March 2020 於2020年3月31日 | 52,447 | – |

2019

2019年

| | Bank borrowings 銀行借款 |
|---|-------------------------|
| | HK\$'000 千港元 |
| At 1 April 2018 於2018年4月1日 | 19,798 |
| Changes from financing cash flows 融資現金流量之變動 | (15,796) |
| At 31 March 2019 於2019年3月31日 | 4,002 |

(c) Total cash outflow for leases

(c) 租賃之現金流出總額

The total cash outflow for leases included in the statement of cash flows is as follows:

計入現金流量表之租賃之現金流出總額載列如下：

| | 2020 二零二零年 |
|-----------------------------------|-----------------|
| | HK\$'000 千港元 |
| Within operating activities 經營活動內 | 4,539 |
| Within financing activities 融資活動內 | 56,581 |
| | 61,120 |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

25. Commitments

Operating lease commitments as at 31 March 2019

The Group leased certain of its office properties, retail stores, warehouses, office equipment and carparks under operating lease arrangements. Leases for properties were negotiated for terms ranging from one to four years, and those for office equipment were for terms of five years.

At 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | 2019 二零一九年 HK\$'000 千港元 |
|--|----------------------------------|
| Within one year 一年內 | 53,356 |
| In the second to fifth years, inclusive 第二至第五年(包括首尾兩年) | 36,125 |
| | 89,481 |

The operating leases of certain retail stores also called for additional/contingent rentals, which would be based on a certain percentage of revenue/turnover of the operations being undertaken therein pursuant to the terms and conditions as stipulated in the respective tenancy agreements. As the future revenue/turnover of these stores could not be reliably determined at the end of each of the financial years, the relevant contingent rentals have not been included in the operating lease commitments disclosure above. Certain of the lease arrangements contain renewal options.

25. 承擔

於2019年3月31日之經營租賃承擔

本集團根據經營租賃安排租用其若干辦公場所、零售店、倉庫、辦公設備及任何停車場。物業之商定租期介乎一至四年，而辦公設備之租期為五年。

於2019年3月31日，本集團不可撤銷經營租賃下未來最低租賃付款額之到期情況如下：

若干零售店之經營租賃亦收取額外／或然租金，此乃根據各自租賃協議所訂條款及條件按所從業務務所得收入／營業額之若干百分比收取。由於該等店舖於各財政年末之未來收入／營業額無法可靠釐定，故有關或然租金未計入上述披露之經營租賃承擔內。若干租賃安排包含續約選擇權。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

26. Related Party Transactions

- (a) In addition to the transactions, arrangements and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

| | | 2020 二零二零年 | 2019 二零一九年 |
|--|-------------|-----------------|-----------------|
| | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| Project sales 項目銷售 | (i) | 9,212 | 753 |
| Rentals 租金 | (ii) | – | 7,078 |
| Lease expenses 租賃開支 | (ii) | 8,312 | – |
| Reimbursement of administrative expenses 行政開支之償付 | (iii) | 1,813 | 4,315 |
| Financial advisory fees 財務顧問費 | (iv) | 320 | 240 |
| Company secretarial fees 公司秘書費 | (v) | 160 | 160 |

The above related companies were beneficially owned by a director of the Company or private discretionary trusts of which Dr. Albert Yeung is also the founder.

Notes:

- (i) The project sales were on terms agreed by the relevant parties as set out in the respective agreements.
- (ii) The rentals charged/lease expenses were based on terms as agreed by the relevant parties as set out in the respective tenancy agreements. Lease expenses comprised of depreciation charge of right-of-use assets and interest on lease liabilities amounting to HK\$7,709,000 (2019: Nil) and HK\$603,000 (2019: Nil), respectively. The right-of-use assets and lease liabilities as at 31 March 2020 were HK\$7,389,000 (2019: Nil) and HK\$10,637,000 (2019: Nil), respectively.
- (iii) The reimbursement of administrative expenses charged by a related company was with reference to the costs incurred by the related company.
- (iv) The financial advisory fees were charged by the related company based on terms as set out in the respective agreements.
- (v) The company secretarial fees were charged by the related company based on terms as set out in the relevant agreement.

