



**CRMI**  
中國再生醫學

# CHINA REGENERATIVE MEDICINE

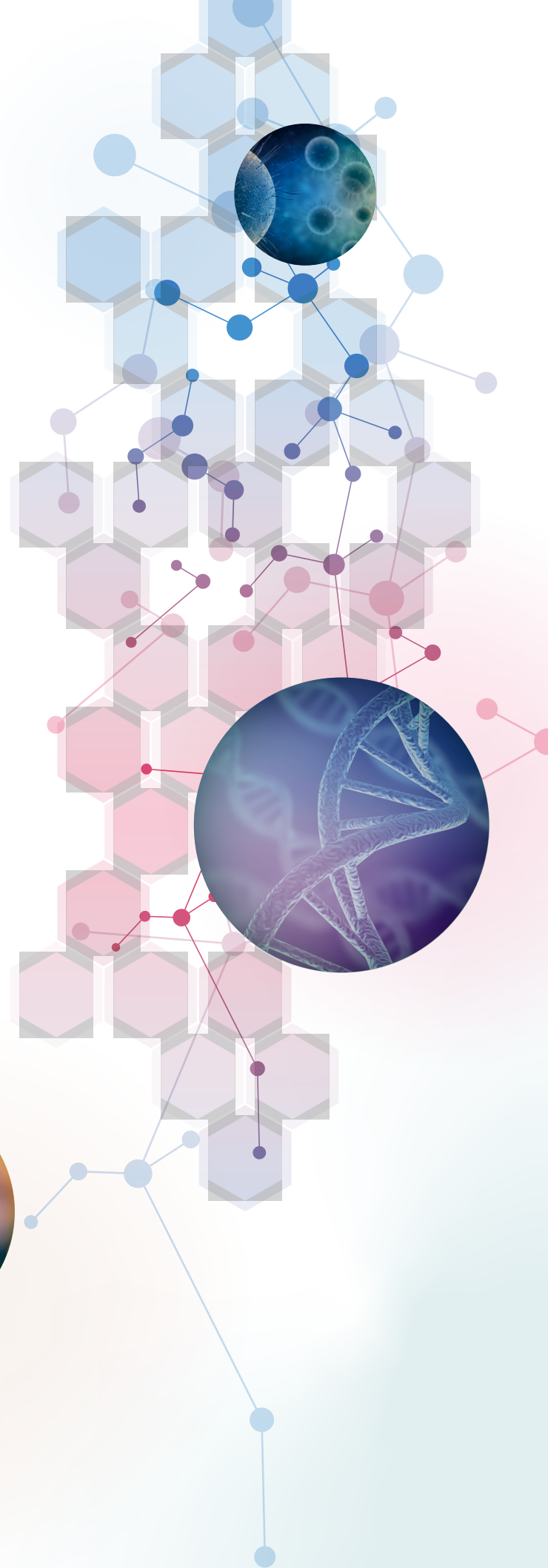
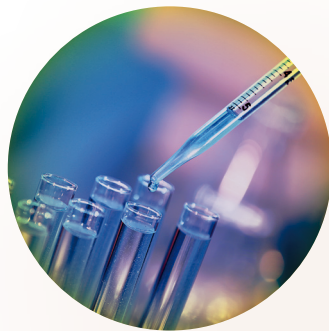
INTERNATIONAL LIMITED

中國再生醫學國際有限公司

Incorporated in the Cayman Islands with limited liability  
於開曼群島註冊成立之有限公司

Stock Code 股份代號 : 8158

ANNUAL REPORT  
2019 年報



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本報告旨在遵照聯交所GEM證券上市規則(「GEM上市規則」)之規定，提供有關中國再生醫學國際有限公司(「本公司」)之資料。本公司董事(「董事」)對此共同及個別承擔全部責任。董事在作出一切合理查詢後確認，就彼等所知及所信，本報告所載資料在各重要方面均屬準確完備，沒有誤導或欺詐成分，且並無遺漏任何其他事項，足以令致本報告或其所載任何陳述產生誤導。

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# CORPORATE INFORMATION

## 公司資料

### DIRECTORS

#### *Executive Directors*

Mr. Wang Chuang (*chairman of the Board*)  
Mr. Wang Xuejun (*Chief Executive Officer*)  
Mr. Qiu Bin

#### *Non-executive Directors*

Mr. Wu Weiliang  
Mr. Tsang Ho Yin

#### *Independent Non-executive Directors*

Dr. Fang Jun  
Ms. Huo Chunyu  
Ms. Yang Ying

### COMPANY SECRETARY

Mr. Lee Pak Chung

### NOMINATION COMMITTEE

Dr. Fang Jun (*chairman of Nomination Committee*)  
Ms. Huo Chunyu  
Ms. Yang Ying

### REMUNERATION COMMITTEE

Dr. Fang Jun (*chairman of Remuneration Committee*)  
Ms. Huo Chunyu  
Ms. Yang Ying

### AUDIT COMMITTEE

Ms. Yang Ying (*chairman of Audit Committee*)  
Ms. Huo Chunyu  
Dr. Fang Jun

### 董事

#### 執行董事

王闖先生 (*董事會主席*)  
王學軍先生 (*行政總裁*)  
邱斌先生

#### 非執行董事

吳偉良先生  
曾浩賢先生

#### 獨立非執行董事

方俊博士  
霍春玉女士  
楊瀝女士

### 公司秘書

李柏聰先生

### 提名委員會

方俊博士 (*提名委員會主席*)  
霍春玉女士  
楊瀝女士

### 薪酬委員會

方俊博士 (*薪酬委員會主席*)  
霍春玉女士  
楊瀝女士

### 審核委員會

楊瀝女士 (*審核委員會主席*)  
霍春玉女士  
方俊博士

# CORPORATE INFORMATION

## 公司資料

### REGISTERED OFFICE

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 3006-10, 30/F  
China Resources Building  
Wanchai  
Hong Kong

### COMPLIANCE OFFICER

Wang Xuejun

### AUTHORIZED REPRESENTATIVES

Wang Xuejun  
Lee Pak Chung

### PRINCIPAL BANKERS

Dah Sing Bank, Limited  
36th Floor, Everbright Centre  
108 Gloucester Road  
Hong Kong

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

### AUDITOR

BDO Limited  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### 註冊辦事處

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

### 總辦事處及香港主要營業地點

香港  
灣仔  
華潤大廈30樓  
3006-10室

### 監察主任

王學軍

### 授權代表

王學軍  
李柏聰

### 主要往來銀行

大新銀行有限公司  
香港  
告士打道108號  
光大中心36樓

恒生銀行有限公司  
香港  
德輔道中83號

### 核數師

香港立信德豪會計師事務所有限公司  
香港  
干諾道中111號  
永安中心25樓

# CORPORATE INFORMATION

## 公司資料

### COMPLIANCE ADVISOR

Octal Capital Limited  
801-805, 8/F, Nan Fung Tower  
88 Connaught Road Central  
Hong Kong  
(appointed with effect from 12 August 2019)

### LEGAL ADVISOR ON THE CAYMAN ISLANDS LAW

Maples and Calder  
53rd Floor, The Center  
99 Queen's Road Central  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### COMPANY WEBSITE

[www.crimi.hk](http://www.crimi.hk)

### STOCK CODE

8158

### 合規顧問

八方金融有限公司  
香港  
干諾道中88號  
南豐大廈8樓801-805室  
(自二零一九年八月十二日起獲委任)

### 法律顧問(開曼群島法律)

Maples and Calder  
香港  
皇后大道中99號  
中環中心53樓

### 開曼群島股份過戶登記總處

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

### 香港股份過戶登記分處 及股份過戶辦事處

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

### 公司網址

[www.crimi.hk](http://www.crimi.hk)

### 股份代號

8158

# CHAIRMAN'S STATEMENT

## 主席報告

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of China Regenerative Medicine International Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (hereinafter referred to as the "Group") for the year ended 31 December 2019 to all the shareholders.

The new management has conscientiously implemented the resolutions of the Board, as well as actively developed the core values idea of business priority, under the philosophy of market force. The Group strived to overcome numerous difficulties to achieve business targets under the market-directed, customers-centred and service-oriented approaches. Despite insufficient resources, the Group focused on optimizing sales and marketing efforts. In response to the increasingly competitive and changing market, the Group successfully managed to overcome various unfavourable factors and advanced forward with innovation and enthusiasm.

During 2019, the Group made several major measures to further improve the business profile. These measures include:

1. Strengthening the management team with strong talents and broad experience in development and application aspects of biotechnology;
2. Expanding the current tissue engineering product lines to anti-aging and cosmetic applications; and
3. Continuing to develop the stem cell product line with a clear strategy to capture the stem cell storage market and medical beauty applications.

I am confident that these major management and strategic adjustments will start to generate results in coming years.

致各位股東：

本人僅代表中國再生醫學國際有限公司（「本公司」）董事會（以下簡稱「董事會」），向全體股東提呈本公司及其附屬公司（以下簡稱「本集團」）截至二零一九年十二月三十一日止年度之全年業績報告。

新管理層秉承以市場為導向的理念，認真落實董事會的決策，積極開拓以業務為先的中心思想，以市場為導向，以客戶為中心，以服務為本，以業務為目標，排除一切萬難，哪怕在資源不足的情況下，在本年度重點聚焦於銷售和市場的推廣，針對日益激烈的市場變化，本集團仍然克服了諸多不利的因素，勇往直前，永不言敗，力求創新。

於二零一九年內，本集團採取多項重大措施進一步提升業務情況。該等措施包括：

1. 加強在生物技術開發與應用方面具有卓越才能及豐富經驗的管理團隊；
2. 將現有組織工程產品線擴大至抗衰老及化妝品原料的使用；及
3. 繼續開發幹細胞產品線，制定明確的戰略，把握幹細胞儲存市場及醫美應用。

我相信，這些重大的管理和戰略調整將在未來幾年內開始產生成果。

# CHAIRMAN'S STATEMENT

## 主席報告

### FUTURE PROSPECT

In the first quarter of 2020, China and eventually the world, encountered a sudden outbreak of “novel coronavirus pneumonia” pandemic, which put people's lives in grave danger and affected the social economy.

The impact of the pandemic on economic activities is expected to be temporary. The long-term positive development trend of China's biomedical industry will not change, neither will the business fundamentals of the Group. We believe that under the leadership of the Board, with the efforts of the management team and all employees, and by focusing on the key principal of “Creating Regeneration for the Future” and “Synergetic Development of the Dual Cores and Two Wings”, the Group will continue to prosper.

The Group will continue to adopt a positive but prudent approach towards its investment strategy, to review and monitor the performance of the existing operation, explore the feasibility of restructuring and resizing the existing operation to enhance profitability an/or expansion into other business segments with a view to improve the Group's business portfolio and increase the shareholders' value in the long run.

### ACKNOWLEDGEMENT

I, acting on behalf of the Board, avail this opportunity to express my sincere appreciation for the long-term support from our shareholders, investors, customers, suppliers, and business partners to the Group, as well as the prolonged and committed hard work and contribution by our employees.

By the order of the Board

**Wang Chuang**

*Chairman*

30 June 2020

### 未來前景

二零二零年第一季度，中國乃至世界突然爆發「新型冠狀病毒肺炎」疫情，嚴重威脅人們的生命並影響社會經濟。

預計疫情對經濟活動的影響屬暫時。中國生物醫學行業的長期正面發展趨勢將不會改變，本集團的業務基礎亦不會改變。我們相信，在董事會的領導下，在管理團隊及全體員工的共同努力下，我們秉持「為未來，創再生」及「雙核雙翼，協同發展」的主要宗旨，本集團前景將繼續向好。

本集團將繼續對投資策略採取積極而審慎的態度，以審閱及監察現有業務表現，探討重組及調整現有業務運營的可行性，以提高盈利能力及／或擴展至其他業務分部，以期從長遠而言改善本集團的業務組合及提升股東價值。

### 致謝

借此機會，請允許本人代表董事會，向廣大股東，投資者，客戶，供應商和合作夥伴對集團一直以來的支持，以及全體員工長期以來的辛勤貢獻，克盡己職，致以衷心感謝。

承董事會命

**王闖**

*主席*

二零二零年六月三十日



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

During the year ended 31 December 2019, the Group continued to follow the principle of “Creating Regeneration for the Future” and “Synergetic Development of Dual Cores and Two Wings”. The Group continued to build an innovative industry model for “Internet + Regenerative Medicine” and established a platform for the bio-medical and healthcare industries in China, which integrated “Production, Study, Research and Medicine” on the basis of biological resource storage, with genetic testing and disease screening as its foundation, tissue engineering products as its instrument, healthcare and medical beauty as its initiative, big data and artificial intelligence as its carrier and scientific research centers as its guarantee. The Group strengthened various management systems, continued its effective promotion of the five main lines of management and control, namely operation management, marketing management, financial management, human resources management and technical management, to continuously improve the management standards of the enterprise.

### OPERATIONS REVIEW

#### *1. Completed the reorganization of the Group's internal structure and constantly improved systems*

The Group implemented in the first half of 2019, the corporate reorganization of its subsidiaries' structure, vertical management, and constantly improved various systems to improve the level of standardized operation for each subsidiary to adapt to the rapid and ever-changing market environment. The Group continued to strengthen its operation and management of its subsidiaries.

By constantly consolidating the foundation of the Group's management, the Group was able to clearly define the rights and responsibilities of its organizational system and hence facilitated a smoother communication and improved the management.

截至二零一九年十二月三十一日止年度，本集團繼續秉持著「為未來，創再生」及「雙核雙翼，協同發展」的宗旨，本集團繼續打造中國「互聯網+再生醫學」的創新產業模式，建立以生物資源儲存為基礎、基因檢測和疾病篩查為依據、組織工程產品為工具、大健康和大醫美為措施、大數據和人工智能為載體、科學研究中心為保障的，集「產、學、研、醫」為一體的中國生物醫藥和大健康產業平台。本集團強化各項管理制度，繼續通過運營管理、營銷管理、財務管理、人力資源管理及技術管理五條管控主線的有效推進，持續提升企業經營管理水平。

### 業務回顧

#### *1. 完成集團內部架構梳理，不斷完善各項制度*

本集團於二零一九年上半年實施其附屬公司架構的企業梳理，垂直化管理，並不斷完善各項制度，提高各附屬公司規範化運營水平，以適應快速多變的市場環境。本集團不斷加強各附屬公司的經營管理。

通過不斷夯實本集團的管理基礎，本集團可明晰其組織體系的權責，從而有助於溝通更加順暢並完善管理。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

#### II. *Rationalized the industrial layout, optimized the product structure and formed the Group's advantages*

##### 1. ***Reorganization of the Group's existing corporate structure and products and redefinition of its product lines***

The Group formulated and gradually implemented its development plans for the next five years according to its overall operation and development strategy. On the basis of the Company's existing industrial foundation and technological advantages and the national industrial policies, the Group put forward the overall development strategy of "Dual Cores and Two Wings" as two strategic growth points of the Company in the future. Driven by the products and technologies of the Dual Cores, the Company will develop rapidly in Two Wings. Under the guidance of such plans, the Company has formed its existing business lines of "activated cells", "tissue engineering corneas" and "tissue engineering oral materials", which will help the Company to focus more on its existing advantages and concentrate on achieving business breakthroughs in the future.

##### 2. ***Comprehensive launch of cell segment with the synergy of each base***

Focusing on stem cell storage business, the segment provided uniform production processes, quality control standards, production materials and personnel storage in Hong Kong and China. Meanwhile, the layout of domestic regional markets has been primarily completed. Through service function improvement and service flow optimization of the Hong Kong International Regenerative Center and BioCell Technology Limited, we have formed a synergy for the cell businesses in China and Hong Kong. With the combination of Obagi Medical Products, a U.S. cosmeceutical brand, Ascara, a Swiss brand and AMYbio, a biomedical active cosmetic, the Group provided a comprehensive product line of medical testing, medical beauty treatments and daily maintenance for the whole life cycle, which will continue to contribute to the Company's performance.

### 業務回顧(續)

#### II. **梳理產業佈局、優化產品結構、形成集團優勢**

##### 1. **重新梳理集團現有公司架構及產品，重新定義產品線**

本集團根據其運營發展總戰略制定了未來五年發展規劃，並逐步推動落實。立足於本公司已有的產業基礎和技術優勢，結合國家產業政策，本集團提出「兩核兩翼」的發展總戰略為本公司未來的兩個戰略增長點，以兩個核心的產品和技術為動力，引領本公司向兩翼迅猛發展。在「規劃」的指導下形成了目前本公司「活化細胞業務」、「組織工程角膜業務」、「組織工程口腔材料業務」的業務線。在未來的經營中這將幫助本公司更加聚焦現有優勢，集中精力實現經營突破。

##### 2. **細胞板塊全面啓動，各個基地形成合力**

板塊以幹細胞存儲業務為經營重點，在香港與內地提供統一的生產工藝、質控標準、生產物料、人員儲存；同時佈局國內區域的市場已經基本完成，通過完善香港國際再生醫學中心及百奧生物科技公司的服務功能和優化服務流程，使內地與香港的細胞業務形成合力；結合美國藥妝品牌Obagi Medical Products、瑞士品牌Ascara及生物醫學活性化妝艾美雅，本集團提供醫學檢測、醫學美療、日常保養全生命週期的全面產品線，將繼續為本公司表現作出貢獻。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

II. *Rationalized the industrial layout, optimized the product structure and formed the Group's advantages (Cont'd)*

**3. Vigorously encouraged the development of tissue engineering product segment**

The Group actively encouraged AiNear to promote the sales of corneal products through flexible and market-oriented incentive policies, to adapt to market demand; encouraged Reshine to further strengthen the market development for its products; and encouraged the companies in the tissue engineering product sector to actively introduce other products as supplement for the existing products.

III. *Optimized and expanded the domestic industrial layout*

In order to realize the effective integration and rational distribution of existing industries and future businesses of the Group, the Group established an industrial park in Shanghai as an important strategic foothold for (i) the related tissue engineering; (ii) cell and cosmetic segments; and (iii) future potential product lines proposed to be to achieve the Group's new industrial strategic layout in China.

### 業務回顧 (續)

II. *梳理產業佈局、優化產品結構、形成集團優勢 (續)*

**3. 大力鼓勵組織工程產品板塊拓展經營**

本集團積極鼓勵艾尼爾公司適應市場需求，通過靈活、市場化的激勵政策，促進角膜產品的銷售；鼓勵瑞盛公司進一步加強產品市場的開拓；提倡組織工程板塊公司積極引進其他產品，為當前產品形成補充。

III. *優化拓展國內產業佈局*

為了實現本集團現有產業及未來業務的有效整合和合理佈局，本集團以上海為戰略高地 (i) 將相關組織工程板塊；(ii) 細胞及化妝品板塊；及 (iii) 擬併購的未來潛在相關產品線，實現本集團在國內新的產業戰略佈局。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

#### IV. *Continuously optimized the Group's existing products through great investment in research and development*

##### 1. ***Carrying out the storage business in respect of fibroblasts and dental pulp stem cells***

The Group has formed a set of industry-leading production processes for fibroblast and dental pulp stem cell storage, which was put into operation in Shaanxi Base in Fiscal Year 2018 with the storage of various samples. The storage business in respect of fibroblasts and dental pulp stem cells has enhanced the Group's technical level in research and economic benefits in operation.