26. 關聯方交易

- (a) 除財務報表其他地方所詳述之交易、安排及結餘外，本集團於年內與關聯方有以下交易：

上述關聯公司由本公司董事或私人全權信託(楊博士亦為其創辦人)實益擁有。

附註：

- (i) 項目銷售乃基於由相關方按相關協議所載協定之條款進行。
- (ii) 租金支出／租賃開支乃按相關方協定之載列於各自租賃協議之條款計算。租賃開支包括使用權資產及租賃負債利息之折舊開支分別為7,709,000港元(2019年：無)及603,000港元(2019年：無)。於2020年3月31日，使用權資產及租賃負債分別為7,389,000港元(2019年：無)及10,637,000港元(2019年：無)。
- (iii) 關聯公司收取之行政開支乃參考該關聯公司產生之成本償付。
- (iv) 關聯公司所收取之財務顧問費按載列於各自協議之條款收取。
- (v) 公司秘書費由關聯公司根據相關協議所載之條款收取。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

26. Related Party Transactions (Continued)

- (b) The amount due from the immediate holding company included in the Company's current assets is unsecured, interest-free and repayable on demand.
- (c) Operating lease arrangements

At 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases of properties entered into with certain fellow subsidiaries of the Group falling due as follows:

| | 2019 二零一九年 HK\$'000 千港元 |
|--|----------------------------------|
| Within one year 一年內 | 8,922 |
| In the second to fifth years, inclusive 第二至第五年(包括首尾兩年) | 10,410 |
| | 19,332 |

- (d) Compensation of key management personnel of the Group:

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| Fees 袍金 | 1,140 | 1,140 |
| Short-term employee benefits 短期僱員福利 | 6,070 | 6,815 |
| Post-employment benefits 離職福利 | 205 | 179 |
| | 6,275 | 6,994 |
| Total compensation paid to key management personnel 付予主要管理人員之薪酬總額 | 7,415 | 8,134 |

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

26. 關聯方交易(續)

- (b) 計入本公司流動資產之應收直接控股公司之款項為無抵押、免息及須按要求償還。
- (c) 經營租賃安排

於2019年3月31日，本集團於若干同系附屬公司簽訂之不可撤銷經營租賃項下未來最低租賃付款總額之到期情況如下：

- (d) 本集團主要管理人員薪酬：

董事及主要行政人員酬金之其他詳情載於財務報表附註8。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

27. Contingent Liabilities

At 31 March 2020, contingent liabilities not provided for by the Group in the financial statements were as follows:

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| In connection with a bank guarantee given to a landlord in lieu of rental deposit required under a certain tenancy agreement 有關向一名業主作出之銀行擔保，以代替若干租賃協議規定之租金按金 | 2,535 | 2,535 |
| In connection with a bank guarantee given to a customer in lieu of a surety bond required under a certain project sales agreement 有關向一名顧客作出之銀行擔保，以代替若干項目銷售協議規定之履約保證 | 171 | 171 |
| | 2,706 | 2,706 |

27. 或然負債

於2020年3月31日，本集團並未於財務報表作出撥備之或然負債如下：

28. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

| | Financial assets at amortised cost 按攤銷成本計量之金融資產 | |
|--|---|----------------------------------|
| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
| Trade receivables 貿易應收款項 | 3,440 | 9,404 |
| Financial assets included in prepayments, deposits and other receivables 計入預付款項、按金及其他應收款項內之金融資產 | 22,737 | 21,082 |
| Cash and cash equivalents 現金及現金等價物 | 63,670 | 59,469 |
| | 89,847 | 89,955 |

28. 按類別劃分之金融工具

各類別金融工具於報告期末之賬面值如下：

金融資產

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

28. Financial Instruments by Category (Continued)

Financial liabilities

| | Financial liabilities at amortised cost 按攤銷成本計量之金融負債 | |
|---|--|-----------------|
| | 2020 二零二零年 | 2019 二零一九年 |
| | HK\$'000 千港元 | HK\$'000 千港元 |
| Trade and bills payables 貿易應付款項及應付票據 | 4,455 | 7,290 |
| Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債 | 13,951 | 14,976 |
| Interest-bearing bank borrowings 計息銀行借款 | – | 4,002 |
| Lease liabilities 租賃負債 | 52,447 | – |
| | 70,853 | 26,268 |

29. Fair Value and Fair Value Hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

At the end of the reporting period, the carrying amounts of the Group's financial assets and financial liabilities reasonably approximated to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables, accruals and other liabilities, interest-bearing bank borrowings reasonably approximate to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or the effect of discounting is not material.