##### 2. ***Third-generation corneas of AiNear entering the approval process***

Acornea, a tissue engineering cornea self-developed by Shenzhen AiNear Cornea Engineering Company Limited. Its commercial launch will greatly expand the application of artificial corneas, improve the success rate, and also greatly reduce the difficulty, of tissue engineering corneal transplantation.

##### 3. ***Application of cell detection and preparation kits as well as stem cell drugs***

After constant research and exploration as well as update unremitting efforts, the Group has completed its research and development on several types of cell detection and preparation kits in during the year ended 31 December 2018. Currently, it has submitted approval information to relevant competent authorities, and has entered the approval process. The drugs in respect of umbilical cord mesenchymal stem cells, self-developed by the Group for the treatment of acute-on-chronic liver failure, has been completed and submitted to FDA through a third party agency. Once approved, it will be an epoch-making initiative and product in the history of stem cells in China, and also the first drug to treat acute-on-chronic liver failure with umbilical cord mesenchymal stem cells.

### 業務回顧(續)

#### IV. **大力進行研發投入不斷優化集團現有產品**

##### 1. **開展成纖維細胞、牙髓幹細胞儲存等業務**

本集團現已形成了一套業內領先的成纖維幹細胞儲存及牙髓幹細胞儲存的生產工藝，並在二零一八年財年在陝西基地投產使用，並已儲存多份樣本。成纖維細胞儲存及牙髓幹細胞儲存業務已提升本集團在研究層面的技術高度和運營的經濟收益。

##### 2. **艾尼爾公司三代角膜已進入審批程序**

由深圳艾尼爾角膜工程有限公司自主研發的組織工程角膜「艾欣瞳」，其問世將大大擴展人工角膜的適用人群，提高組織工程角膜移植手術的成功率，同時亦將大大降低組織工程角膜移植手術的難度。

##### 3. **細胞檢測、製備試劑盒的申報及幹細胞藥物的申報**

經過不斷的研究探索和不懈努力，本集團在截至二零一八年十二月三十一日止年度已經完成了數種細胞檢測、製備試劑盒的研發工作，目前已經向有關主管部門提交了審批資料，並已進入審批程序。本集團自主研發的臍帶間充質幹細胞治療慢加急性肝衰竭的藥物已完成，已經通過第三方機構向FDA提起申報，一旦申報獲批此將是中國幹細胞史上劃時代的舉措和產品，亦將成為首個臍帶間充質幹細胞治療慢加急性肝衰竭的藥物。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

#### V. *Internet + Healthcare Stations*

For 2019, further results have been achieved in line with the Group's innovative business model of "Healthcare Stations on the One Belt and One Road" proposed in 2018. Therefore, it is believed that the integrated online to offline (o2o) Internet + healthcare industry platform will be gradually formed in the future.

Currently, the products and businesses of the Group's various industrial chains include:

##### 1. **Activated cell product line**

The business under the Group's activated cell product line will be operated in our Beijing Center, Shaanxi Base, Tianjin Base, Jiangsu Base and Hong Kong Base, and cover the products as below:

###### (1) *Tissue Engineered Skin with Living Human Cells – ActivSkin*

ActivSkin, being the first tissue-engineered skin approved by China Food and Drug Administration, is the only tissue-engineered skin containing living cells in China. It is mainly used for healing deep 2nd degree and 3rd degree burn and scald wounds. It can relieve pain, shorten healing time and reduce scars in treating burns and scalds.

### 業務回顧(續)

#### V. *互聯網+健康驛站*

二零一九年，本集團在二零一八年提出的「一帶一路健康驛站」創新經營模式，已經取得了進一步成效，相信在未来將逐步形成o2o的線上、線下一體化互聯網+大健康產業平台。

目前本集團各產業鏈的產品及業務有：

##### 1. **活化細胞產品線**

本集團活化細胞產品線業務將在北京中心、陝西基地、天津基地、江蘇基地及香港基地開展，其涵蓋的產品有：

###### (1) *人體活細胞組織工程皮膚—安體膚*

安體膚是第一個獲得國家食品藥品監督管理局批准的組織工程皮膚，亦是國內唯一含有活細胞的組織工程皮膚，主要用於深II度、III度燒燙傷創面修復。其在治療燒傷和燙傷方面可以減輕患者疼痛，縮短愈合時間，減少疤痕。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

#### V. *Internet + Healthcare Stations (Cont'd)*

##### 1. **Activated cell product line (Cont'd)**

###### (2) *Neonatal biological resource storage*

Perinatal hematopoietic stem cell storage;  
Umbilical cord mesenchymal stem cell storage;  
Early childhood hematopoietic stem cell storage;  
Placental subtotipotent stem cell storage.

###### (3) *Dental pulp stem cell storage*

###### (4) *Fibroblast stem cell storage*

###### (5) *Medical beauty related products*

Skin bank project;  
Facial living cell implant preparation;  
Skincare cosmetics brand – Ascara;  
Obagi cosmeceutical products;  
Biomedical active cosmetic – AMYbio.

###### (6) *Healthcare related products*

Autoimmune cell storage;  
Autoimmune cell return;  
Mesenchymal stem cell preparations.

### 業務回顧 (續)

#### V. *互聯網+健康驛站 (續)*

##### 1. **活化細胞產品線 (續)**

###### (2) *新生兒生物資源儲存*

圍產期造血幹細胞儲存；  
臍帶間充質幹細胞儲存；  
早幼期造血幹細胞儲存；  
胎盤亞全能幹細胞儲存。

###### (3) *牙髓幹細胞儲存*

###### (4) *成纖維幹細胞儲存*

###### (5) *大醫美相關產品*

皮膚銀行項目；  
面部活細胞種植制劑；  
皮膚銀行項目；  
藥妝產品；  
生物醫學活性化妝品艾美雅。

###### (6) *大健康相關產品*

自體免疫細胞儲存；  
自體免疫細胞回輸；  
間充質幹細胞各類制劑。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

#### V. *Internet + Healthcare Stations (Cont'd)*

##### 1. **Activated cell product line (Cont'd)**

###### (7) *Genetic testing related projects*

The companies involved in the above businesses include:

###### (1) Tianjin Weikai

The Group's subsidiary Tianjin Weikai focuses on the R&D and applications of cell culture equipment and cell products, as well as providing cell-related outsourcing technical services. The selfdeveloped 3DFlo cell culture instrument ensured the high quality cell reproduction and established an in vitro model to simulate in-vivo physical condition by utilizing automated continuous perfusion cell culture technology. Meanwhile, Tianjin Weikai has established a close cooperation relationship with Institute of Chemical Physics, Chinese Academy of Sciences and other scientific research institutes at home and abroad.

###### (2) AK Suzhou

The Group's subsidiary AK (Suzhou) provides high standards of service and equipment for cell clinical research, testing and applications leveraging on the Oxford R&D team's unique cell processing technology and reagent formula. Its core technologies include human cell separation, purification, cultivation, amplification, storage and transportation, as well as the development and production of automated closed cell bioreactors.

### 業務回顧 (續)

#### V. *互聯網+健康驛站 (續)*

##### 1. **活化細胞產品線 (續)**

###### (7) **基因檢測相關項目**

上述業務涉及的公司包括：

###### (1) 天津衛凱公司

本集團附屬公司天津衛凱公司專注於細胞培養設備、細胞產品研發和應用，並提供細胞相關外包技術服務。自主研發的3DFlo細胞培養儀，利用自動化、連續灌注式細胞培養技術，確保了高質量的細胞繁殖，建立了模擬體內生理狀況的體外模型。同時，天津衛凱公司已與中科院化物所等國內外科研院所建立了密切合作關係。

###### (2) 奧凱(蘇州)公司

本集團所屬奧凱(蘇州)公司利用牛津研發團隊獨特細胞加工技術和試劑配方訣竅為細胞臨床研究、試驗和應用提供高標準服務及設備，其核心技術包括人體細胞分離、純化、培養、擴增、儲存和運輸，以及自動化封閉式細胞擴增器的開發和生產。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

#### V. *Internet + Healthcare Stations (Cont'd)*

##### 1. **Activated cell product line (Cont'd)**

###### (7) *Genetic testing related projects (Cont'd)*

###### (3) Hong Kong International Regenerative Centre

The Hong Kong International Regenerative Centre ("HKIRC"), being the first large-scale comprehensive health care base for precision medicine in Hong Kong, was established by the Group at the Miramar Center in Tsim Sha Tsui, Hong Kong. In possession of precise medical technology, combining with precise physical examination and genetic testing, the centre aims to provide precise healthcare to meet the physical and mental needs from customers, including precise cellular therapy and precise medical beauty.

###### (4) BioCell Technology Limited

Located at Phase 3 of Hong Kong Science Park in Shatin, our China Stem Cell Clinical Applications Centre has become operational. Stem cell clinical application facilities meet the clean room standards from EMA, FDA, CFDA, TGA and GMP PIC/S, as Asia's first international cell and gene preparation center.

##### 2. **Tissue engineering corneal product line**

###### (1) *Acellular Corneal Stroma – Acornea*

Acornea is the world's first bio-engineering cornea that has completed clinical trials and has been successfully launched to market, establishing China's leading position in regenerative medicine research of corneal disease in the world. The total effective rate of clinical trials of Acornea reached 94.44% with the healing effect similar to that of donated cornea. In 2016, Acornea was reported by BBC as one of the five major scientific and technological revolutions from China, which had great contributions to the world. Its academic status allowed China to seize the initiative in the field of biomedical competition in the world.

### 業務回顧 (續)

#### V. *互聯網+健康驛站 (續)*

##### 1. **活化細胞產品線 (續)**

###### (7) **基因檢測相關項目 (續)**

###### (3) 香港國際再生醫學中心

本集團在香港尖沙咀美麗華中心設立的香港國際再生醫學中心(HKIRC)是目前香港首家大型綜合精準醫療基地。該中心以精準醫療技術為核心，結合精準體檢和基因檢測，為客戶身體和心理健康需求提供精準醫療，包括精準細胞治療和精準醫美項目。

###### (4) 百奧生物科技有限公司

本集團於沙田的香港科學園三期的中國幹細胞臨床應用中心已投入營運，幹細胞臨床應用設施符合EMA、FDA、CFDA、TGA和GMP PIC/S潔淨室的標準，成為亞洲首家面向國際的細胞與基因製備中心。

##### 2. **組織工程角膜產品線**

###### (1) **脫細胞角膜基質—艾欣瞳**

生物工程角膜「艾欣瞳」是全球首個完成臨床試驗並成功上市的生物工程角膜，使我國在角膜病的再生醫學研究領域走在世界前列，臨床試驗總有效率達到94.44%，愈後效果接近人捐獻角膜。2016年艾欣瞳作為英國BBC重點報道貢獻世界的中國5大科技革命，其學術地位使中國在世界生物醫藥領域的激烈競爭中搶佔了先機。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

#### V. *Internet + Healthcare Stations (Cont'd)*

##### 3. **Tissue engineering oral material product line**

###### (1) *Calcined Bovine Bone – Gegreen*

Gegreen is a protein-detracted bone substitute material for inducing natural bone regeneration, which is the first independently developed material for oral bone grafts in China. It is made by extracting material from epiphysis cancellous bone of bovine femur, and then goes through the process of virus inactivation, degreasing, protein detracting and low-temperature calcination. It is extensively used for jawbone defect restoration, particularly in dental implantation and treatment of periodontal defects.

###### (2) *Acellular Anal Fistula Repair Stroma – Asiunin*

Asiunin is applied to simple anal fistula disease without going through fistulotomy operation which is traditionally used to cure anal fistula in western medicine. Fistulotomy operation has a chance to harm the sphincter muscle and causes relapses. It is believed that the relapse rate when using Asiunin for simple anal fistula is comparatively lower, bringing in revolutionary changes to anal fistula treatment. It can completely reshape the perianal tissue and protect the anal sphincter mechanism. Through minimally invasive operation, it can speed up the healing rate and shorten the hospitalization period.

###### (3) *Oral Cavity Repair Membrane with Excellent Regeneration Capacity – Megreen*

Megreen, a new product developed by Shaanxi Reshine Biotech Co. Ltd., a subsidiary of the Group, after the completion of application and registration procedures, is currently in the process of pending approval with great possibility of being approved. Megreen is made from the bovine pericardium tissue with collagen as the main component through decellularization, virus inactivation and other treatments, which retains a natural three dimensional structure. Megreen can be widely used in the repair of oral cavity tissue with its advantages of natural double-layer membrane structure, superior mechanical performance and longer degradation time.

### 業務回顧 (續)

#### V. *互聯網+健康驛站 (續)*

##### 3. **組織工程口腔材料產品線**

###### (1) *天然煨燒骨修復材料—骷瑞*

骷瑞是一種可引導天然骨再生的脫蛋白質骨替代材料，是中國自主研發的第一款專業口腔植骨材料。取材於牛股骨骨骺松質骨，經病毒滅活、脫脂去蛋白以及低溫鍛燒處理而成，廣泛應用於頷骨缺損修復，特別是用於牙科種植及牙周骨缺損的治療。

###### (2) *脫細胞肛瘻修復基質—瑞栓寧*

瑞栓寧應用於治療肛瘻疾病，無須進行西醫傳統治療肛瘻的瘻管切開術，瘻管切開術或會損害括約肌而引起復發。使用瑞栓寧，採用脫細胞肛瘻修復基質治療肛瘻之復發率較低，帶來肛瘻治療方式的革命性變革，可以使肛周組織完全塑形重建，保護肛門括約肌性能。通過微創性手術方式，可以加快愈合速度，縮短患者住院時間。

###### (3) *卓越再生能力的口腔修復膜—膜瑞*

膜瑞是本集團附屬公司陝西瑞盛公司研發的新品，目前已完成了註冊申報相關工作，目前處於等待審批狀態且有很大可能審批通過。膜瑞是由牛心包膜組織為原料，主要成分為膠原蛋白，通過脫細胞、病毒滅活等處理後制備而成，保留天然的三維空間結構。利用膜瑞天然的雙層膜結構和出色的力學性能，以及降解時間更長的特性，可廣泛用於口腔組織的修復。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### OPERATIONS REVIEW (CONT'D)

#### V. *Internet + Healthcare Stations (Cont'd)*

##### 3. **Tissue engineering oral material product line (Cont'd)**

###### (4) *Cell Sheet-Autologous Chondrocyte Implantation – CS-ACI*

CS-ACI is a cartilage repair technology based on the world's leading cell sheet preparative technology. It is used for tissue repair and functional reconstruction of damaged articular cartilage. As the first 4th generation of autologous chondrocyte treatment technology developed by China, CSACI is used to produce transparent cartilage as a substitute for exogenous material to avoid cell loss. In addition, since suture is not necessary and it takes shorter time in the operation, it has a broad clinical prospect. Since 2018, the Group has cooperated with Dalian Medical University, and achieved further results in the first half of 2019.

##### 4. **Overseas Business Division of the Group**

The Group has completed the establishment and began operation of its offices in the United States and the United Kingdom, and the Japanese office is being set-up. In Fiscal Year 2019, with active expansion of overseas offices, it has established contacts with a number of companies and channels. The overseas sales of its tissue engineering products have already entered the implementation phase.

### FUTURE PROSPECT

The Group continues to strive for opportunity to widen its business scope in the medicine industry and reallocate its resources when appropriate, to strengthen and maintain as one of the leading pioneers in the medical and related industries. The Chinese government has committed to provide support towards hi-tech industries, including regenerative medicine, a sub-division of the bio-medical industries. We will continuously strive for more assistance from the Chinese government to provide additional resources for broadening our R&D coverage in regenerative medicine and related medical device spectrum. Stem cell therapy and research and development of stem cell pharmaceutical products, precision disease detection and prevention in massive health as well as precision treatment have already been initiated.

### 業務回顧 (續)

#### V. *互聯網+健康驛站 (續)*

##### 3. **組織工程口腔材料產品線 (續)**

###### (4) *自體軟骨細胞膜片移植技術 – 瑞骨術*

瑞骨術(CS-ACI)是基於國際領先的細胞膜片制備技術研發的軟骨修復技術，可以幫助損傷關節軟骨的組織修復及功能重建。是國內首創第四代自體軟骨細胞治療技術，利用瑞骨術生成透明軟骨，替代外源材料，確保細胞無流失，同時手術無須縫合、時間短，有廣泛的臨床前景。自二零一八年起本集團已經與大連醫學院進行了合作，並在二零一九年上半年取得了進一步的成果。

##### 4. **本集團海外事業部**

本集團已完成在美國及英國的辦事處設立及運營，日本辦事處正在籌建中。二零一九財年通過海外辦事處的積極拓展，已與多家公司及渠道建立聯繫，本集團的組織工程產品的海外銷售已進入啓動實施階段。

### 未來前景

本集團將繼續爭取擴大其於醫學行業之業務範圍的機會，並適時重新分配其資源以加強和維持其在醫學及相關行業的領先地位。中國政府致力對高新技術產業提供支持，包括作為生物醫藥產業分支的再生醫學。我們將繼續爭取獲得中國政府更多的支持，為擴大我們於再生醫學及相關醫療器械領域之研發範圍提供額外資源。幹細胞療法與幹細胞藥品研發，大健康領域的精准未病檢測與防禦及精准治療已經啟動。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### FINANCIAL REVIEW

#### Result

The Group recorded a revenue of approximately HK\$48 million for the year ended 31 December 2019, representing a decrease of 34.2% from last year (2018: HK\$73 million). Gross profit increased by 7.1% to approximately HK\$28.9 million from last period (2018: HK\$27.0 million), whereas gross profit margin increased from 37.0% of last year to 60.3% of this year. The Group recorded a loss for the year ended 31 December 2019 of approximately HK\$447.7 million (2018: HK\$1,283.9 million).

The Group recorded a revenue of approximately HK\$9.5 million from the sales of dermatology, cosmetic products and others for the year ended 31 December 2019, representing a decrease of 24% from last year (2018: HK\$12.5 million). Such decrease was due to the fact that the Group had focused to manage the credit risk of cosmetics products and others.

The Group recorded a revenue of approximately HK\$4.4 million from sales of ophthalmology products for the year ended 31 December 2019, representing a decrease of 17% from last year (2018: HK\$5.3 million). This was due to the change in the distribution strategy of the products during the year.

The Group recorded a revenue of approximately HK\$21.5 million from sales of stomatology products and others for the year ended 31 December 2019, representing an increase of 10.8% from last year (2018: HK\$19.4 million) which was mainly attributable to promotion efforts during the year.

The Group recorded a revenue of approximately HK\$12.5 million from sales of cell and healthcare products and services for the year ended 31 December 2019, representing an increase of 81.2% from last period (2018: HK\$6.9 million). This was mainly attributable to continued efforts by the subsidiaries named HK International Regenerative Centre Limited and BioCell Technology Limited.

Sales of medical equipment for the year ended 31 December 2019 was approximately HK\$0.06 million, representing a decrease of 99.8% as compared to last period (2018: HK\$28.9 million) as the Group continued to reduce less profitable medical equipment trading business.

### 財務回顧

#### 業績

本集團錄得截至二零一九年十二月三十一日止年度之收益約為48,000,000港元，較上一年度減少34.2%（二零一八年：73,000,000港元）。毛利自上一期間增加7.1%至約28,900,000港元（二零一八年：27,000,000港元），而毛利率則較上一年度之37.0%增加至本年度之60.3%。截至二零一九年十二月三十一日止年度，本集團錄得本年虧損約447,700,000港元（二零一八年：1,283,900,000港元）。

截至二零一九年十二月三十一日止年度，本集團皮膚科產品、化妝品及其他銷售錄得約9,500,000港元收益，較上一年度減少24%（二零一八年：12,500,000港元）。此減少乃由於本集團對化妝品及其他銷售採取嚴格的信貸風險管理措施。

截至二零一九年十二月三十一日止年度，本集團眼科產品銷售錄得約4,400,000港元收益，較上一年度減少17%（二零一八年：5,300,000港元）。原因為在年內對產品分銷策略作出調整。

截至二零一九年十二月三十一日止年度，本集團口腔產品及其他銷售錄得約21,500,000港元收益，較上一年度增加10.8%（二零一八年：19,400,000港元），該增加主要由於年內進行推擴所致。

截至二零一九年十二月三十一日止年度，本集團細胞及大健康產品和服務銷售錄得約12,500,000港元收益，較上一期間增加81.2%（二零一八年：6,900,000港元）。此乃主要由於附屬公司香港國際再生醫學中心有限公司及百奧生物科技有限公司持續付諸努力所致。

截至二零一九年十二月三十一日止年度，醫療設備銷售為約60,000港元，較上一期間減少99.8%（二零一八年：28,900,000港元），此乃由於本集團繼續減少利潤較微薄的醫療設備貿易業務。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### FINANCIAL REVIEW (CONT'D)

#### Result (Cont'd)

During the year under review, the Group incurred a loss attributable to owners of the Company of approximately HK\$395.0 million, as compared to a loss of approximately HK\$1,193.5 million for last period. Loss for the Group decreased from last period, which is mainly attributable to the corresponding (i) decrease in expected credit loss on trade receivables of approximately HK\$137.9 million; (ii) decrease in impairment loss of property, plant and equipments, goodwill, intangible assets and right-of-use assets of approximately HK\$429.8 million; and (iii) decrease in the fair value loss on financial assets of fair value through profit or loss of approximately HK\$115.0 million. During the year ended 31 December 2019, the per share loss attributable to the owners of the Company was HK\$0.449 (for the year ended 31 December 2018: HK\$1.357 as restated).

The Group's total operating expenses for the year ended 31 December 2019 amounted to approximately HK\$257.3 million, representing a decrease of 43.9% as compared to last year (2018: HK\$458.7 million), which mainly consisted of, employee benefit expenses of approximately HK\$70.3 million (2018: HK\$110.7 million), amortisation and depreciation expenses of approximately HK\$51.7 million (2018: HK\$69.6 million), research and development costs of approximately HK\$16.3 million (2018: HK\$32.4 million), advertising and marketing expenses of approximately HK\$37.9 million (2018: HK\$102.2 million) and exchange gain of approximately HK\$0.4 million (2018: exchange loss of HK\$21.1 million).

#### Net Assets

Net assets of the Group amounted to approximately HK\$17.6 million as at 31 December 2019, as compared to net assets of approximately HK\$567.3 million as at 31 December 2018, the decrease in net assets was mainly attributable to the loss incurred for the year and fair value loss on financial assets at fair value through other comprehensive income.

### 財務回顧(續)

#### 業績(續)

於回顧年度內，本集團產生本公司擁有人應佔虧損約395,000,000港元，而上一期間虧損約為1,193,500,000港元。本集團虧損自上一期間起有所減少，乃主要由於(i)貿易應收款項預期信貸虧損相應減少約137,900,000港元；(ii)物業、廠房及設備、商譽、無形資產及使用權資產減值虧損相應減少約429,800,000港元；及(iii)按公平值於損益列賬之金融資產公平值虧損相應減少約115,000,000港元。截至二零一九年十二月三十一日止年度，本公司擁有人應佔每股虧損為0.449港元(截至二零一八年十二月三十一日止年度：1.357港元(經重列))。

本集團截至二零一九年十二月三十一日止年度之營運開支總額約為257,300,000港元，較往年減少43.9%(二零一八年：458,700,000港元)，其主要包括僱員福利開支約70,300,000港元(二零一八年：110,700,000港元)、攤銷及折舊開支約51,700,000港元(二零一八年：69,600,000港元)研發成本約16,300,000港元(二零一八年：32,400,000港元)、廣告及市場推廣開支約37,900,000港元(二零一八年：102,200,000港元)及匯兌收益約400,000港元(二零一八年：匯兌虧損21,100,000港元)。

#### 淨資產

於二零一九年十二月三十一日，本集團之淨資產約為17,600,000港元，而於二零一八年十二月三十一日淨資產約為567,300,000港元，該資產淨值減少乃主要由於年內產生虧損以及按公平值計入其他全面收入的金融資產公平值虧損。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### FINANCIAL REVIEW (CONT'D)

#### *Liquidity and Financial Resources*

##### **Cash and Bank Balances**

As at 31 December 2019, the Group had cash and bank balances of approximately HK\$19.2 million (2018: HK\$20.1 million).

##### **Working Capital and Gearing Ratio**

As at 31 December 2019, the Group had current assets of approximately HK\$344.0 million (2018: HK\$866.6 million), while its current liabilities stood at approximately HK\$301.2 million (2018: HK\$623.1 million), representing a net current assets position with a working capital ratio (current assets to current liabilities) of 1.14 (2018: 1.39). The gearing ratio of the Group as at 31 December 2019, calculated as total bank and other borrowings to total equity was 3.1 (2018: 0.7).

##### **Capital Structure**

On 16 May 2019, the Company completed the share consolidation by every twenty existing shares of HK\$0.01 each consolidated into one consolidated share of HK\$0.2 each. Apart from that, there was no other material change to the Group's capital structure during the year ended 31 December 2019. As at 31 December 2019, the total number of issued shares of the Company was 879,289,500 (31 December 2018: 879,289,500 (adjusted after share consolidation)). The Group generally financed its operations and investing activities primarily with the proceeds from fund raising activities and through working capital from shareholder's loan.

In May 2020, upon the completion of share placing, 500,000,000 new shares of the Company were issued at HK\$0.2 per share. The Company also allotted and issued 200,000,000 ordinary shares to the holder of convertible bonds as the Company received conversion notices in respect of the conversion of the convertible bonds with principal amount of HK\$40,000,000 at the conversion price of HK\$0.2 per share.

### FOREIGN EXCHANGE EXPOSURE

The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. The Directors consider the risk of foreign exchange exposure of the Group is manageable. The management will continue to monitor the foreign exchange exposure of the Group and is prepared to take prudent measures such as hedging when appropriate actions are required.

### 財務回顧(續)

#### **流動資金及財務資源**

##### **現金及銀行結餘**

於二零一九年十二月三十一日，本集團擁有現金及銀行結餘約19,200,000港元(二零一八年：20,100,000港元)。

##### **營運資金及資產負債比率**

於二零一九年十二月三十一日，本集團流動資產約為344,000,000港元(二零一八年：866,600,000港元)，而流動負債約為301,200,000港元(二零一八年：623,100,000港元)，即處於淨流動資產狀況，而營運資金比率(流動資產比流動負債)為1.14(二零一八年：1.39)。本集團於二零一九年十二月三十一日按銀行及其他借款總額與權益總額計算的資產負債比率為3.1(二零一八年：0.7)。

##### **資本結構**

於二零一九年五月十六日，本公司以每二十股每股面值0.01港元的現有股份合併為一股每股面值0.2港元的合併股份的方式完成股份合併。除此之外，截至二零一九年十二月三十一日止年度，本集團資本結構並無其他重大變動。於二零一九年十二月三十一日，本公司已發行股份總數為879,289,500股(二零一八年十二月三十一日：879,289,500股(股份合併後進行調整))。本集團一般主要以集資活動所得款項以及來自股東貸款的營運資金為經營及投資活動提供資金。

於二零二零年五月，股份配售完成後，本公司按每股0.2港元發行500,000,000股新股份。由於本公司已收到與以每股0.2港元的換股價轉換本金額為40,000,000港元的可換股債券有關的轉換通知，故本公司亦已向可換股債券持有人配發及發行200,000,000股普通股。

### 外匯風險

本集團的業務交易、資產及負債主要以人民幣及港元計值。董事認為本集團之外匯風險受控。管理層將繼續監控本集團之外匯風險，並於情況有需要時採取對沖等審慎措施。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in this report, the Group has no material acquisitions/disposals of subsidiaries and associate during the year.

### CONTRACTUAL ARRANGEMENTS

#### *AK Suzhou Contractual Arrangements*

In April and August 2015, the Group completed the respective acquisitions of Tianjin Weikai and AK Suzhou through contractual arrangements. Save as disclosed in this report, there have been no changes to such Contractual Arrangements since the respective completion dates.

Collectively, the exclusive business cooperation agreement, the exclusive option agreement, the equity pledge agreement, the power of attorney and the consent letter of spouse, entered into among (i) AK Subsidiary (蘇州博凱生物技術諮詢服務有限責任公司 (Suzhou Bo Kai Biomedical Consultation Service Ltd.\*)), a company established in the PRC, an indirect wholly owned subsidiary of Frame Sharp Limited (a company incorporated in the British Virgin Islands, being owned as to (a) 70% (increased to 90% with effect from 20 June 2019) by CRMI Medical Bio-Tech Limited (“CRMI Medical”, formerly known as Enlighten On Enterprise Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly owned subsidiary of the Company, and (b) 30% (decreased to 10% with effect from 20 June 2019) by Remed Tiger Limited (“Remed Tiger”), a company incorporated in the Republic of Seychelles, being owned as to 100% by Mr. Zhang Xumao) respectively as at the date of this report), (ii) AK Suzhou (奧凱(蘇州)生物技術有限公司 (AK (Suzhou) Biomedical Ltd.), a limited liability company established in the PRC to engage in the business of providing services and equipment for human cell and stem cell related clinical applications in the PRC, including but not limited to the R&D on human stem cell technologies and equipment for human stem cell processing and for trading of its related equipment), the then (iii) registered shareholders of AK Suzhou and their spouses (if any).

\* for identification purposes only

### 附屬公司及聯營公司之重大收購或出售事項

除本報告所披露外，於本年度，本集團並無重大收購／出售附屬公司及聯屬公司。

### 合約安排

#### *奧凱(蘇州)合約安排*

於二零一五年四月及八月，本集團透過合約安排分別完成收購天津衛凱及奧凱(蘇州)。除本報告所披露者外，自各完成日期起，該等合約安排並無任何變動。

獨家業務合作協議、獨家購股權協議、股權質押協議、授權委託書及配偶同意函之統稱，由以下訂約方訂立：(i)奧凱附屬公司(蘇州博凱生物技術諮詢服務有限責任公司，一間於中國成立之公司，為Frame Sharp Limited(一間於英屬處女群島註冊成立之公司)之間接全資附屬公司，於本報告日期其分別由(a)中國再生醫學生物技術有限公司(「中國再生醫學生物技術」，前稱安迪企業有限公司，一間於英屬處女群島註冊成立之有限公司，為本公司之一間間接全資附屬公司)擁有70%(自二零一九年六月二十日起增至90%)，及(b)Remed Tiger Limited(「RemedTiger」，一間於塞舌爾共和國註冊成立之公司，由張旭茂先生全資擁有)擁有30%(自二零一九年六月二十日起跌至10%)，(ii)奧凱(蘇州)(奧凱(蘇州)生物技術有限公司，一間於中國成立之有限公司)，於中國從事為人體細胞及幹細胞相關臨床應用提供服務及設備之業務，包括但不限於人體幹細胞技術及人體幹細胞處理設備之研發及買賣相關設備，(iii)奧凱(蘇州)當時登記股東及彼等的配偶(如有)。

\* 僅供識別

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *AK Suzhou Contractual Arrangements (Cont'd)*

##### **Particulars and main business of the operating entity**

At the date of this report, AK Suzhou is currently owned as to 30% by Ms. Cui Keyan and as to 70% by Mr. Dai Yumin (the former executive Director of the Company, which had resigned from his directorship of the Company with effect from 30 April 2016) (hereinafter collectively referred to as the "Suzhou Biomedical Shareholders"). AK Suzhou is controlled by the Group through AK Subsidiary by way of AK Suzhou Contractual Arrangements pursuant to which AK Subsidiary controls AK Suzhou.

AK Suzhou is established to engage in the business of providing services and equipment for human cell and stem cell related clinical applications in the PRC, including but not limited to the R&D on human stem cell technologies and equipment for human stem cell processing and for trading of its related equipment.

##### *(a) Irrevocable power of attorney*

Parties:

Suzhou Biomedical Shareholders

Terms:

An indefinite term upon execution and shall continue to be valid until the contracts under AK Suzhou Contractual Arrangements including their respective supplemental agreements ("AK Suzhou Main Obligations") have been terminated or discharged in full.

Main Subject:

Suzhou Biomedical Shareholders shall, among other things, irrevocably authorise AK Subsidiary and its respective successors to act on their behalf on all matters in relation to their equity interests in AK Suzhou, including attending shareholders' meeting, signing minutes of shareholders' meeting and shareholders' resolutions, exercising their full shareholder's rights under the articles of association of AK Suzhou and applicable PRC laws and regulations, including but not limited to shareholders' voting right, appointment of the legal representative, director, supervisor and senior management of AK Suzhou, filing documents with the relevant governmental authorities or regulatory bodies, acquisition and disposition of the equity interest of AK Suzhou held by Suzhou Biomedical Shareholders or making decision on the liquidation of AK Suzhou and the formulation of the profit sharing plans of AK Suzhou, provided that the exercise of the power(s) of attorney shall not cause breach to the AK Suzhou Contractual Arrangements.

### 合約安排(續)

#### **奧凱(蘇州)合約安排(續)**

##### **經營實體之詳情及主要業務**

於本報告日期，奧凱(蘇州)現時由崔科研女士及戴昱敏先生(本公司之前任執行董事，自二零一六年四月三十日起辭任本公司之董事職務)(下文統稱「蘇州生物技術股東」)分別擁有30%及70%。奧凱(蘇州)由本集團透過奧凱附屬公司藉助奧凱(蘇州)合約安排之方式控制，據此，奧凱附屬公司控制奧凱(蘇州)。

奧凱(蘇州)之成立宗旨為於中國從事為人體細胞及幹細胞相關臨床應用提供服務及設備之業務，包括但不限於人體幹細胞技術及人體幹細胞處理設備之研發及買賣相關設備。

##### *(a) 不可撤回授權委託書*

訂約方：

蘇州生物技術股東

年期：

於簽署後無限年期並將持續有效，直至奧凱(蘇州)合約安排(包括其各份補充協議)(「奧凱(蘇州)主債權」)項下之合約均已獲全面終止或解除。

主體事項：

蘇州生物技術股東將(其中包括)不可撤回授權奧凱附屬公司及其各自之繼任者代為處理有關其於奧凱(蘇州)之股權之所有事宜，包括出席股東大會、簽署股東大會之大會記錄及股東決議案、根據奧凱(蘇州)之組織章程細則及適用中國法律及法規悉數行使其股東權利(包括但不限於股東之投票權)、委任奧凱(蘇州)之法定代表人、董事、監事及高級管理人員、向相關政府機關或監管機構登記備案、收購及處置蘇州生物技術股東持有奧凱(蘇州)的股權或就奧凱(蘇州)的清盤事宜作出決定以及制定奧凱(蘇州)利潤分配方案等，惟行使授權委託書中規定之權利不得違反奧凱(蘇州)合約安排。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *AK Suzhou Contractual Arrangements (Cont'd)*

#### ***Particulars and main business of the operating entity (Cont'd)***

##### *(b) Exclusive business cooperation agreement*

###### Parties:

- (i) AK Subsidiary
- (ii) AK Suzhou

###### Terms:

10 years commencing from 7 August 2015. The exclusive business cooperation agreement will be automatically extended for another 10 years if AK Subsidiary has no intention to terminate upon its expiry. The said automatic 10-year extension will continue until AK Subsidiary gives confirmation regarding the termination of the term.

###### Main Subject:

AK Suzhou should appoint AK Subsidiary as exclusive service provider for its business operations, including but not limited to, technical R&D, technical support, technical consultation, technical training and other management and corporate consultation services.

### 合約安排 (續)

#### **奧凱(蘇州)合約安排(續)**

#### **經營實體之詳情及主要業務(續)**

##### **(b) 獨家業務合作協議**

###### 訂約方：

- (i) 奧凱附屬公司
- (ii) 奧凱(蘇州)

###### 年期：

由二零一五年八月七日起為期10年。期滿後假若奧凱附屬公司沒有終止的意向表示，則獨家業務合作協議將自動延期10年。此自動延期10年將持續進行，直至奧凱附屬公司作出終止年期確認。

###### 主體事項：

奧凱(蘇州)將委聘奧凱附屬公司為其業務營運之獨家服務提供商，包括但不限於技術研發、技術支援、技術諮詢、技術培訓及其他相關管理及企業諮詢服務。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *AK Suzhou Contractual Arrangements (Cont'd)*

##### **Particulars and main business of the operating entity (Cont'd)**

###### (c) *Exclusive option agreements*

###### Parties:

- (i) AK Subsidiary
- (ii) Suzhou Biomedical Shareholders
- (iii) AK Suzhou

###### Terms:

10 years commencing from the date of the respective exclusive option agreements. The exclusive option agreement will be automatically extended for another 10 years if AK Subsidiary has no intention to terminate upon its expiry. The said automatic 10-year extension will continue until AK Subsidiary gives confirmation regarding termination of the term.

###### Main Subject:

Suzhou Biomedical Shareholders and AK Suzhou irrevocably agreed, to the extent permitted under the laws of the PRC, to transfer to AK Subsidiary or any person(s) designated by AK Subsidiary at any time and from time to time, all or part of their equity interests in AK Suzhou, or all or part of the assets of AK Suzhou.

AK Subsidiary may exercise its rights under the paragraph above at any time and in any manner at its sole discretion as permitted under the laws of the PRC. The exercise price of each of the rights under the paragraph above shall be the lowest price permitted under the laws of the PRC, subject to any other price as required by the PRC government authorities. Upon AK Suzhou and/or Suzhou Biomedical Shareholders receive(s) the said consideration, they unconditionally transfer the said consideration to AK Subsidiary or any person(s) designated by AK Subsidiary.