28. 按類別劃分之金融工具(續)

金融負債

29. 公平值及公平值層級

金融資產及負債之公平值按工具於自願雙方之間之現時交易(強迫或因清盤出售除外)中所交換之金額入賬。

於報告期末，本集團之金融資產及金融負債之賬面值合理地與其公平值相若。

管理層已作出評估，並得出現金及現金等價物、貿易應收款項、計入預付款項、按金及其他應收款項內之金融資產、貿易應付款項及應付票據、計入其他應付款項、應計費用及其他負債內之金融負債以及計息銀行借款之公平值乃與彼等之賬面值合理相若，主要原因是該等工具均屬短期性質／須按要求償還或並無重大折讓影響。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables and financial liabilities included in other payables, accruals and other financial liabilities, which mainly arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group mitigates the risk by monitoring closely and regularly the movements in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate interest-bearing bank borrowings).

| | Increase/ (decrease) in basis points 基準點 增加/(減少) | Increase/ (decrease) in loss before tax 除稅前虧損 增加/(減少) |
|---|---|--|
| | | HK\$'000 千港元 |
| Year ended 31 March 2019 截至2019年3月31日止年度 | | |
| US\$ 美元 | 50 (50) | 2 (2) |
| EUR 歐元 | 50 (50) | 18 (18) |

The directors of the Company consider that the Group's exposure to interest rate risk as at 31 March 2020 was not significant.

30. 財務風險管理目標及政策

本集團之主要金融工具包括計息銀行借款及現金及現金等價物。此等金融工具之主要目的是為本集團之經營業務籌集資金。本集團擁有多項其他金融資產及負債，如貿易應收款項、計入預付款項、按金及其他應收款項內之金融資產、貿易應付款項及應付票據以及計入其他應付款項、應計費用及其他金融負債內之金融負債，均主要直接來自經營業務。

本集團金融工具產生之主要風險為利率風險、外匯風險、信貸風險及流動資金風險。董事會檢討及批核管理各種有關風險之政策，有關風險概述如下。

利率風險

本集團面臨主要與本集團按浮動利率計息之計息銀行借款有關之市場利率變動之風險。本集團透過定期緊密監控利率變動降低該風險。

下表顯示在所有其他變量保持不變之情況下，本集團除稅前虧損（透過對浮息銀行借款之影響）對利率可能出現之合理波動之敏感度。

本公司董事認為，本集團於2020年3月31日面臨之利率風險並不重大。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

30. Financial Risk Management Objectives and Policies (Continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures primarily arise from purchases by the Group's operating units and certain monetary liabilities of the Group denominated in EUR and US\$, being currencies other than the units' functional currencies. For the year ended 31 March 2020, certain interest-bearing bank borrowings and purchases of the Group were denominated in EUR, which is different from the functional currencies of the respective operating units. The directors of the Company do not expect any significant movements in the US\$/HK\$ exchange rate as the HK\$ is pegged to the US\$ within a narrow band.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

| | | Increase/ (decrease) in EUR exchange rate 歐元匯率 增加/(減少) | Increase/ (decrease) in loss before tax 除稅前虧損 增加/(減少) |
|---------------------------------|--------------|---|--|
| | | % | HK\$'000 千港元 |
| 2020 | 2020年 | | |
| If HK\$ weakens against EUR | 倘港元兌歐元貶值 | 5 | 173 |
| If HK\$ strengthens against EUR | 倘港元兌歐元升值 | (5) | (173) |
| 2019 | 2019年 | | |
| If HK\$ weakens against EUR | 倘港元兌歐元貶值 | 5 | 483 |
| If HK\$ strengthens against EUR | 倘港元兌歐元升值 | (5) | (483) |

Credit risk

The Group trades on credit terms primarily with recognised and creditworthy third parties. It is the Group's general policy that customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

30. 財務風險管理目標及政策(續)

外匯風險

本集團須承受交易貨幣風險。該等風險主要來自本集團經營單位作出之採購及本集團以歐元及美元計值之若干貨幣負債(即該等單位功能貨幣以外之貨幣)。於截至2020年3月31日止年度,本集團進行之若干計息銀行借款及採購乃以歐元計值,與有關經營單位之功能貨幣有別。本公司董事預期美元兌港元匯率將不會有任何重大波動,因為港元與美元掛鈎,只會於小幅度範圍內上落。