Suzhou Biomedical Shareholders and AK Suzhou jointly and/or severally undertake that, among other things, without having obtained the prior written consent from AK Subsidiary, they will not (i) amend the articles of association of AK Suzhou; (ii) increase or decrease the registered capital of AK Suzhou; (iii) dispose of, transfer, mortgage, create any security interest or third party rights in its equity interests in AK Suzhou; (iv) appoint any director(s) or executive director(s) of AK Suzhou; and (v) pay dividends in any manners. Suzhou Biomedical Shareholders further undertake that, without having obtained the written consent from AK Subsidiary, they and their respective related persons will not engage in any business which is in competition with the business of AK Suzhou.

### 合約安排(續)

#### **奧凱(蘇州)合約安排(續)**

##### **經營實體之詳情及主要業務(續)**

###### (c) **獨家購股權協議**

###### 訂約方:

- (i) 奧凱附屬公司
- (ii) 蘇州生物技術股東
- (iii) 奧凱(蘇州)

###### 年期:

由各獨家購股權協議日期起為期10年。期滿後假若奧凱附屬公司沒有終止的意向表示，則獨家購股權協議將自動延期10年。此自動延期10年將持續進行，直至奧凱附屬公司作出終止年期確認。

###### 主體事項:

蘇州生物技術股東及奧凱(蘇州)不可撤回同意，於中國法律准許之範圍內，隨時及不時向奧凱附屬公司或奧凱附屬公司指定之任何人士轉讓其於奧凱(蘇州)之全部或部份股權或奧凱(蘇州)之全部或部份資產。

在中國法律准許之情況下，奧凱附屬公司可全權酌情於任何時間及以任何方式行使上段所述權利。上段所述各項權利之行使價格將為中國法律准許之最低價格，惟須受中國政府機關所規定之任何其他價格限制。於奧凱(蘇州)及/或蘇州生物技術股東收到上述代價後，彼等將無條件轉讓上述代價予奧凱附屬公司或其指定之任何人士。

蘇州生物技術股東及奧凱(蘇州)共同及/或個別承諾，(其中包括)如未獲奧凱附屬公司事先書面同意，彼等將不會(i)修訂奧凱(蘇州)之組織章程細則；(ii)增加或減少奧凱(蘇州)之註冊資本；(iii)將其於奧凱(蘇州)之股權出售、轉讓、抵押、設置任何擔保權益或第三方權利；(iv)委任奧凱(蘇州)之任何董事或執行董事；及(v)以任何方式派付股息。蘇州生物技術股東進一步承諾，如未獲奧凱附屬公司書面同意，彼等及彼等各自之關聯人士將不會從事任何與奧凱(蘇州)業務構成競爭之業務。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *AK Suzhou Contractual Arrangements (Cont'd)*

#### **Particulars and main business of the operating entity (Cont'd)**

##### (d) *Equity pledge agreements*

###### Parties:

- (i) AK Subsidiary
- (ii) Suzhou Biomedical Shareholders
- (iii) AK Suzhou

###### Terms:

Effective from the registration of the pledged equity interests under the equity pledge agreement at the relevant PRC administration for industry and commerce until all the obligations of Suzhou Biomedical Shareholders and AK Suzhou (including but not limited to AK Suzhou Main Obligations) are satisfied or discharged in full. The registration of the pledged equity interests under the equity pledge agreement at the relevant PRC administration for industry and commerce has been completed.

###### Main Subject:

Suzhou Biomedical Shareholders pledged all equity interests in AK Suzhou legally held by Suzhou Biomedical Shareholders (including present or future registered capital and their rights and benefits, whether through increase of capital and/or transfer of equity interest) to AK Subsidiary.

### 合約安排 (續)

#### *奧凱(蘇州)合約安排(續)*

#### **經營實體之詳情及主要業務(續)**

##### (d) *股權質押協議*

###### 訂約方：

- (i) 奧凱附屬公司
- (ii) 蘇州生物技術股東
- (iii) 奧凱(蘇州)

###### 年期：

自於有關中國工商行政機關登記股權質押協議項下之已抵押股權起生效，直至蘇州生物技術股東及奧凱(蘇州)之所有債權(包括但不限於奧凱(蘇州)主債權)均已經完全被滿足或被解除。已完成於有關中國工商行政機關登記股權質押協議項下之已抵押股權。

###### 主體事項：

蘇州生物技術股東向奧凱附屬公司質押蘇州生物技術股東合法持有之全部奧凱(蘇州)股權(包括現有或未來註冊股本及其權利及利益，無論是透過增加股本及／或轉讓股權之方式)。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *AK Suzhou Contractual Arrangements (Cont'd)*

#### **Particulars and main business of the operating entity (Cont'd)**

(e) *Consent letter of spouse*

Parties:

The spouses of Suzhou Biomedical Shareholders

Terms:

An indefinite term upon execution and shall continue to be valid until the AK Suzhou Main Obligations are satisfied or discharged in full.

Main Subject:

The spouses of Suzhou Biomedical Shareholders unconditionally agreed to the AK Suzhou Contractual Arrangements.

The spouses of Suzhou Biomedical Shareholders undertake and declare that the equity respectively owned by Suzhou Biomedical Shareholders in AK Suzhou contemplated on AK Suzhou Contractual Arrangements shall be Suzhou Biomedical Shareholders' personal property respectively; and further, the said spouses undertake that they shall not take any act that causes or will cause any conflict and/or impediment to the AK Suzhou Contractual Arrangements.

#### **Reason for using the AK Suzhou Contractual Arrangements and the significance to the Group**

As advised by the legal adviser of the Company, the principal business of AK Suzhou involves technology for human stem cell research & development and applications which is regarded as prohibited business for foreign entity under the PRC Law. As such, the Group cannot acquire the equity interest in AK Suzhou at that time. Having regard to such foreign investment restrictions, the AK Suzhou Contractual Arrangements were designed to provide AK Subsidiary and, thus the Group, with effective control over the financial and operational policies of AK Suzhou and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interest in AK Suzhou.

### 合約安排 (續)

#### *奧凱(蘇州)合約安排(續)*

#### **經營實體之詳情及主要業務(續)**

(e) *配偶同意函*

訂約方：

蘇州生物技術股東之配偶

年期：

於簽署後無限年期並將持續有效，直至奧凱(蘇州)主債權均已經完全被滿足或被解除。

主體事項：

蘇州生物技術股東之配偶無條件同意奧凱(蘇州)合約安排。

蘇州生物技術股東之配偶承諾及聲明，奧凱(蘇州)合約安排中涉及的蘇州生物技術股東各自持有於奧凱(蘇州)之股權分別為蘇州生物技術股東之個人財產；並進一步承諾不會採取任何導致或將導致與奧凱(蘇州)合約安排相衝突及／或阻礙之行為。

#### **採用奧凱(蘇州)合約安排之理由及對本集團之重要性**

據本公司法律顧問告知，奧凱(蘇州)的主要業務涉及人體幹細胞研發及應用技術，根據中國法律被視為外資企業受禁止類業務。因此，本集團當時無法收購奧凱(蘇州)之股權。經計及該等海外投資限制，設立奧凱(蘇州)合約安排之目的乃為奧凱附屬公司乃至本集團提供對奧凱(蘇州)財務及經營策略之有效控制及(於中國法律及法規准許之範圍內)收購奧凱(蘇州)股權之權利。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

### 合約安排 (續)

#### *AK Suzhou Contractual Arrangements (Cont'd)*

#### 奧凱(蘇州)合約安排(續)

#### **Revenue and assets subject to the AK Suzhou Contractual Arrangements**

#### 奧凱(蘇州)合約安排之收益及資產

The revenue, net loss and total assets subject to the AK Suzhou Contractual Arrangements are set out as follows:

奧凱(蘇州)合約安排之收益、淨虧損及總資產載列如下：

		Year ended 31 December 2019 截至 二零一九年 十二月三十一日 止年度 (HK\$'000) (千港元)	Year ended 31 December 2018 截至 二零一八年 十二月三十一日 止年度 (HK\$'000) (千港元)
Revenue	收益	3,791	3,244
Net loss	淨虧損	8,383	53,256
Total assets	總資產	725	28,590

For the year ended 31 December 2019, the revenue and net loss subject to AK Suzhou Contractual Arrangements amounted to approximately 7.9% and 1.87% of the revenue and net loss of the Group respectively. As at 31 December 2019, the total assets subject to AK Suzhou Contractual Arrangements amounted to approximately 0.13% of the total assets of the Group.

截至二零一九年十二月三十一日止年度，奧凱(蘇州)合約安排之收益及淨虧損分別佔本集團收益及淨虧損約7.9%及1.87%。於二零一九年十二月三十一日，奧凱(蘇州)合約安排之總資產佔本集團總資產約0.13%。

For the year ended 31 December 2018, the revenue and net loss subject to AK Suzhou Contractual Arrangements amounted to approximately 4.45% and 4.15% of the revenue and net loss of the Group respectively. As at 31 December 2017, the total assets subject to AK Suzhou Contractual Arrangements amounted to approximately 2.01% of the total assets of the Group.

截至二零一八年十二月三十一日止年度，奧凱(蘇州)合約安排之收益及淨虧損分別佔本集團收益及淨虧損約4.45%及4.15%。於二零一七年十二月三十一日，奧凱(蘇州)合約安排之總資產佔本集團總資產約2.01%。

#### **Material changes**

#### 重大變動

Save as disclosed in this report, there has not been any material changes in AK Suzhou Contractual Arrangements and/or the circumstances under which they were adopted.

除本報告所披露者外，奧凱(蘇州)合約安排及／或採納該等合約安排的情況並無任何重大變動。

#### **Unwinding of Ak Suzhou Contractual Arrangements**

#### 解除奧凱(蘇州)合約安排

Up to the date of this report, there has not been any unwinding of any AK Suzhou Contractual Arrangements, nor has there been any failure to unwind any AK Suzhou Contractual Arrangements when the restrictions that led to the adoption of the AK Suzhou Contractual Arrangements are removed.

截至本報告日期，並無任何奧凱(蘇州)合約安排被解除，亦無於導致採納奧凱(蘇州)合約安排的限制經移除後出現無法解除任何奧凱(蘇州)合約安排的情況。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *Tianjin Weikai Contractual Arrangements*

Collectively, the exclusive business cooperation agreement, the exclusive option agreement, the equity pledge agreement, the power of attorney and the consent letter of spouse, entered into among (i) Tianjin Subsidiary (Tianjin Weisheng Biotechnology Consulting Limited, a company incorporated in the PRC with Royal Noble Development Limited as its sole shareholder (a company incorporated in Hong Kong with Passion Stream Limited as its sole shareholder, a company incorporated in the British Virgin Islands, being owned as to 70% (increased to 90% with effect from 20 June 2019) and 30% (decreased to 10% with effect from 20 June 2019) by the CRMI Medical and Remed Tiger respectively)), (ii) Tianjin Weikai (天津衛凱生物工程有限(Tianjin Weikai Bioeng Ltd.\*), a company incorporated in the PRC to engage in the business of designs and manufacturing of pre-clinical cell and stem cell related equipment, especially in 3D cell culture bio-reactors and their related consumables, as well as providing CRO services i.e. contract research services which mainly include drug screening, drug efficacy, toxicity assays in the drug development services to local institutions and hospitals), the then (iii) registered shareholders of Tianjin Weikai and their spouses (if any).

#### **Particulars and main business of the operating entity**

At the date of this report, Tianjin Weikai is currently owned as to 30% by Mr. Cui Zhanyong and as to 70% by Mr. Dai Yumin (hereinafter collectively referred to as the "Tianjin Weikai Shareholders"). Tianjin Weikai is controlled by the Group through Tianjin Subsidiary by way of Tianjin Weikai Contractual Arrangements pursuant to which Tianjin Subsidiary controls Tianjin Weikai.

Tianjin Weikai engages in the business of design and manufacturing of pre-clinical cell and stem cell related equipment, especially in 3D cell culture bio-reactors and their related consumables as well as providing CRO services.

### 合約安排(續)

#### *天津衛凱合約安排*

獨家業務合作協議、獨家購股權協議、股權質押協議、授權委託書及配偶同意函之統稱，由以下訂約方訂立：(i)天津附屬公司(天津衛盛生物技術諮詢服務有限公司，一間於中國註冊成立之公司，凱爵發展有限公司(一間於香港註冊成立之公司，Passion Stream Limited(一間於英屬處女群島註冊成立之公司，由中國再生醫學生物技術及Remed Tiger分別擁有70%(自二零一九年六月二十日起增至90%)及30%(自二零一九年六月二十日起跌至10%)權益)為其唯一股東)為其唯一股東)，(ii)天津衛凱(天津衛凱生物工程有限(Tianjin Weikai Bioeng Ltd.\*), 一間於中國註冊成立之公司，從事設計和製造臨床前的細胞和幹細胞相關的設備業務，特別是在三維細胞灌培養物反應器及其相關的耗材，以及提供合同式技術研究服務，其中主要包括藥物篩選，藥物的療效，為當地機構和醫院的藥效提供毒性檢測服務)，(iii)天津衛凱當時之登記股東及彼等之配偶(如有)。

#### **經營實體之詳情及主要業務**

於本報告日期，天津衛凱現時由崔佔永先生及戴昱敏先生(下文統稱「天津衛凱股東」)分別擁有30%及70%權益。天津衛凱由本集團透過天津附屬公司以天津衛凱合約安排之方式控制，據此，天津附屬公司控制天津衛凱。

天津衛凱從事臨床前的細胞和幹細胞相關的設備之設計和製造(特別是在三維細胞灌培養物反應器及其相關的耗材)業務以及提供合同式技術研究服務。

\* for identification purposes only

\* 僅供識別

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *Tianjin Weikai Contractual Arrangements (Cont'd)*

#### **Major terms of the Tianjin Weikai Contractual Arrangements**

(a) *Irrevocable Power(s) of Attorney*

Parties:

Tianjin Weikai Shareholders

Terms:

An indefinite term upon execution and shall continue to be valid until the contracts under Tianjin Weikai Contractual Arrangements including their respective supplemental agreements ("Tianjin Weikai Main Obligations") are satisfied or discharged in full.

Main Subject:

Tianjin Weikai Shareholders shall, among other things, irrevocably authorise any representative and its respective successors appointed by Tianjin Subsidiary to act on their behalf all matters in relation to its equity interests in Tianjin Weikai, including attending shareholders' meeting, signing minutes of shareholders' meeting and shareholders' resolutions, exercising their full shareholder's rights under the articles of association of Tianjin Weikai and applicable PRC laws and regulations, including but not limited to shareholders' voting right, appointment of the legal representative, director, supervisor and senior management of Tianjin Weikai, filing documents with the relevant governmental authorities or regulatory bodies, acquisition and disposition of the shareholdings of Tianjin Weikai held by Tianjin Weikai Shareholders or making decision on the liquidation of Tianjin Weikai and the formulation of the profit sharing plans of Tianjin Weikai, provided that the exercise of the power(s) of attorney shall not cause to breach the Tianjin Weikai Contractual Arrangements.

### 合約安排 (續)

#### 天津衛凱合約安排 (續)

#### 天津衛凱合約安排之主要條款

(a) 不可撤回授權委託書

訂約方：

天津衛凱股東

年期：

於簽署後無限年期並將持續有效，直至天津衛凱合約安排(包括其各份補充協議)(「天津衛凱主債權」)項下之合約均已獲全面達成或解除。

主體事項：

天津衛凱股東將(其中包括)不可撤回授權天津附屬公司委任之任何代表及其各自之繼任者代為處理有關其於天津衛凱之股權之所有事宜，包括出席股東大會、簽署股東大會之大會記錄及股東決議案、根據天津衛凱之組織章程細則及適用中國法律及法規悉數行使其股東權利(包括但不限於股東之投票權)、委任天津衛凱之法定代表人、董事、監事及高級管理人員、向相關政府機關或監管機構登記備案、收購及處置天津衛凱股東持有天津衛凱的股權或者就天津衛凱的清盤事宜作出決定以及制定天津衛凱利潤分配方案等，惟行使授權委託書中規定之權利不得違反天津衛凱合約安排。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *Tianjin Weikai Contractual Arrangements (Cont'd)*

#### **Major terms of the Tianjin Weikai Contractual Arrangements (Cont'd)**

(b) *Exclusive business cooperation agreement*

Parties:

- (i) Tianjin Subsidiary
- (ii) Tianjin Weikai

Terms:

10 years commencing from 17 April 2015. The exclusive business cooperation agreement will be automatically extended for another 10 years if Tianjin Subsidiary has no intention to terminate upon its expiry. The said automatic 10- year extension will continue until Tianjin Subsidiary gives confirmation regarding the termination of the term.

Main Subject:

Tianjin Weikai should appoint Tianjin Subsidiary as service provider for its business operations, including but not limited to, technical R&D, technical support, technical consultation, technical training and other management and corporate consultation services.

### 合約安排 (續)

#### 天津衛凱合約安排 (續)

#### 天津衛凱合約安排之主要條款 (續)

(b) 獨家業務合作協議

訂約方：

- (i) 天津附屬公司
- (ii) 天津衛凱

年期：

由二零一五年四月十七日起為期10年。期滿後倘天津附屬公司並無終止的意向表示，則獨家業務合作協議將自動延期10年。此自動延期10年將持續進行，直至天津附屬公司作出終止年期確認。

主體事項：

天津衛凱將委聘天津附屬公司為其業務營運之服務提供商，包括但不限於技術研發、技術支援、技術諮詢、技術培訓及其他相關管理及企業諮詢服務。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *Tianjin Weikai Contractual Arrangements (Cont'd)*

#### **Major terms of the Tianjin Weikai Contractual Arrangements (Cont'd)**

##### (c) *Exclusive option agreements*

###### Parties:

- (i) Tianjin Subsidiary
- (ii) Tianjin Weikai Shareholders
- (iii) Tianjin Weikai

###### Terms:

10 years commencing from the date of the respective exclusive option agreements. The exclusive option agreement will be automatically extended for another 10 years if Tianjin Subsidiary has no intention to terminate upon its expiry. The said automatic 10-year extension will continue until Tianjin Subsidiary gives confirmation regarding termination of the term.

###### Main Subject:

Tianjin Weikai Shareholders and Tianjin Weikai shall irrevocably agree, to the extent permitted under the laws of the PRC, to transfer to Tianjin Subsidiary or any person(s) designated by Tianjin Subsidiary at any time and from time to time, all or part of its equity interests in Tianjin Weikai, or all or part of the assets of Tianjin Weikai.

Tianjin Subsidiary may exercise its rights under the paragraph above at any time and in any manner at its sole discretion as permitted under the laws of the PRC. The exercise price of each of the rights under the paragraph above shall be the lowest price permitted under the laws of the PRC, subject to any other price as required by the PRC government authorities. Upon Tianjin Weikai and/or Tianjin Weikai Shareholders receive(s) the said consideration, they unconditionally transfer the said consideration to Tianjin Subsidiary or any person(s) designated by Tianjin Subsidiary.

Tianjin Weikai Shareholders and Tianjin Weikai jointly and/or severally undertake that, among other things, without having obtained the written consent from Tianjin Subsidiary, they will not (i) amend the articles of association of Tianjin Weikai; (ii) increase or decrease the registered capital of Tianjin Weikai; (iii) dispose of, transfer, mortgage, create any security interest or third party rights in its equity interests in Tianjin Weikai; (iv) appoint any director(s) or executive director(s) of Tianjin Weikai; (v) pay dividends in any manners. Tianjin Weikai Shareholders further undertake that, without having obtained the written consent from Tianjin Subsidiary, they and their respective related persons will not engage in any business which is in competition with the businesses of Tianjin Weikai.

### 合約安排(續)

#### *天津衛凱合約安排(續)*

#### *天津衛凱合約安排之主要條款(續)*

##### (c) *獨家購股權協議*

###### 訂約方：

- (i) 天津附屬公司
- (ii) 天津衛凱股東
- (iii) 天津衛凱

###### 年期：

由各獨家購股權協議日期起為期10年。期滿後倘天津附屬公司並無終止的意向表示，則獨家購股權協議將自動延期10年。此自動延期10年將持續進行，直至天津附屬公司作出終止年期確認。

###### 主體事項：

天津衛凱股東及天津衛凱不可撤回同意，於中國法律准許之範圍內，隨時及不時向天津附屬公司或天津附屬公司指定之任何人士轉讓其於天津衛凱之全部或部份股權或天津衛凱之全部或部份資產。

在中國法律准許之情況下，天津附屬公司可全權酌情於任何時間及以任何方式行使上段所述權利。上段所述各項權利之行使價格將為中國法律准許之最低價格，惟須受中國政府機關所規定之任何其他價格限制。於天津衛凱及／或天津衛凱股東收到上述代價後，彼等將無條件轉讓上述代價予天津附屬公司或其指定之任何人士。

天津衛凱股東及天津衛凱共同及／或個別承諾，(其中包括)如未獲天津附屬公司書面同意，彼等將不會(i)修訂天津衛凱之組織章程細則；(ii)增加或減少天津衛凱之註冊資本；(iii)將其於天津衛凱之股權出售、轉讓、抵押、設置任何擔保權益或第三方權利；(iv)委任天津衛凱之任何董事或執行董事；(v)以任何方式派付股息。天津衛凱股東進一步承諾，如未獲天津附屬公司書面同意，彼等及彼等各自之關連人士將不會從事任何與天津衛凱業務構成競爭之業務。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *Tianjin Weikai Contractual Arrangements (Cont'd)*

#### **Major terms of the Tianjin Weikai Contractual Arrangements (Cont'd)**

(d) *Equity pledge agreement*

Parties:

- (i) Tianjin Subsidiary
- (ii) Tianjin Weikai Shareholders
- (iii) Tianjin Weikai

Terms:

Effective from the registration of the pledged equity interests under the equity pledge agreement at the relevant PRC administration for industry and commerce until all the obligations of Tianjin Weikai Shareholders and Tianjin Weikai (including but not limited to Tianjin Weikai Main Obligations) are satisfied or discharged in full. The registration of the pledged equity interests under the equity pledge agreement at the relevant PRC administration for industry and commerce has been completed.

Main Subject:

Tianjin Weikai Shareholders pledged all equity interests in Tianjin Weikai held by Tianjin Weikai Shareholders (including present or future registered capital and their rights and benefits, whether through increase of capital and/or transfer of equity interest) to Tianjin Subsidiary.

### 合約安排 (續)

#### *天津衛凱合約安排 (續)*

#### *天津衛凱合約安排之主要條款 (續)*

(d) *股權質押協議*

訂約方：

- (i) 天津附屬公司
- (ii) 天津衛凱股東
- (iii) 天津衛凱

年期：

自於有關中國工商行政機關登記股權質押協議項下之已抵押股權起生效，直至天津衛凱股東及天津衛凱之所有債權（包括但不限於天津衛凱主債權）均已經完全被滿足或被解除。於有關中國工商行政機關登記股權質押協議項下之已抵押股權已完成。

主體事項：

天津衛凱股東向天津附屬公司質押天津衛凱股東持有之全部天津衛凱股權（包括現有或未來註冊股本及其權利及利益，無論是透過增加股本及／或轉讓股權之方式）。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *Tianjin Weikai Contractual Arrangements (Cont'd)*

#### **Major terms of the Tianjin Weikai Contractual Arrangements (Cont'd)**

(e) *Consent letter of spouse*

Parties:

The spouses of Tianjin Weikai Shareholders

Terms:

An indefinite term upon execution and shall continue to be valid until the Tianjin Weikai Main Obligations are satisfied or discharged in full.

Main Subject:

The spouses of Tianjin Weikai Shareholders shall unconditionally agree to the Tianjin Weikai Contractual Arrangements.

The spouses of Tianjin Weikai Shareholders undertake and declare that the equity respectively owned by Tianjin Weikai Shareholders in Tianjin Weikai contemplated on the Tianjin Weikai Contractual Arrangements shall be Tianjin Weikai Shareholders' personal property respectively; and further, the said spouses undertake that they shall not take any act that causes or will cause any conflict and/or impediment to the Tianjin Weikai Contractual Arrangements.

### 合約安排 (續)

#### 天津衛凱合約安排 (續)

#### 天津衛凱合約安排之主要條款 (續)

(e) 配偶同意函

訂約方：

天津衛凱股東之配偶

年期：

於簽署後無限年期並將持續有效，直至天津衛凱主債權均已經完全被滿足或被解除。

主體事項：

天津衛凱股東之配偶無條件同意天津衛凱合約安排。

天津衛凱股東之配偶承諾及聲明，天津衛凱合約安排中涉及的天津衛凱股東各自持有於天津衛凱之股權分別為天津衛凱股東之個人財產；此外，其不會採取任何與天津衛凱合約安排相衝突及／或阻礙之行為。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *Tianjin Weikai Contractual Arrangements (Cont'd)*

#### **Reason for using the Tianjin Weikai Contractual Arrangements and the significance to the Group**

As advised by the legal adviser of the Company, the principal business of AK Suzhou which involves technology for human stem cell research & development and applications is regarded as prohibited business for foreign entity under the PRC Law. As such, the Group cannot acquire the equity interest in Tianjin Weikai at that time. Having regard to such foreign investment restrictions, the Tianjin Weikai Contractual Arrangements were designed to provide Tianjin Subsidiary and, thus the Group, with effective control over the financial and operational policies of Tianjin Weikai and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interest in Tianjin Weikai.

#### **Revenue and assets subject to the Tianjin Weikai Contractual Arrangements**

The revenue, net loss and total assets subject to the Tianjin Weikai Contractual Arrangements are set out as follows:

Revenue	收益
Net loss	淨虧損
Total assets	總資產

For the year ended 31 December 2019, the revenue and net loss subject to Tianjin Weikai Contractual Arrangements amounted to approximately 4.18% and 1.92% of the revenue and net loss of the Group respectively. As at 31 December 2019, the total assets subject to Tianjin Weikai Contractual Arrangements amounted to approximately 0.71% of the total assets of the Group.

For the year ended 31 December 2018, the revenue and net loss subject to Tianjin Weikai Contractual Arrangements amounted to approximately 2.25% and 8.36% of the revenue and net loss of the Group respectively. As at 31 December 2018, the total assets subject to Tianjin Weikai Contractual Arrangements amounted to approximately 0.75% of the total assets of the Group.

### 合約安排 (續)

#### *天津衛凱合約安排 (續)*

#### **採用天津衛凱合約安排之理由及對本集團之重要性**

據本公司法律顧問告知，奧凱(蘇州)的主要業務涉及人體幹細胞研發及應用技術，根據中國法律被視為外資企業受禁止類業務。因此，本集團當時無法收購天津衛凱之股權。經計及該等海外投資限制，設立天津衛凱合約安排之目的乃為天津附屬公司乃至本集團提供對天津衛凱財務及經營策略之有效控制及(於中國法律及法規准許之範圍內)收購天津衛凱股權之權利。

#### **受天津衛凱合約安排規限之收益及資產**

天津衛凱合約安排之收益、淨虧損及總資產載列如下：

Year ended 31 December 2019 截至 二零一九年 十二月三十一日 止年度 (HK\$'000) (千港元)	Year ended 31 December 2018 截至 二零一八年 十二月三十一日 止年度 (HK\$'000) (千港元)
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Revenue	2,005	1,643
Net loss	8,607	107,385
Total assets	3,929	10,665

截至二零一九年十二月三十一日止年度，天津衛凱合約安排之收益及淨虧損分別佔本集團收益及淨虧損之約4.18%及1.92%。於二零一九年十二月三十一日，天津衛凱合約安排之總資產佔本集團總資產約0.71%。

截至二零一八年十二月三十一日止年度，天津衛凱合約安排之收益及淨虧損分別佔本集團收益及淨虧損之約2.25%及8.36%。於二零一八年十二月三十一日，天津衛凱合約安排之總資產佔本集團總資產約0.75%。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

#### *Tianjin Weikai Contractual Arrangements (Cont'd)*

##### **Material changes**

Save as disclosed in this report, there has not been any material changes in Tianjin Weikai Contractual Arrangements and/or the circumstances under which they were adopted.

##### **Unwinding of Tianjin Weikai Contractual Arrangements**

Up to the date of this report, there has not been any unwinding of any Tianjin Weikai Contractual Arrangements, nor has there been any failure to unwind any Tianjin Weikai Contractual Arrangements when the restrictions that led to the adoption of the Tianjin Weikai Contractual Arrangements are removed.

##### **Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks**

The Group does not have any direct equity ownership in AK Suzhou and/or Tianjin Weikai and has relied on the AK Suzhou Contractual Arrangements and/or Tianjin Weikai Contractual Arrangements, as the case may be, to control, operate, and be entitled to the economic benefits and risks arising from the respective businesses of AK Suzhou and/or Tianjin Weikai in the PRC. However, there are risks involved with the operations of AK Subsidiary and/or Tianjin Subsidiary under the AK Suzhou Contractual Arrangements and/or Tianjin Weikai Contractual Arrangements, as the case may be.

### 合約安排 (續)

#### *天津衛凱合約安排 (續)*

##### **重大變動**

除於本報告披露者外，天津衛凱合約安排及／或採納該等合約安排的情況並無任何重大變動。

##### **解除天津衛凱合約安排**

截至本報告日期，並無任何天津衛凱合約安排被解除，亦無於導致採納天津衛凱合約安排的限制經移除後出現無法解除任何天津衛凱合約安排的情況。

##### **與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施**

本集團並無於奧凱(蘇州)及／或天津衛凱擁有任何直接所有權權益，並已倚賴奧凱(蘇州)合約安排及／或天津衛凱合約安排(視情況而定)於中國控制、運營奧凱(蘇州)及／或天津衛凱各自之業務，並有權享有或承擔其經濟利益及風險。然而，奧凱(蘇州)合約安排及／或天津衛凱合約安排(視情況而定)項下存有涉及奧凱附屬公司及／或天津附屬公司經營業務之風險。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

- (i) ***There is no assurance that the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements do not comply with applicable regulations***

Current PRC laws and regulations prohibit foreign ownership of companies engage in the businesses concerning technology for research & development and applications of human stem cells, gene diagnose and therapy. The businesses of AK Suzhou and Tianjin Weikai are regarded as design and manufacturing of pre-clinical cell and stem cell related equipment which involves in technology for human stem cell research & development and applications, in addition to providing contract research services. The Company is a company incorporated under the laws of the Cayman Islands. AK Subsidiary and Tianjin Subsidiary may not engage in the businesses concerning technology for human stem cell research & development and applications in the PRC under current PRC laws. As a result, the Group will have to conduct the business of AK Suzhou and Tianjin Weikai in the PRC through the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements respectively.

Despite the fact that there is no indication that the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements will be interfered or objected by any PRC regulatory authorities, to the best knowledge of the Directors, there is a possibility that the Ministry of Commerce and other competent authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements comply with the current PRC laws, regulations or rules or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements.

If the authorities may deny the validity, effectiveness and enforceability of any of the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements, it could have a material adverse impact on the Group's businesses, financial condition and results of operations.

### 合約安排(續)

*與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施(續)*

- (i) 概不能保證奧凱(蘇州)合約安排及天津衛凱合約安排能夠遵守未來中國監管規定之變動及中國政府可能釐定奧凱(蘇州)合約安排及天津衛凱合約安排並無遵守適用法規

現行中國法律及法規禁止外資公司從事有關人體幹細胞研發及應用、基因診斷及治療技術之業務。除提供合同式研究服務外，奧凱(蘇州)及天津衛凱之業務為設計及生產臨床前細胞及幹細胞相關設備，其中涉及人體幹細胞研發及應用技術。本公司為一間根據開曼群島法律註冊成立之公司。根據現行中國法律，奧凱附屬公司及天津附屬公司不可於中國從事有關人體幹細胞研發及應用技術之業務。因此，本集團將須分別透過奧凱(蘇州)合約安排及天津衛凱合約安排於中國進行奧凱(蘇州)及天津衛凱之業務。

儘管並無跡象顯示奧凱(蘇州)合約安排及天津衛凱合約安排將遭任何中國監管機構干預或反對，惟就董事所深知，商務部及其他主管機構可能對相關法規之詮釋持有異議，並將認為奧凱(蘇州)合約安排及天津衛凱合約安排不符合現行或未來可能採納之中國法律、法規或規則，而該等機構可能否認奧凱(蘇州)合約安排及天津衛凱合約安排之有效性、效力及可強制執行性。

倘該等機構否認任何奧凱(蘇州)合約安排及天津衛凱合約安排之有效性、效力及可強制執行性，其可能對本集團之業務、財務狀況及經營業績產生重大不利影響。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

- (ii) The AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements may not be as effective in providing control over and entitlement to the economic interests in the Project Company (“either AK Suzhou or Tianjin Weikai or both as the case may be”) as direct ownership**

The AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements may not be as effective in providing the Group with control over and entitlement to the economic interests in the Project Company as direct ownership. If AK Subsidiary had direct ownership of AK Suzhou, AK Subsidiary would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of AK Suzhou. However, under the AK Suzhou Contractual Arrangements, AK Subsidiary can only look to and rely on AK Suzhou and the Suzhou Biomedical Shareholders to perform their contractual obligations under the AK Suzhou Contractual Arrangements such that AK Subsidiary can exercise effective control over AK Suzhou. The Suzhou Biomedical Shareholders may not act in the best interests of AK Suzhou or may not perform its/their obligations under the AK Suzhou Contractual Arrangements, and in that case, AK Subsidiary may replace the Suzhou Biomedical Shareholders by its other nominees pursuant to the AK Suzhou Contractual Arrangements. However, if any dispute relating to the AK Suzhou Contractual Arrangements remains unresolved, AK Subsidiary will have to enforce its rights under the AK Suzhou Contractual Arrangements and seek to interpret the terms of the AK Suzhou Contractual Arrangements in accordance with the PRC laws and will be subject to uncertainties in the PRC legal system.

### 合約安排 (續)

*與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施 (續)*

- (ii) 奧凱(蘇州)合約安排及天津衛凱合約安排於控制項目公司(「指奧凱(蘇州)或天津衛凱, 或兩者(視情況而定)」)及享有其經濟利益方面可能不如直接擁有權有效**

奧凱(蘇州)合約安排及天津衛凱合約安排於向本集團提供對項目公司之控制權及令其享有項目公司之經濟利益方面可能不如直接擁有權有效。倘奧凱附屬公司直接擁有奧凱(蘇州), 奧凱附屬公司將可直接行使作為股東之權利變更奧凱(蘇州)之董事會。然而, 根據奧凱(蘇州)合約安排, 奧凱附屬公司僅可指望及依賴奧凱(蘇州)與蘇州生物技術股東履行其於奧凱(蘇州)合約安排項下之合約義務, 從而使奧凱附屬公司可行使對奧凱(蘇州)之實際控制權。蘇州生物技術股東可能不會以奧凱(蘇州)之最佳利益行事, 或可能不履行彼等於奧凱(蘇州)合約安排項下之義務, 在此情況下, 奧凱附屬公司可根據奧凱(蘇州)合約安排安排其他代名人取代蘇州生物技術股東。然而, 倘有關奧凱(蘇州)合約安排之任何爭議未獲解決, 奧凱附屬公司將強制行使其於奧凱(蘇州)合約安排項下之權利及尋求根據中國法律詮釋奧凱(蘇州)合約安排之條款並將面臨中國法律制度中之不明朗因素。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

- (ii) ***The AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements may not be as effective in providing control over and entitlement to the economic interests in the Project Company (“either AK Suzhou or Tianjin Weikai or both as the case may be”) as direct ownership (Cont'd)***

It will be the same situation for the Tianjin Weikai Contractual Arrangements. If Tianjin Subsidiary had direct ownership of Tianjin Weikai, Tianjin Subsidiary would be able to directly exercise its rights as a shareholder to effect changes in the board of directors of Tianjin Weikai. However, under the Tianjin Weikai Contractual Arrangements, Tianjin Subsidiary can only look to and rely on Tianjin Weikai and the Tianjin Weikai Shareholders to perform their contractual obligations under the Tianjin Weikai Contractual Arrangements such that Tianjin Subsidiary can exercise effective control over Tianjin Weikai. The Tianjin Weikai Shareholders may not act in the best interests of Tianjin Weikai or may not perform its/their obligations under the Tianjin Weikai Contractual Arrangements, and in that case, Tianjin Subsidiary may replace the Tianjin Weikai Shareholders by its other nominees pursuant to the Tianjin Weikai Contractual Arrangements. However, if any dispute relating to the Tianjin Weikai Contractual Arrangements remains unresolved, Tianjin Subsidiary will have to enforce its rights under the Tianjin Weikai Contractual Arrangements and seek to interpret the terms of the Tianjin Weikai Contractual Arrangements in accordance with the PRC laws and will be subject to uncertainties in the PRC legal system.

### 合約安排 (續)

**與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施(續)**

- (ii) **奧凱(蘇州)合約安排及天津衛凱合約安排於控制項目公司(「指奧凱(蘇州)或天津衛凱,或兩者(視情況而定)」)及享有其經濟利益方面可能不如直接擁有權有效(續)**

此情況同樣適用於天津衛凱合約安排。倘天津附屬公司直接擁有天津衛凱,天津附屬公司將可直接行使作為股東之權利變更天津衛凱之董事會。然而,根據天津衛凱合約安排,天津附屬公司僅可指望及依賴天津衛凱與天津衛凱股東履行其於天津衛凱合約安排項下之合約義務,從而使天津附屬公司可行使對天津衛凱之實際控制權。天津衛凱股東可能不會以天津衛凱之最佳利益行事,或可能不履行彼等於天津衛凱合約安排項下之義務,在此情況下,天津附屬公司可根據天津衛凱合約安排安排其他代名人取代天津衛凱股東。然而,倘有關天津衛凱合約安排之任何爭議未獲解決,天津附屬公司將強制行使其於天津衛凱合約安排項下之權利及尋求根據中國法律詮釋天津衛凱合約安排之條款並將面臨中國法律制度中之不明朗因素。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

- (ii) ***The AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements may not be as effective in providing control over and entitlement to the economic interests in the Project Company (“either AK Suzhou or Tianjin Weikai or both as the case may be”) as direct ownership (Cont'd)***

The AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements are governed by the PRC laws. When a dispute arises under any of the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements, the relevant parties thereto shall settle the dispute through negotiation in an amicable manner. In case the dispute is not resolved, the parties to the dispute may have to rely on legal remedies under the PRC laws. The AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements provided that dispute will be submitted to the China International Economic and Trade Arbitration Commission for arbitration to be conducted in Beijing. The decision of such arbitration is final and binding on the parties to the dispute.