下表顯示於報告期末在所有其他變量保持不變之情況下,本集團除稅前虧損對歐元匯率可能出現之合理波動(因貨幣資產及負債之公平值變動)之敏感度。

信貸風險

本集團僅與獲認可且信譽良好之第三方進行信貸買賣。本集團之政策為,所有有意進行信貸買賣之客戶均須通過信貸核實程序。此外,應收款項結餘乃按持續經營基準進行監控,而本集團面對之壞賬風險不大。

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

30. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

As at 31 March 2020

30. 財務風險管理目標及政策 (續)

外匯風險 (續)

最大風險及年末階段

下表載列於3月31日根據本集團信貸政策的信貸質素及所承受的最大信貸風險(除非無需付出不必要成本或努力而可獲得其他資料,否則主要基於已逾期資料)及年末階段分類。所呈列金額為金融資產的總賬面值。

於2020年3月31日

| | 12-month ECLs 十二個月 預期信貸 虧損 | | Lifetime ECLs 全期預期信貸虧損 | | | Total 總計 |
|---|-------------------------------------|-----------------|---------------------------|--------------------------------|---------------|-------------|
| | Stage 1 第一階段 | Stage 2 第二階段 | Stage 3 第三階段 | Simplified approach 簡化方法 | | |
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | | |
| Trade receivables* 貿易應收款項* | – | – | – | 3,592 | 3,592 | |
| Financial assets included in prepayments, deposits and other receivables 計入預付款項、按金及其他應收款項的 金融資產 | | | | | | |
| – Normal** 正常** | 22,737 | – | – | – | 22,737 | |
| Cash and cash equivalents 現金及現金等價物 | | | | | | |
| – Not yet past due 尚未逾期 | 63,670 | – | – | – | 63,670 | |
| | 86,407 | – | – | 3,592 | 89,999 | |

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

30. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 March 2019

30. 財務風險管理目標及政策(續)

外匯風險(續)

最大風險及年末階段(續)

於2019年3月31日

| | 12-month ECLs 十二個月 預期信貸 虧損 | | Lifetime ECLs 全期預期信貸虧損 | | Simplified approach 簡化方法 | Total 總計 |
|--|-------------------------------------|-----------------|---------------------------|-----------------|-----------------------------|-------------|
| | Stage 1 第一階段 | Stage 2 第二階段 | Stage 3 第三階段 | | | |
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | | |
| Trade receivables* 貿易應收款項* | – | – | – | 9,454 | 9,454 | |
| Financial assets included in prepayments, deposits and other receivables 計入預付款項、按金及其他應收款項內之金融資產 | | | | | | |
| – Normal** 正常** | 21,082 | – | – | – | 21,082 | |
| Cash and cash equivalents 現金及現金等價物 | | | | | | |
| – Not yet past due 尚未逾期 | 59,469 | – | – | – | 59,469 | |
| | 80,551 | – | – | 9,454 | 90,005 | |

* For trade receivables, the Group applies the simplified approach for impairment, further detail information is disclosed in note 15 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

* 就本集團就貿易應收款項應用簡化減值方法，進一步詳情於財務報表附註15披露。

** 計入預付款項、按金及其他應收款的金融資產的信貸質量在未逾期時被視為「正常」，並且概無資料顯示金融資產自最初確認以來信貸風險顯著增加。

Liquidity risk

The Group's objective is to maintain adequate funds to meet commitments associated with its financial liabilities. Cash flows of the Group are closely monitored by senior management on an on-going basis, considering the maturity of the Group's financial liabilities and financial assets, and projected cash flows from operations.

流動資金風險

本集團旨在保持充足之資金以滿足與其金融負債有關之承擔。本集團高級管理層考慮本集團金融負債與金融資產之到期情況及經營業務之預測現金流量，按持續經營基準密切監控現金流量。

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財務報表附註

31 March 2020 截至2020年3月31日止年度

30. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

| | On demand 按要求 | Less than 1 year 少於一年 | 1 to 5 years 一至五年 | Total 總計 |
|--|------------------|-----------------------------|----------------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 31 March 2020 2020年3月31日 | | | | |
| Trade and bills payables 貿易應付款項及應付票據 | – | 4,455 | – | 4,455 |
| Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債 | 8,853 | 5,098 | – | 13,951 |
| Lease liabilities 租賃負債 | – | 40,835 | 13,113 | 53,948 |
| | 8,853 | 50,388 | 13,113 | 72,354 |

| | On demand 按要求 | Less than one year 少於一年 | Total 總計 |
|---|------------------|-------------------------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 31 March 2019 2019年3月31日 | | | |
| Trade and bills payables 貿易應付款項及應付票據 | – | 7,290 | 7,290 |
| Financial liabilities included in other payables and accruals 計入其他應付款項及應計費用的金融負債 | 6,934 | 8,042 | 14,976 |
| Interest-bearing bank borrowings 計息銀行借款 | 4,002 | – | 4,002 |
| | 10,936 | 15,332 | 26,268 |