Since the legal environment in the PRC is different from that in Hong Kong and other jurisdictions, the uncertainties in the PRC legal system could limit the ability of the Group to enforce the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements. There is no assurance that such arbitration result will be in favour of the Group and/or that there will not be any difficulties in enforcing any arbitral awards granted, including specific performance or injunctive relief and claiming damages by the Group. As the Group may not be able to obtain sufficient remedies in a timely manner, its ability to exert effective control over AK Suzhou and/or Tianjin Weikai and the conduct of the businesses concerning technology for human stem cell research & development and applications could be materially and adversely affected, and may disrupt the business of the Group and have a material adverse impact on Group's business, prospects and results of operation.

### 合約安排 (續)

**與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施 (續)**

- (ii) **奧凱(蘇州)合約安排及天津衛凱合約安排於控制項目公司(「指奧凱(蘇州)或天津衛凱,或兩者(視情況而定)」)及享有其經濟利益方面可能不如直接擁有權有效(續)**

奧凱(蘇州)合約安排及天津衛凱合約安排受中國法律規管。倘任何一份奧凱(蘇州)合約安排及天津衛凱合約安排出現爭議,其有關訂約方將透過磋商以友好方式解決爭議。倘未能解決爭議,則爭議方可能須依賴中國法律項下之法律補救措施。奧凱(蘇州)合約安排及天津衛凱合約安排規定,爭議將提交至中國國際經濟貿易仲裁委員會並於北京進行仲裁。有關仲裁裁決為最終定論且對有關爭議方均具有約束力。

由於中國法律環境有別於香港及其他司法權區,故中國法律制度中之不明朗因素將可能限制本集團強制執行奧凱(蘇州)合約安排及天津衛凱合約安排之能力。概不保證有關仲裁結果將有利於本集團及/或強制執行所授出之任何仲裁裁決不會遭遇任何困難,包括執行授予本集團之具體履行或禁制令救濟及由本集團提出賠償。由於本集團可能無法及時取得足夠補救措施,故其對奧凱(蘇州)及/或天津衛凱行使實際控制權之能力及進行人體幹細胞技術研發及應用業務可能受重大不利影響,並可能中斷本集團之業務及對本集團之業務、前景及經營業績產生重大不利影響。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

#### **(iii) Potential conflicts of interest among the respective shareholders and the Project Company may exist**

- (a) *Potential conflicts of interest among AK Subsidiary, AK Suzhou, the Suzhou Biomedical Shareholders may exist*

AK Subsidiary shall rely on the AK Suzhou Contractual Arrangements to exercise control over and to draw the economic benefits from AK Suzhou. AK Subsidiary may not be able to provide sufficient incentives to the Suzhou Biomedical Shareholders for the purpose of encouraging them to act in the best interests of AK Subsidiary, other than stipulating the relevant obligations in the AK Suzhou Contractual Arrangements. The Suzhou Biomedical Shareholders may breach the AK Suzhou Contractual Arrangements in the event of conflicts of interest or deterioration of its/their relationship with AK Subsidiary, the results of which may have a material adverse impact on AK Subsidiary's business, prospects and results of operation.

It is not assured that if conflicts arise, the Suzhou Biomedical Shareholders will act in the best interests of AK Subsidiary or that the conflicts will be resolved in favour of AK Subsidiary. If any of the Suzhou Biomedical Shareholders fails to perform its obligations under the respective AK Suzhou Contractual Arrangements, AK Subsidiary may have to rely on legal remedies under the PRC laws through legal proceedings, which may be expensive, time-consuming and disruptive to AK Subsidiary's operations and will be subject to uncertainties as stated above.

### 合約安排 (續)

*與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施 (續)*

#### **(iii) 有關股東及項目公司之間可能存在潛在利益衝突**

- (a) *奧凱附屬公司、奧凱(蘇州)及蘇州生物技術股東之間可能存在潛在利益衝突*

奧凱附屬公司將倚賴奧凱(蘇州)合約安排對奧凱(蘇州)行使控制權及自其抽取經濟利益。除於奧凱(蘇州)合約安排中訂明有關義務外，奧凱附屬公司可能無法就鼓勵蘇州生物技術股東以奧凱附屬公司之最佳利益行事而向蘇州生物技術股東提供足夠激勵。蘇州生物技術股東可能於出現利益衝突事件或其與奧凱附屬公司之關係惡化時違反奧凱(蘇州)合約安排，其結果可能對奧凱附屬公司之業務、前景及經營業績產生重大不利影響。

概不保證當發生衝突時，蘇州生物技術股東將以奧凱附屬公司之最佳利益行事或衝突將以對奧凱附屬公司有利之方式解決。倘任何蘇州生物技術股東未能履行其於各份奧凱(蘇州)合約安排項下之責任，奧凱附屬公司可能須透過法律訴訟依賴中國法律下之法律補救，此舉可能昂貴、耗時及中斷奧凱附屬公司之營運，且可能面臨上文所述之不明朗因素。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

**(iii) Potential conflicts of interest among the respective shareholders and the Project Company may exist (Cont'd)**

- (b) *Potential conflicts of interest among Tianjin Subsidiary, Tianjin Weikai, the Tianjin Weikai Shareholders may exist*

Tianjin Subsidiary shall rely on the Tianjin Weikai Contractual Arrangements to exercise control over and to draw the economic benefits from Tianjin Weikai. Tianjin Subsidiary may not be able to provide sufficient incentives to the Tianjin Weikai Shareholders for the purpose of encouraging them to act in the best interests of Tianjin Subsidiary, other than stipulating the relevant obligations in the Tianjin Weikai Contractual Arrangements. The Tianjin Weikai Shareholders may breach the Tianjin Weikai Contractual Arrangements in the event of conflicts of interest or deterioration of its/their relationship with Tianjin Subsidiary, the results of which may have a material adverse impact on Tianjin Subsidiary's business, prospects and results of operation.

It is not assured that if conflicts arise, the Tianjin Weikai Shareholders will act in the best interests of Tianjin Subsidiary or that the conflicts will be resolved in favour of Tianjin Subsidiary. If any of the Tianjin Weikai Shareholders fails to perform its obligations under the respective Tianjin Weikai Contractual Arrangements, Tianjin Subsidiary may have to rely on legal remedies under the PRC laws through legal proceedings, which may be expensive, time-consuming and disruptive to Tianjin Subsidiary's operations and will be subject to uncertainties as stated above.

### 合約安排 (續)

*與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施 (續)*

**(iii) 有關股東及項目公司之間可能存在潛在利益衝突 (續)**

- (b) 天津附屬公司、天津衛凱及天津衛凱股東之間可能存在潛在利益衝突

天津附屬公司將倚賴天津衛凱合約安排對天津衛凱行使控制權及自其抽取經濟利益。除於天津衛凱合約安排中訂明有關義務外，天津附屬公司可能無法就鼓勵天津衛凱股東以天津附屬公司之最佳利益行事而向天津衛凱股東提供足夠激勵。天津衛凱股東可能於出現利益衝突或其與天津附屬公司之關係惡化時違反天津衛凱合約安排，其結果可能對天津附屬公司之業務、前景及經營業績產生重大不利影響。

概不保證當發生衝突時，天津衛凱股東將以天津附屬公司之最佳利益行事或衝突將以對天津附屬公司有利之方式解決。倘任何天津衛凱股東未能履行其於各份天津衛凱合約安排項下之責任，天津附屬公司可能須透過法律訴訟依賴中國法律下之法律補救，此舉可能昂貴、耗時及中斷天津附屬公司之營運，且可能面臨上文所述之不明朗因素。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

**(iv) The AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed**

The AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed on the Tianjin Subsidiary and/or AK Subsidiary, as the case may be. Tianjin Subsidiary and/or AK Subsidiary, as the case may be, may face adverse tax consequences if the PRC tax authorities determine that the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements were not entered into on an arm's length basis, they may adjust the income and expenses of Tianjin Subsidiary and/or AK Subsidiary, as the case may be, for the PRC tax purposes, which could result in higher tax liabilities on Tianjin Subsidiary and/or AK Subsidiary, as the case may be.

The operation results of the Tianjin Subsidiary and/or AK Subsidiary, as the case may be, may be materially and adversely affected if the tax liabilities of AK Subsidiary, Tianjin Subsidiary, Tianjin Weikai or AK Suzhou increase significantly or if they are required to pay interest on late payments.

### 合約安排 (續)

*與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施 (續)*

**(iv) 奧凱(蘇州)合約安排及天津衛凱合約安排可能會受中國稅務機關審查並徵收額外稅項**

奧凱(蘇州)合約安排及天津衛凱合約安排可能會受中國稅務機關審查，而天津附屬公司及／或奧凱附屬公司(視情況而定)可能被徵收額外稅項。倘中國稅務機關釐定奧凱(蘇州)合約安排及天津衛凱合約安排並非根據公平磋商訂立，則天津附屬公司及／或奧凱附屬公司(視情況而定)可能面臨不利稅務後果。倘中國稅務機關釐定奧凱(蘇州)合約安排及天津衛凱合約安排並非按公平基準訂立，其可能就中國稅務目的調整天津附屬公司及／或奧凱附屬公司(視情況而定)之收入與開支，此舉可導致天津附屬公司及／或奧凱附屬公司(視情況而定)承擔更高之稅務負債。

倘奧凱附屬公司、天津附屬公司、天津衛凱或奧凱(蘇州)之稅務負債大幅增加或倘彼等須就逾期付款而支付利息，天津附屬公司及／或奧凱附屬公司(視情況而定)之經營業績則可能受重大不利影響。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

**(v) Ability to acquire the entire equity interests in or assets of the Project Company**

- (a) *AK Subsidiary's ability to acquire the entire equity interests in or assets of AK Suzhou may be subject to various limitations and substantial costs*

In case AK Subsidiary exercises its options to acquire all or part of the equity interests and/or assets of AK Suzhou under the relevant exclusive option agreement, the acquisition of the entire equity interests in or the assets of AK Suzhou may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the entire equity interests in or all assets of AK Suzhou) or other limitations as imposed by applicable PRC laws. Further, a substantial amount of other costs (if any), expenses and time may be involved in transferring the ownership of AK Suzhou, which may have a material adverse impact on AK Subsidiary's businesses, prospects and results of operation.

### 合約安排 (續)

*與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施 (續)*

**(v) 收購項目公司全部股權或資產之能力**

- (a) *奧凱附屬公司收購奧凱(蘇州)之全部股權或資產之能力可能面臨多項限制及大量成本*

倘奧凱附屬公司根據相關獨家購股權協議行使其購股權以收購奧凱(蘇州)之全部或部份股權及/或資產，收購奧凱(蘇州)之全部股權或資產僅可於適用中國法律准許之情況下進行，並須受適用中國法律項下之必要批准及相關程序所規限。此外，上述收購可能須受適用中國法律施加之最低價格限制(例如奧凱(蘇州)之全部股權或所有資產之評估價值)或其他限制所規限。另外，轉讓奧凱(蘇州)之擁有權可能涉及大量其他成本(如有)、費用及時間，其可能對奧凱附屬公司之業務、前景及經營業績造成重大不利影響。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CONTRACTUAL ARRANGEMENTS (CONT'D)

*Risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements and actions taken by the Company to mitigate the risks (Cont'd)*

#### (v) Ability to acquire the entire equity interests in or assets of the Project Company (Cont'd)

- (b) *Tianjin Subsidiary's ability to acquire the entire equity interests in or assets of Tianjin Weikai may be subject to various limitations and substantial costs*

In case Tianjin Subsidiary exercises its options to acquire all or part of the equity interests and/or assets of Tianjin Weikai under the exclusive option agreement, the acquisition of the entire equity interests in or the assets of Tianjin Weikai may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under applicable PRC laws. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the entire equity interests in or all assets of Tianjin Weikai) or other limitations as imposed by applicable PRC laws. Further, a substantial amount of other costs (if any), expenses and time may be involved in transferring the ownership of Tianjin Weikai, which may have a material adverse impact on Tianjin Subsidiary's businesses, prospects and results of operation.

In light of the above risks associated with the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements, the Group has adopted a set of procedures, systems and internal control measures to ensure the sound and effective operation of the Group and the implementation of the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements. Such procedures, systems and internal control measures include (i) regular discussions of matters relating to compliance and regulatory enquiries from governmental authorities, if any, by the board of directors of the Company at board meetings; and (ii) retaining legal adviser and/or other professional to assist the Group to deal with specific issues arising from the AK Suzhou Contractual Arrangements and Tianjin Weikai Contractual Arrangements, if so required.

### 合約安排 (續)

*與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險及本公司採取之降低風險之措施 (續)*

#### (v) 收購項目公司全部股權或資產之能力 (續)

- (b) *天津附屬公司收購天津衛凱之全部股權或資產之能力可能面臨多項限制及大量成本*

倘天津附屬公司根據獨家購股權協議行使其購股權以收購天津衛凱之全部或部份股權及／或資產，收購天津衛凱之全部股權或資產僅可於適用中國法律准許之情況下進行，並須受適用中國法律項下之必要批准及相關程序所規限。此外，上述收購可能須受適用中國法律施加之最低價格限制（例如天津衛凱之全部股權或所有資產之評估價值）或其他限制所規限。另外，轉讓天津衛凱之擁有權可能涉及大量其他成本（如有）、費用及時間，其可能對天津附屬公司之業務、前景及經營業績造成重大不利影響。

就上述與奧凱(蘇州)合約安排及天津衛凱合約安排有關之風險而言，本集團已採納一系列程序、制度及內部監控措施，以確保本集團的穩健經營及奧凱(蘇州)合約安排及天津衛凱合約安排的有效落實。該等程序、制度及內部監控措施包括(i)本公司董事會定期於董事會會議上討論來自政府機關的合規事宜及監管查詢(如有)；及(ii)聘請法律顧問及／或其他專業人士協助本集團處理奧凱(蘇州)合約安排及天津衛凱合約安排產生的具體問題(如有需要)。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CAPITAL AND OTHER COMMITMENTS

As at 31 December 2019, the Group had capital and other commitments as follows:

### 資本及其他承擔

於二零一九年十二月三十一日，本集團的資本及其他承擔如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Capital commitments for property, plant and equipment:	有關物業、廠房及設備資本承擔：		
Contracted but not provided for:	已訂約但未撥備：		
Purchased of property, plant and equipment	購買物業、廠房及設備	654	1,125
Total	總計	654	1,125

The Company signed two sponsorship agreements with the University of Oxford for the research of stem cell therapy and tissue engineering. The Company agreed to provide GBP9 million (equivalent to HK\$93 million) to the University of Oxford by instalments over the period covered by agreements. Up to 31 December 2019, the Company has paid GBP5.05 million (equivalent to HK\$55.90 million (2018: GBP5.05 million (equivalent to HK\$55.90 million))) to the University of Oxford. As the agreements are executory, no liability should be recognised at the date of signing of the agreements.

本公司與牛津大學就幹細胞治療及組織工程的研究訂立兩份贊助協議。本公司同意於協議涵蓋期間向牛津大學分期提供9,000,000英鎊（相當於93,000,000港元）。截至二零一九年十二月三十一日，本公司已向牛津大學支付5,050,000英鎊（相當於55,900,000港元）（二零一八年：5,050,000英鎊（相當於55,900,000港元））。由於該等協議尚待執行，於簽立協議日期並無確認負債。

### CHARGES OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2019, no bank loans (2018: HK\$389.3 million) were secured by the Group's pledged bank deposits (2018: HK\$417.6 million).

### 資產抵押及或有負債

於二零一九年十二月三十一日，概無（二零一八年：389,300,000港元）銀行貸款由本集團已抵押銀行存款（二零一八年：417,600,000港元）作抵押。

As at 31 December 2019, the Group had no material contingent liabilities (2018: Nil).

於二零一九年十二月三十一日，本集團並無重大或有負債（二零一八年：無）。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any concrete plans for material investment or capital assets as at 31 December 2019. However, the Group will continue to seek investment opportunities in line with the strategic development of the Group both at home and abroad to promote the sustainable and steady development of the Group.

### EMPLOYEE INFORMATION AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 213 (2018: 334) employees located in Hong Kong and Mainland China. As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance and experience of individual employees. The total amount of employee remuneration (including that of the Directors and retirement benefits scheme contributions) of the Group for the year was approximately HK\$70.3 million (31 December 2018: HK\$110.1 million). In addition, the Group may offer options to employees as a recognition of and reward for their efforts and contributions to the Group.

### MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed below, there has been no other material event affecting the Group since the end of the reporting period.

On 6 January 2020, China Regenerative Medicine Limited ("CRML"), a wholly-owned subsidiary of the Company, entered into an agreement to dispose 15% of its Class B limited partnership interest in ZhongHua Finance Acquisition Fund I, L.P. (the "Fund"), a sector fund focusing on investments in the skincare and medical products industries, to Mr. Xiong Qianguan ("Mr. Xiong") for US\$5,800,000 in cash. The Company plans to use such proceeds generated from the disposition for general working capital purposes.

On 30 January 2020, the Company announced that with effect from 30 January 2020, (i) Dr. Ray Yip has tendered his resignation as a non-executive Director; (ii) Ms. Wang Danjuan has tendered her resignation as an independent non-executive Director; (iii) Mr. Tsang Ho Yin has been appointed as a non-executive Director and a member of the remuneration committee of the Board; and (iv) Ms. Huo Chunyu has been appointed as an independent non-executive Director, and a member of each of the audit committee, remuneration committee and nomination committee of the Board.

### 重大投資或資本資產未來計劃之詳情

除本公告所披露者外，於二零一九年十二月三十一日本集團並無關於重大投資或資本資產之任何具體計劃。然而，本集團將繼續尋求投資機會以切合本集團國內外的策略發展，從而提升本集團的可持續穩定發展。

### 僱員資料及薪酬政策

於二零一九年十二月三十一日，本集團共有僱員213名（二零一八年：334名），分佈於香港及中國內地。本集團作為平等機會僱主，其薪酬及獎金政策均以僱員個別表現及經驗釐定。本年度本集團之僱員薪酬總額（包括董事薪酬及退休福利計劃供款）約為70,300,000港元（二零一八年十二月三十一日：110,100,000港元）。此外，本集團可向僱員授出購股權以肯定及獎勵彼等的努力及對本集團作出的貢獻。

### 報告期後重大事項

除下文所披露者外，自報告期末起，概無其他重大事項對本集團產生影響。

於二零二零年一月六日，本公司全資附屬公司中國再生醫學有限公司（「CRML」）訂立協議，出售其於ZhongHua Finance Acquisition Fund I, L.P.（「基金」）（主要投資皮膚護理及醫療產品行業的產業基金）15%的B類有限合夥權益予熊千根先生（「熊先生」），作價為5,800,000美元現金。本公司計劃將出售事項所得款項用作一般營運資金。

於二零二零年一月三十日，本公司宣佈自二零二零年一月三十日起，(i)葉雷博士已辭任非執行董事；(ii)王丹娟女士已辭任獨立非執行董事；(iii)曾浩賢先生已獲委任為非執行董事和董事會薪酬委員會成員；及(iv)霍春玉女士已獲委任為獨立非執行董事和董事會轄下審核委員會、薪酬委員會及提名委員會各自的成員。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### MATERIAL EVENTS AFTER THE REPORTING PERIOD (CONT'D)

Pursuant to the prospectus of the Company dated 6 February 2020 in relation to, among other things, the proposed offer (the “Proposed Open Offer”) for subscription by qualifying Shareholders for 1,758,579,000 offer shares at the subscription price of HK\$0.2 per offer share on the basis of two (2) offer shares for every one (1) Share held on the record date, the Company proposed to raise approximately HK\$351.72 million, before expenses. The Proposed Open Offer was subsequently terminated on 18 February 2020 as disclosed in the announcement of the Company dated 18 February 2020.

On 21 February 2020, CRML entered into an agreement to dispose the remaining 85% (the “Further Disposal”) of its Class B limited partnership interest in the Fund to Mr. Xiong for US\$32,900,000 in cash. As one of the applicable percentage ratios calculated in accordance with Chapter 19 of the GEM Listing Rules in relation to the Further Disposal exceeds 75%, the Further Disposal constitutes a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules. In this regard, the Further Disposal is subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules. Pursuant to an ordinary resolution passed by the shareholders of the Company at an extraordinary general meeting held on 7 May 2020, the Further Disposal was approved. The Company announced on 29 May 2020 that the Further Disposal was completed on 29 May 2020.

On 2 March 2020, the Company entered into a placing agreement (“Placing Agreement”) with SBI China Capital Financial Services Limited (“SBI”) and Grand Partners Securities Limited (“Grand Partners”), pursuant to which SBI and Grand Partners agree, as joint agents of the Company, to procure, on a best effort basis, not less than six placees, who and whose ultimate beneficial owners will be independent third parties, to subscribe for up to 500,000,000 placing shares (each a “Placing Share”) at the placing price of HK\$0.20 per Placing Share. The Placing Shares will be issued under the specific mandate obtained from the Shareholders at an extraordinary general meeting (“EGM”) held on 15 April 2020 to approve the Placing Agreement and the transactions contemplated thereunder. The placing was also conditional upon the Stock Exchange granting the Company the approval for the listing of, and the permission to deal in, the Placing Shares. The Company announced the completion of the allotment and issue of Placing Shares on 15 May 2020.

### 報告期後重大事項(續)

根據本公司日期為二零二零年二月六日的章程，內容有關(其中包括)建議透過按於記錄日期每持有一(1)股股份獲發兩(2)股發售股份之基準的公開發售方式以認購價每股發售股份0.2港元發售1,758,579,000股發售股份，以供合資格股東認購(「建議公開發售」)，本公司建議集資約351,720,000港元(未扣除開支)。如本公司日期為二零二零年二月十八日的公告所披露，建議公開發售其後於二零二零年二月十八日終止。

於二零二零年二月二十一日，CRML訂立協議以向熊先生出售其於基金內的餘下85%的B類有限合夥權益，作價為32,900,000美元現金(「進一步出售事項」)。由於根據GEM上市規則第19章所計算進一步出售事項相關的一項適用百分比率超過75%，故根據GEM上市規則第19章進一步出售事項構成本公司非常重大出售，因此進一步出售事項須遵守GEM上市規則第19章的申報、公告、通函以及股東批准規定。根據本公司股東於二零二零年五月七日舉行的股東特別大會上通過的普通決議案，進一步出售事項已獲批准。本公司於二零二零年五月二十九日公佈進一步出售事項已於二零二零年五月二十九日完成。

於二零二零年三月二日，本公司與軟庫中華金融服務有限公司(「軟庫」)及利盟證券有限公司(「利盟」)訂立配售協議(「配售協議」)，據此，軟庫及利盟(作為本公司的聯席代理)同意盡力促使不少於六名承配人(該承配人及其最終實益擁有人將為獨立第三方)以每股配售股份0.20港元之配售價認購最多500,000,000股配售股份(各自稱「配售股份」)。本公司將根據於二零二零年四月十五日舉行的股東特別大會(「股東特別大會」)上向股東取得之特別授權發行配售股份，批准配售協議及其項下擬進行交易。配售亦須待本公司取得聯交所批准配售股份上市及買賣後，方告作實。本公司公佈配發及發行配售股份於二零二零年五月十五日完成。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### MATERIAL EVENTS AFTER THE REPORTING PERIOD (CONT'D)

On 2 March 2020, the Company entered into a conditional subscription and settlement agreement (the “Subscription and Settlement Agreement”) with All Favour Holdings Limited (the “Subscriber” or “All Favour”), pursuant to which the Company conditionally agrees to issue and the Subscriber conditionally agrees to subscribe for or procure the subscription (the “Subscription”) by its nominee(s) of a three-year zero coupon unsecured unlisted convertible bonds (“Convertible Bonds”) in the principal amount of HK\$120 million at its face value and pay the subscription price at completion by setting off against the part of the shareholder’s loan due by the Company to the Subscriber in the amount of HK\$120 million. The initial conversion price of the Convertible Bond was set at HK\$0.20 per Share (each a “Conversion Share”).

The Subscription is conditional upon the Stock Exchange granting the Company the approval for the listing of, and the permission to deal in, the Conversion Shares and the passing of necessary resolution(s) by the independent shareholders at the EGM, to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder. The necessary resolutions were obtained by the independent shareholders at the EGM held on 15 April 2020 and the Company announced on 21 April 2020 the completion of the Subscription and Settlement Agreement. Pursuant to a conversion notice dated 21 May 2020 issued by All Favour, 200,000,000 Conversion Shares were issued on 22 May 2020 to All Favour at issue price of HK\$0.2 per each Conversion Share.

On 20 May 2020, the Company announced the appointment of Mr. Qiu Bin as an executive Director with effect from 20 May 2020.

### 報告期後重大事項(續)

於二零二零年三月二日，本公司與全輝控股有限公司（「認購人」或「全輝」）訂立有條件認購及清償協議（「認購及清償協議」），據此，本公司有條件同意按其面值發行而認購人有條件同意按其面值認購或促使其代名人認購本金額為120,000,000港元的三年期零息率的無抵押非上市可換股債券（「可換股債券」）（「認購事項」），並於完成時透過抵銷本公司應付予認購人之金額為120,000,000港元的部分股東貸款支付認購價。可換股債券的初步換股價設定為每股股份（各自稱「換股股份」）0.20港元。

認購事項須待聯交所批准本公司換股股份上市及買賣以及獨立股東於股東特別大會通過必要決議案，以批准認購及清償協議及其項下擬進行交易後，方告作實。獨立股東於二零二零年四月十五日舉行的股東特別大會上取得必要決議案，且本公司宣佈於二零二零年四月二十一日完成認購及清償協議。根據全輝於二零二零年五月二十一日刊發的轉股通知，於二零二零年五月二十二日發行200,000,000股換股股份（發行價為每股換股股份0.2港元）予全輝。

於二零二零年五月二十日，本公司宣佈委任邱斌先生為執行董事，自二零二零年五月二十日起生效。

# BIOGRAPHICAL DETAILS OF DIRECTORS AND CHIEF EXECUTIVES

## 董事及最高行政人員簡介

**Mr. Wang Chuang (“Mr. Wang Chuang”)**, aged 40, is an executive Director and chairman for the Company. Mr. Wang Chuang joined the Group in October 2019. Mr. Wang Chuang was accredited as a grade 1 health management professional by the Hubei Provincial Department of Human Resources and Social Security of China in May 2016 and a psychological consultant by the Ministry of Human Resources and Social Security of China in March 2019. He served as the chairman of Hong Kong Bomei (China) Company Limited\* (香港博美中國分公司) between 2008 and 2019. Between 2015 and 2019, he acted as the chief executive officer of Changzhou XingKong Medical Clinic Co., Ltd.\* (常州市星空醫療美容門診有限公司) and the chairman of Jiangsu XingKong Health Management Consulting Co., Ltd.\* (江蘇星空健康管理諮詢有限公司). He served as a senior executive of Jiangsu Zhenai Company Limited\* (江蘇真愛有限公司) between 2006 and 2008, a senior executive of Wuxi Shencai Company Limited\* (無錫神采有限公司) between 2004 and 2006 and a senior executive of Changzhou Meichen Company Limited\* (常州美晨有限公司) between 2002 and 2004. Mr. Wang Chuang is the president of the Chamber of Commerce of Changzhou Lishui\* (常州溧水商會會長) and the vice president of the China’s National Alliance for Maternal and Child Health Development\* (全國婦幼健康促進發展聯盟). He was a committee member of the Organization Committee of the 2017 Boao Forum for Biomedical Sciences (2017年博鰲生物醫學論壇組織委員會) and the founder of Bomei Angel Charity Fund\* (博美天使慈善基金).

**Mr. Wang Xuejun (“Mr. Wang Xuejun”)**, aged 52, is an executive Director and the chief executive officer of the Company. He is also the chief executive officer of the Stem Cell Division of the Company, and serves as a director of some subsidiaries of the Company. Mr. Wang Xuejun joined the Group in September 2018. He graduated from Nankai University and obtained a master’s degree of business administration and medicine. He was an executive deputy general manager of Vcanbio Cell & Gene Engineering Corp., Ltd. (stock code on the Shanghai Stock Exchange: SH600645), general manager of marketing center of Union Stemcell & Gene Engineering Co., Ltd.\* (協和幹細胞基因工程有限公司) and head of its subsidiary, and a director and general manager of certain subsidiaries of Heze Biotech Co., Ltd.\* (和澤生物科技有限公司). He was also a director and general manager of Heze Biotech Co., Ltd.\* (和澤生物科技有限公司), and a doctor at Tianjin Rehabilitation Center.

**Mr. Qiu Bin (“Mr. Qiu”)**, aged 52, is an executive Director of the Company. Mr. Qiu Bin joined the Group in May 2020. He holds a Master of Business Administration Degree from the City University of Macau. He had worked with various large corporations in mainland China and been responsible for project investment, assets restructuring, property development and property leasing and management. Mr. Qiu has over 15 years of experience in investment management. Mr. Qiu was the general manager of China Technology Education Trust Association during the period from January 2009 to October 2011. Mr. Qiu was the executive Director of Suncity Group Holdings Limited (formerly known as Sun Century Group Limited) (Stock code: 1383), the shares of which are listed on the main board of the Stock Exchange, during the period from June 2012 to May 2015. He was also the executive Director of Sheng Yuan Holdings Limited (Stock code: 851), the shares of which are listed on the main board of the Stock Exchange, during the period from July 2017 to February 2020. Since March 2020, he has been the Chairman and CEO of HongDa Financial Holding Limited, a company listed on the main board of the Stock Exchange (Stock code: 1822).

\* for identification purposes only

**王闖先生(「王闖先生」)**，40歲，為本公司執行董事兼主席。王闖先生於二零一九年十月加盟本集團。王闖先生於二零一六年五月獲中國湖北省人力資源及社會保障廳認證為一級健康管理師，並於二零一九年三月獲中國人力資源及社會保障部認證為心理諮詢師。彼在二零零八年至二零一九年間曾擔任香港博美中國分公司主席。二零一五年至二零一九年，彼曾擔任常州市星空醫療美容門診有限公司行政總裁及江蘇星空健康管理諮詢有限公司主席。彼於二零零六年至二零零八年擔任江蘇真愛有限公司高級主管、於二零零四年至二零零六年擔任無錫神采有限公司高級主管及於二零零二年至二零零四年擔任常州美晨有限公司高級主管。王闖先生為常州溧水商會會長及全國婦幼健康促進發展聯盟副主席。彼為二零一七年博鰲生物醫學論壇組織委員會委員及博美天使慈善基金創始人。

**王學軍先生(「王學軍先生」)**，52歲，為本公司執行董事兼行政總裁。彼亦為本公司幹細胞事業部行政總裁，亦出任本公司若干附屬公司之董事。王學軍先生於二零一八年九月加盟本集團。彼畢業於南開大學，持有工商管理碩士學位及醫學碩士學位。彼曾任中源協和細胞基因工程股份有限公司(上海證券交易所股票代碼：SH600645)常務副總經理、協和幹細胞基因工程股份有限公司市場行銷中心總經理及下屬附屬公司負責人，和澤生物科技有限公司部分下屬附屬公司董事、總經理。曾任和澤生物科技有限公司董事、總經理、天津康復中心醫師。

**邱斌先生(「邱先生」)**，52歲，為本公司執行董事。邱斌先生於二零二零年五月加盟本集團。彼持有澳門城市大學工商管理碩士學位。彼曾於中國內地多間大型公司工作，負責項目投資、資產重組、房地產開發、物業租賃及管理，在投資管理方面積逾15年經驗。邱先生於二零零九年一月至二零一一年十月期間擔任中國科技教育基金會總經理。邱先生於二零一二年六月至二零一五年五月期間曾任太陽城集團控股有限公司(前稱太陽世紀集團有限公司)(股份代號：1383)執行董事，該公司股份於聯交所主板上市。彼於二零一七年七月至二零二零年二月期間亦為盛源控股有限公司(股份代號：851)執行董事，該公司股份於聯交所主板上市。自二零二零年三月起，邱先生為宏達金融控股有限公司(股份代號：1822)主席及行政總裁，該公司於聯交所主板上市。

\* 僅供識別

# BIOGRAPHICAL DETAILS OF DIRECTORS AND CHIEF EXECUTIVES

## 董事及最高行政人員簡介

**Mr. Wu Weiliang (“Mr. Wu”)**, aged 57, is a non-executive Director of the Company. Mr. Wu joined the Group in November 2019. Mr. Wu obtained a bachelor’s degree from the PLA Nanjing Political State College\* (中國人民解放軍南京政治學院) in July 2009 and an executive master’s degree in business administration from the Shanghai Advanced Institute of Finance of Shanghai Jiaotong University (上海交通大學高級金融學院) in July 2017. Since September 2018, Mr. Wu has enrolled in the executive master’s degree in business administration of Cheung Kong Graduate School of Business (長江商學院). Mr. Wu served as the general manager of Jiangsu Hengde Mechanical Company Limited\* (江蘇恆德機械有限公司) between January 2000 and March 2004. Since March 2004, Mr. Wu has served as the chairman of Jinxin Group\* (金新控股集團有限公司). Since December 2016, Mr. Wu has acted as a director of Jiangnan Rural Commercial Bank Company Limited\* (江南農村商業銀行股份有限公司). Mr. Wu was the representative of Changzhou to the National People’s Congress (常州市人大代表). Mr. Wu is the president of the Changzhou Tianning District Real Estate Chamber of Commerce\* (常州市天寧區房地產商會會長).

**Mr. Tsang Ho Yin (“Mr. Tsang”)**, aged 34, is a non-executive Director of the Company. Mr. Tsang joined the Group in January 2020. Mr. Tsang was admitted as a solicitor in Australia and Hong Kong in May 2012 and December 2013, respectively. Mr. Tsang is currently a senior associate of Stevenson, Wong & Co., specialising in corporate finance and commercial law. Mr. Tsang obtained a bachelor in laws degree and a bachelor in commerce (accounting) degree, both from the University of Melbourne, Australia in August 2008. Mr. Tsang obtained a master in laws degree from the University of Melbourne, Australia in August 2010. Mr. Tsang obtained the postgraduate certificate in laws from the City University of Hong Kong in July 2011. Since May 2019, Mr. Tsang has been the company secretary of Mabpharm Limited, a biopharmaceutical company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (stock code: 2181). As a company secretary, he has been responsible for company secretarial matters for the said company. Since November 2019, Mr. Tsang has been the joint company secretary and authorised representative of Sunshine 100 China Holdings Ltd, a real estate development company listed on the Main Board of the Stock Exchange (stock code: 2608), where he is responsible for company secretarial matters. Since February 2020, Mr. Tsang has been appointed as the company secretary and the authorised representative of Mobile Internet (China) Holdings Limited, a mobile game and packaging company listed on the Main Board of the Stock Exchange (stock code: 1439).

**吳偉良先生(「吳先生」)**，57歲，為本公司非執行董事。吳先生於二零一九年十一月加盟本集團。吳先生於二零零九年七月獲得中國人民解放軍南京政治學院學士學位，並於二零一七年七月獲得上海交通大學高級金融學院高級管理人員工商管理碩士學位。自二零一八年九月起，吳先生已開始攻讀長江商學院開設的高級管理人員工商管理碩士課程。吳先生於二零零零年一月至二零零四年三月擔任江蘇恆德機械有限公司的總經理。自二零零四年三月起，吳先生擔任金新控股集團有限公司的主席。自二零一六年十二月起，吳先生擔任江南農村商業銀行股份有限公司的董事。吳先生曾擔任常州市人大代表。吳先生為常州市天寧區房地產商會會長。

**曾浩賢先生(「曾先生」)**，34歲，為本公司非執行董事。曾先生於二零二零年一月加盟本集團。曾先生於二零一二年五月及二零一三年十二月分別於澳洲及香港取得律師資格。曾先生現時為史蒂文生黃律師事務所高級律師，專攻企業融資及商業法。曾先生於二零零八年八月獲得澳洲墨爾本大學法律學士及商業學士(會計)學位。曾先生於二零一零年八月獲得澳洲墨爾本大學法律碩士學位。曾先生於二零一一年七月獲香港城市大學頒授法學專業證書。自二零一九年五月起，曾先生為邁博藥業有限公司(一間於香港聯合交易所有限公司(「聯交所」)主板上市的生物製藥公司(股份代號：2181))的公司秘書。作為公司秘書，他一直負責上述公司的公司秘書事宜。自二零一九年十一月起，曾先生為陽光100中國控股有限公司(一間於聯交所主板上市的房地產開發公司(股份代號：2608))的聯席公司秘書兼授權代表，負責公司秘書事宜。自二零二零年二月起，曾先生被移動互聯(中國)控股有限公司(一間於聯交所主板上市的手機遊戲及包裝公司(股份代號：1439))委任為公司秘書兼授權代表。

\* for identification purposes only

\* 僅供識別

# BIOGRAPHICAL DETAILS OF DIRECTORS AND CHIEF EXECUTIVES

## 董事及最高行政人員簡介

**Dr. Fang Jun (“Dr. Fang”)**, aged 57, is an independent non-executive Director of the Company. He is also the chairman of each of the nomination committee and the remuneration committee of the Company and a member of the audit committee. Dr. Fang joined the Group in December 2017. He served as an executive member and the executive vice-chairman of the Cross-straits Medicine Exchange Association\* (海峽兩岸醫藥衛生交流協會), an executive member and the vice-chairman of China Sexology Association\* (中國性科會), the publisher and the executive chief editor of the China Sexology Journal\* (《中國性科學》) and the deputy head of the Sexology Research Center of Peking University Health Science Center\* (北京大學醫學部性學研究中心). Dr. Fang also assumed various positions such as the executive member and the secretary general of Wu Jieping Medical Foundation (吳階平醫學基金會). Dr. Fang graduated from Peking University Health Science Center with a master’s degree in Social Medicine and Health Service Management and a doctorate degree in Epidemiology and Health Statistics. Dr. Fang also served as an independent non-executive director of HongDa Financial Holding Limited, a company listed on the Stock Exchange (1822.HK) from July 2014 to May 2018.