As at 31 March 2019, the above interest-bearing bank borrowings with aggregate carrying amount of approximately HK\$4,002,000 contained a repayment on demand clause giving the relevant banks the unconditional right to call in the borrowings at any time and, therefore, for the purpose of the above maturity profile, the total amount was classified as "on demand".

流動資金風險(續)

本集團於報告期末之金融負債基於已訂約未折現付款之到期情況如下：

於2019年3月31日，總賬面值約為4,002,000港元之上述計息銀行借款含有按要求償還條款，賦予相關銀行無條件之權利於任何時候催還借款，且因此就上述到期情況而言，總額歸類為「按要求償還」。

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財務報表附註

31 March 2020 截至2020年3月31日止年度

30. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk (Continued)

Notwithstanding the above clause, the directors of the Company do not believe that the borrowings will be called in in their entirety at any time before their maturity and they consider that the borrowings will be repaid in accordance with the maturity dates as set out in the corresponding banking facility letters and bank correspondences. This evaluation was made after considering: the financial position of the Group at the date of approval of these financial statements; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the bank borrowings which contained a repayment on demand clause, the maturity profile of the bank borrowings as at 31 March 2019, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, was as follows:

| | On demand 按要求 | Less than one year 少於一年 | Total 總計 |
|---------------------------------|------------------|-------------------------------|-----------------|
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| As at 31 March 2019 於2019年3月31日 | - | 4,082 | 4,082 |

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 2019.

30. 財務風險管理目標及政策(續)

流動資金風險(續)

儘管有上述條款，本公司董事相信借款不會於到期前任何時候被全數催還，且認為借款將於相應銀行融資函件及與銀行之往來通信所載到期日償還。該評估乃經考慮以下情況而作出：本集團於批准財務報表日期之財務狀況；無違約事件；本集團已按時償還所有先前設定之還款。

根據含有按要求償還條款之銀行借款條款，於2019年3月31日之銀行借款基於已訂約未折現付款及不考慮按要求償還條款之影響之到期情況如下：

資本管理

本集團資本管理之主要目標為確保本集團有能力繼續按持續經營方式營運，並維持穩健之資本比率，以支持其業務及盡量提高股東價值。

本集團根據經濟狀況之變化及相關資產之風險特點管理資本架構並作出調整。為維持或調整資本架構，本集團可能調整派付予股東之股息，退還資本予股東或發行新股份。於截至2020年及2019年3月31日止年度，本集團管理資本之目標、政策或程序並無出現變動。

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財務報表附註

31 March 2020 截至2020年3月31日止年度

31. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

31. 本公司之財務狀況表

於報告期末有關本公司財務狀況表之資料如下：

| | 2020 二零二零年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|
| NON-CURRENT ASSETS 非流動資產 | | |
| Investments in subsidiaries 於附屬公司之投資 | 6,065 | 6,065 |
| CURRENT ASSETS 流動資產 | | |
| Other receivables 其他應收款項 | — | 132 |
| Due from subsidiaries 應收附屬公司款項 | 84,977 | 51,123 |
| Due from the immediate holding company 應收直接控股公司款項 | 3 | 3 |
| Cash and cash equivalents 現金及現金等價物 | 15,640 | 50,652 |
| Total current assets 流動資產總值 | 100,620 | 101,910 |
| CURRENT LIABILITIES 流動負債 | | |
| Other payables and accruals 其他應付款項及應計費用 | 600 | 735 |
| NET CURRENT ASSETS 流動資產淨值 | 100,020 | 101,175 |
| TOTAL ASSETS LESS CURRENT LIABILITIES 總資產減流動負債 | 106,085 | 107,240 |
| Net assets 資產淨值 | 106,085 | 107,240 |
| EQUITY 權益 | | |
| Share capital 股本 | 110,337 | 110,337 |
| Accumulated losses (note) 累計虧損(附註) | (4,252) | (3,097) |
| Total equity 權益總額 | 106,085 | 107,240 |

Wong Chi Fai
黃志輝
Director
董事

Ng Koon Keung, Ricky
吳冠強
Director
董事

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 March 2020 截至2020年3月31日止年度

31. Statement of Financial Position of the Company (Continued)

Note:

A summary of the movements in the Company's accumulated losses is as follows:

| | Accumulated losses 累計虧損 HK\$'000 千港元 |
|---|--|
| At 1 April 2018 於2018年4月1日 | (3,046) |
| Loss and total comprehensive loss for the year 年內虧損及全面虧損總額 | (51) |
| At 31 March 2019 and at 1 April 2019 於2019年3月31日及於2019年4月1日 | (3,097) |
| Loss and total comprehensive loss for the year 年內虧損及全面虧損總額 | (1,155) |
| At 31 March 2020 於2020年3月31日 | (4,252) |

32. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 11 June 2020.

31. 本公司之財務狀況表 (續)

附註：

本公司之累計虧損變動概述如下：

32. 批准財務報表

財務報表已於2020年6月11日獲董事會批准及授權刊發。

FINANCIAL SUMMARY

財務概要

The following table summarises the results, assets and liabilities of the Group for the years ended 31 March 2016, 2017, 2018, 2019 and 2020:

下表概列本集團於截至2016年、2017年、2018年、2019年及2020年3月31日止年度之業績、資產及負債：

The summary of the results, assets and liabilities of the Group for the years ended 31 March 2016 and 2017 were extracted from the prospectus of the Company dated 16 January 2018.

本集團截至2016年及2017年3月31日止年度之業績、資產及負債概要摘錄自本公司日期為2018年1月16日之招股章程。

| | For the year ended 31 March 截至3月31日止年度 | | | | |
|---|---|-----------------|-----------------|-----------------|-----------------|
| | 2016 二零一六年 | 2017 二零一七年 | 2018 二零一八年 | 2019 二零一九年 | 2020 二零二零年 |
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Results 業績 | | | | | |
| Revenue 收入 | 210,070 | 224,331 | 258,553 | 242,959 | 218,853 |
| Profit/(loss) before tax 除稅前溢利/(虧損) | 27,004 | 35,572 | 12,546 | (4,621) | (13,851) |
| Income tax credit/(expense) 所得稅抵免/(開支) | (4,651) | (5,427) | (4,069) | 643 | 2,223 |
| Profit/(loss) attributable to owners of the parent 母公司擁有人應佔溢利/(虧損) | 22,353 | 30,145 | 8,477 | (3,978) | (11,628) |

| | As at 31 March 於3月31日 | | | | |
|---|--------------------------|-----------------|-----------------|-----------------|------------------|
| | 2016 二零一六年 | 2017 二零一七年 | 2018 二零一八年 | 2019 二零一九年 | 2020 二零二零年 |
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Assets and liabilities 資產及負債 | | | | | |
| Total assets 總資產 | 82,638 | 111,378 | 176,442 | 174,535 | 199,483 |
| Total liabilities 總負債 | (37,884) | (36,479) | (60,794) | (62,865) | (100,677) |
| Net assets 資產淨值 | 44,754 | 74,899 | 115,648 | 111,670 | 98,806 |
| Equity attributable to owners of the parent 母公司擁有人應佔權益 | 44,754 | 74,899 | 115,648 | 111,670 | 98,806 |

In the current year, the Group has applied HKFRS 16 (see note 2.2 to the Notes to the Consolidated Financial Statements for the summary of the corresponding financial impact). Accordingly, certain comparative information for the years ended 31 March 2016, 2017, 2018 and 2019 may not be comparable to the year ended 31 March 2020 as such comparative information was prepared under HKAS 17. Accounting policies resulting from application of HKFRS 16 are disclosed in the "Summary of Significant Accounting Policies" Section.

於本年度，本集團已應用香港財務報告準則第16號(相關財務影響概要，見綜合財務報表附註之附註2.2)。因此，截至2016年、2017年、2018年及2019年3月31日止年度之若干比較資料不可與截至2020年3月31日止年度比較，原因為該等比較資料乃根據香港會計準則第17號編製。應用香港財務報告準則第16號產生之會計政策於「重大會計政策概要」一節披露。



歐化國際有限公司

Ulferts International Limited