**Ms. Huo Chunyu (“Ms. Huo”)**, aged 45, is an independent non-executive Director of the Company. Ms. Huo joined the Group in January 2020. Ms. Huo obtained a bachelor degree from Hebei University of Economics and Business (河北經貿大學). She has over 20 years of commercial and professional experience with companies including the Industrial and Commercial Bank of China Hebei Branch (中國工商銀行河北省分行), Shijiazhuang Haowei Optoelectronic Thin Film Technology Co., Ltd (石家莊豪威光電子薄膜技術有限公司) and Hebei Youyuan Certified Public Accountants (河北有源會計師事務所). Since September 2012, she has been a Partner of Ruihua Certified Public Accountants (瑞華會計師事務所).

**Ms. Yang Ying (“Ms. Yang”)**, aged 48, is an independent non-executive Director of the Company. Ms. Yang joined the Group in October 2019. Ms. Yang has been a member of the Beijing Institute of Certified Public Accountants since 1999 and is a certified public accountant of the People’s Republic of China. Since August 2014, Ms. Yang has served as the managing partner of the Beijing branch of Shanghai Certified Public Accountants (Special General Partnership) (上會會計師事務所(特殊普通合伙)). Between September 2005 and September 2011, Ms. Yang was a shareholder, the chairlady and the chief accountant of Beijing Jiuzhou Haotian Accounting Firm Co., Ltd. (北京九州昊天會計師事務所有限責任公司). Ms. Yang obtained a master’s degree in business administration from Asia International Open University (Macau) in December 2010.

方俊博士(「方博士」), 57歲, 為本公司獨立非執行董事。彼亦為本公司提名委員會及薪酬委員會各自之主席及審核委員會成員。方博士於二零一七年十二月加入本集團。彼擔任海峽兩岸醫藥衛生交流協會之常務理事兼執行副會長、中國性學會之理事兼副理事長、《中國性科學》之出版人兼執行主編及北京大學醫學部性學研究中心之副主任。方博士亦曾擔任吳階平醫學基金會之理事兼秘書長等多個職位。方博士畢業於北京大學醫學部, 獲頒社會醫學與衛生事業管理碩士學位及流行病與衛生統計學博士學位。方博士亦自二零一四年七月至二零一八年五月期間擔任弘達金融控股有限公司(一間於聯交所上市的公司(1822.HK)之獨立非執行董事。

霍春玉女士(「霍女士」), 45歲, 為本公司獨立非執行董事。霍女士於二零二零年一月加盟本集團。霍女士獲得河北經貿大學的學士學位。彼擁有超過20年的商業和專業工作經驗, 包括曾在中國工商銀行河北省分行、石家莊豪威光電子薄膜技術有限公司及河北有源會計師事務所等公司工作。自二零一二年九月以來, 她擔任瑞華會計師事務所的合夥人。

楊瀜女士(「楊女士」), 48歲, 為本公司獨立非執行董事。楊女士於二零一九年十月加盟本集團。楊女士自一九九九年九月起為北京註冊會計師協會會員, 並為中華人民共和國註冊會計師。自二零一四年八月起, 楊女士擔任上會會計師事務所(特殊普通合伙)北京分所管理合夥人。二零零五年九月至二零一一年九月, 楊女士為北京九州昊天會計師事務所有限責任公司股東、董事長及主任會計師。楊女士於二零一零年十二月獲得亞洲(澳門)國際公開大學工商管理碩士學位。

\* for identification purposes only

\* 僅供識別

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 31 December 2019 (the “Reporting Period”), i.e. from 1 January 2019 to 31 December 2019.

### CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance practices. The Group believes that high standard of corporate governance provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group’s management, promoting high standards of sound internal control, accountability and transparency to all shareholders of the Company (“Shareholders”) and also meeting the expectations of the Group’s various stakeholders.

The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in the Appendix 15 of the GEM Listing Rules (the “CG Code”) throughout the Reporting Period, with the exception of code provision E.1.2 of the CG Code.

Under Code Provision E.1.2 of the CG Code, the chairman of the board is required to attend the annual general meeting. Dr. Ray Yip, the then chairman, did not attend the Company’s annual general meeting in person held on 18 June 2019 (the “AGM”) due to his engagement in other business commitment outside Hong Kong. Other Board members, including members of the audit, remuneration and nomination committees, attended the AGM and made themselves available to answer questions to ensure effective communication with the shareholders of the Company. As an action plan to address the aforesaid deviation, the Company will require all the chairman to attend all future general meetings in order to comply with code provision E.1.2 of the CG Code.

根據GEM上市規則第18.44(2)條規定，董事會欣然呈報本公司於截至二零一九年十二月三十一日止年度（「報告期間」）（即二零一九年一月一日至二零一九年十二月三十一日）的企業管治報告。

### 企業管治常規

董事會致力維持高水平之企業管治常規。本集團認為，高水平之企業管治有助建立完善機制及鞏固根基，提升本集團管理層之水平、吸引並挽留良才、加強內部監控、提高本公司的全體股東（「股東」）問責性及透明度，亦能滿足本集團各持份者之期望。

本公司於報告期間已遵守GEM上市規則附錄十五所載之企業管治守則及企業管治報告（「企業管治守則」）之所有守則條文，惟企業管治守則之守則條文第E.1.2條除外。

企業管治守則之守則條文第E.1.2條訂明董事會主席須出席股東週年大會。彼時主席葉雷博士因彼須參與香港境外之其他業務，因而未能親身出席於二零一九年六月十八日舉行之本公司股東週年大會（「股東週年大會」）。其他董事會成員，包括審核委員會、薪酬委員會和提名委員會之成員，均出席股東週年大會並解答疑問，以確保與本公司股東的有效溝通。作為解決上述偏離之一項行動計劃，本公司將要求所有主席出席所有未來股東會議，以遵守企業管治守則之守則條文第E.1.2條。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### CODES AND POLICIES

#### *Securities Dealing Code*

The Company has adopted a code of conduct regarding Directors' securities transactions as set out in the GEM Listing Rules as the required standard for securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors, has confirmed that they have fully complied with the required standards of dealings regarding securities transaction by the Directors as set out on the GEM Listing Rules throughout the Reporting Period.

#### *Code of Ethics*

The Company adopts a Code of Ethics that applies to the Company's principal executive officer and senior financial officers in the conduct and practice of financial management and lays down the key principles that they shall follow and advocate, which include honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with the GEM Listing Rules and accounting standards and regulations; prompt internal reporting; and accountability for adherence to the code. The Code of Ethics is also intended to promote the ethical standards of all the employees, officers and Directors in the workplace, and advocate high standards of professional conduct and work performance.

### BOARD OF DIRECTORS

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

#### *Board Composition*

Details of the membership of the Board together with their roles and functions are posted on the Stock Exchange and the Company's website and such information shall be updated as soon as practicable whenever there are changes.

The composition of the Board reflects a balance of skills and experience desirable for an effective leadership of the Company.

As at 31 December 2019, the Board had seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors

### 守則及政策

#### *證券交易守則*

本公司已採納GEM上市規則所載董事進行證券交易之操作守則作為董事進行證券交易之規定標準。經向全體董事作出特別垂詢後，各董事已確認彼等於報告期間，已全面遵守載於GEM上市規則董事進行證券交易之買賣規定標準。

#### *道德操守*

本公司採納適用於本公司最高行政人員及高級財務主管在進行財務管理方面之道德操守，並已制定彼等須遵守及奉行之主要原則，其中包括誠實及道德操守；披露資料全面、公平、準確、及時且可理解；遵守GEM上市規則及會計準則及規例；快速內部呈報；及遵守守則之責任。道德操守擬提升所有僱員、高級職員及董事於工作場所的道德水平，並推廣高水平之專業操守及工作表現。

### 董事會

董事會須就領導及監管本公司之事宜向股東負責，並須共同負責指導及監管本公司事務，務求令本公司及其業務再創佳績。

#### *董事會之組成*

董事會成員之詳情，連同彼等之角色及職責，載於聯交所及本公司網站，而當有關資料有所變動時，在切實可行的範圍內將作更新。

董事會之組成體現本公司於有效領導所需之技能及經驗方面取得之平衡。

於二零一九年十二月三十一日，董事會有七名董事，包括兩名執行董事，及兩名非執行董事三名獨立非執行董事。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS (CONT'D)

#### *Board Composition (Cont'd)*

Given below are names of the Directors as at the date of this report:

#### *Executive Directors*

Mr. Wang Chuang  
Mr. Wang Xuejun  
Mr. Qiu Bin

(chairman of the Board)  
(Chief Executive Officer)

#### *Non-Executive Directors*

Mr. Wu Weiliang  
Mr. Tsang Ho Yin

(member of the Remuneration Committee)

#### *Independent Non-Executive Directors*

Dr. Fang Jun  
Ms. Huo Chunyu  
Ms. Yang Ying

(chairman of the Remuneration Committee and Nomination Committee and member of the Audit Committee)  
(member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee)  
(chairman of the Audit Committee, member of the Remuneration Committee and Nomination Committee)

Biographical details of each director are set out in the section "Biographical Details of Directors and Chief Executives" on pages 49 to 51 of this annual report.

There is no financial, business, family or other material/relevant relationship amongst the Directors.

### 董事會 (續)

#### 董事會之組成 (續)

於本報告日期，董事姓名如下：

#### 執行董事

王闖先生  
王學軍先生  
邱斌先生

(董事會主席)  
(行政總裁)

#### 非執行董事

吳偉良先生  
曾浩賢先生

(薪酬委員會成員)

#### 獨立非執行董事

方俊博士  
霍春玉女士  
楊滢女士

(薪酬委員會、提名委員會主席及審核委員會成員)  
(審核委員會、提名委員會及薪酬委員會成員)  
(審核委員會主席、薪酬委員會及提名委員會成員)

各董事的簡介詳情載於本年報第49至第51頁「董事及最高行政人員簡介」一節。

董事之間並無財務、業務、家族或其他重大／有關關係。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS (CONT'D)

#### *Functions of the Board*

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

The principal functions of the Board are to:

- establish the strategic direction and development of the Group;
- determine the broad policies, strategies and objectives of the Group;
- approve annual budgets, major funding proposals, investment and divestment proposals;
- oversee the processes for evaluating the adequacy and integrity of internal controls, risk management, financial reporting and compliance;
- approve the nominations of Directors by Nomination Committee and appointment of external auditors;
- ensure accurate, adequate and timely reporting to, and communication with Shareholders;
- monitor and manage potential conflicts of interest of management, Board members and Shareholders, including misuse of corporate assets and abuse in related party transactions; and assume responsibility for corporate governance.

The Board delegates day-to-day management, administration and operations of the Group to the executive Directors and senior management, while reserving certain key matters for its approval. The management is responsible for the implementation of the Company's strategies and policies, while the progress and development are periodically reviewed by Directors. During the Reporting Period, the management provided all members of the Board with monthly management updates ("Monthly Management Updates") in accordance with the code provision C.1.2 of the CG Code. The Monthly Management Updates contained latest financials with summaries of key events of the Group, giving a balanced and understandable assessment of the Company's performance, position and prospects.

### 董事會 (續)

#### 董事會之職能

董事會專注於整體策略及政策，特別重視本集團之增長及財務表現。

董事會之主要職責為：

- 訂立本集團之策略指引及發展；
- 釐定本集團之宏觀政策、策略及目標；
- 審批年度預算、主要融資建議、投資及撤資建議；
- 監管衡量內部監控、風險管理、財務呈報及遵守法規方面是否充足及完善之程序；
- 批准提名委員會之董事提名以及委任外聘核數師；
- 確保向股東作出準確、充足和及時之呈報及溝通；
- 監管及管理管理層、董事會成員及股東之間之潛在利益衝突，包括不當使用公司資產及在關連交易中濫用職權；及承擔企業管治之責任。

董事會將本集團之日常管理、行政及運作授權執行董事及高級管理人員處理，但若干主要事宜仍須獲董事會審批。管理層負責實施本公司之策略及政策，進展及發展由董事定期檢討。於報告期間，根據企業管治守則之守則條文第C.1.2條，管理層已向董事會全體成員提供月度更新資料（「月度更新資料」）。月度更新資料包含最新的財務數據與本集團主要事件的摘要，其就本公司之表現、狀況及前景作出一個平衡及易於理解的評估。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS (CONT'D)

#### *Board Diversity Policy*

The Company recognises and embraces the benefits of diversity in the boardroom and has adopted the board diversity policy (“Board Diversity Policy”). The Board Diversity Policy sets out the approach to achieve diversity on the Board.

The Board has set measurable objectives to implement the Board Diversity Policy. The Nomination Committee has primary responsibility for identifying and giving recommendation suitably qualified candidates to become members of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate Board decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board has also regularly reviewed the contribution of each Director as to whether the Director is spending sufficient time to perform his/her responsibilities to the Board.

The Board considers that the current composition of the Board, with core competencies in areas such as accounting and finance, business and management, medical science, legal profession, marketing management, media development and M&A, is appropriate for the businesses of the Company. The Board will review its composition from time to time taking into consideration of the specific needs for the overall Company and its subsidiaries’ businesses.

#### *Continuing Professional Development*

The Company Secretary is responsible for updating the Board on governance and regulatory matters.

Training will be provided to newly appointed director to his/her individual needs. This includes introduction to the Group business activities, their responsibilities and duties, and other regulatory requirements.

The Company will arrange and/or introduce training courses and/or reading materials for Directors to develop and explore their knowledge and skills.

### 董事會 (續)

#### *董事會成員多元化政策*

本公司認定並確信董事會成員多元化的好處及已採納董事會成員多元化政策 (「董事會成員多元化政策」)。董事會成員多元化政策列載董事會為達致成員多元化而採取的方針。

董事會已訂立可衡量的目標以實行董事會成員多元化政策。提名委員會主要負責物色及推薦合適的合資格董事會成員候選人。甄選候選人將按一系列多元化範疇為基準，包括但不限性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期。最終將按候選人的長處及可為董事會提供的貢獻而作決定。

董事會亦就董事是否付出足夠時間履行其對董事會之職責定期檢討各董事之貢獻。

董事會認為目前董事會之組成，在會計及財務、商業及管理、醫療科學、法律專業、營銷管理、媒體發展及併購等領域各具專長，符合本公司業務需要。董事會將考慮本公司及其附屬公司整體業務之特定需求，不時檢討其組成。

#### *持續專業發展*

公司秘書負責向董事會提供有關管治及規管事宜之最新消息。

本公司將按新委任董事之個人需要給予其培訓，當中包括講解本集團業務、彼等之責任及職責以及其他監管規定。

本公司將為董事安排及／或介紹培訓課程及／或閱讀資料以發展及提升彼等知識及技能。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS (CONT'D)

#### *Continuing Professional Development (Cont'd)*

According to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, ensuring that their contribution to the Board remains informed and relevant. During the Reporting Period, all Directors participated in continuous professional development and had provided the Company with records (if any) on their participation. The individual training record of each Director for the Reporting Period is set out below:

#### **Directors and Types of continuous professional development programmes**

Mr. Wang Chuang	A, B, C
Mr. Wang Xuejun	A, B, C
Mr. Qiu Bin	A, B, C
Mr. Wu Weiliang	A, B, C
Mr. Tsang Ho Yin	A, B, C
Dr. Fang Jun	A, B, C
Ms. Huo Chunyu	A, B, C
Ms. Yang Ying	A, B, C

- A. attending seminars/meetings/forums/conferences/courses/workshops organized by professional bodies or regulators
- B. reading journals/newsletters/seminar materials/publications/magazines
- C. reading memoranda issued or materials provided by the Company

All information and materials aforesaid relate, but not limited to the latest development of the GEM Listing Rules, other applicable legal and regulatory matters as well as directors' duties and responsibilities.

### 董事會 (續)

#### *持續專業發展 (續)*

根據企業管治守則之守則條文第A.6.5條，所有董事均需參與持續專業發展，以培養及更新彼等之知識及技能，確保彼等對董事會之貢獻及具備相關資訊及切合所需。於報告期間，所有董事均參與持續專業發展，並已向本公司提供記錄(如有)。各董事於本報告期間的個人培訓記錄載於下文：

#### **董事及持續專業發展課程類別**

王闖先生	甲、乙、丙
王學軍先生	甲、乙、丙
邱斌先生	甲、乙、丙
吳偉良先生	甲、乙、丙
曾浩賢先生	甲、乙、丙
方俊博士	甲、乙、丙
霍春玉女士	甲、乙、丙
楊滢女士	甲、乙、丙

- 甲. 參加由專業或監管機構舉辦的研討會／會議／論壇／討論會／課程／研究會
- 乙. 閱讀期刊／通訊／研討會材料／出版物／雜誌
- 丙. 閱讀本公司刊發的備忘錄或提供的資料

前述所有信息及資料均有關，但不限於GEM上市規則、其他適用法律及監管事宜的最新發展，以及董事的職責和責任等。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS (CONT'D)

#### *Directors' and Officers' Liabilities*

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities, which is in compliance with the CG Code. The insurance coverage is reviewed on an annual basis.

#### *Appointment, Election and Re-election*

Appointment of new Directors is a matter for consideration by the Nomination Committee. It reviews the profiles of the candidates and makes recommendations to the Board on the appointment, nomination and retirement of the Directors.

According to the Company's articles of association, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. The Directors who will retire at the annual general meeting of the Company shall be those appointed by the Board during the year and not being re-appointed at a general meeting thereafter during the year, and those who have been the longest in office since their last election or re-election.

The following sets out the responsibilities for the Directors in relation to the quarterly, interim and annual financial statements:

#### **Annual Report and Financial Statements**

The Directors acknowledge their responsibility to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and in presenting the quarterly, interim and annual financial statements, and announcements to Shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

#### **Accounting Policy**

The Directors consider that in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

### 董事會 (續)

#### **董事及高級職員之責任**

本公司已安排適當保險，為董事在公司事務中可能產生之責任提供保障，此做法符合企業管治守則。投保範圍每年皆進行檢討。

#### **委任、選舉及重選**

委任新董事一事，須由提名委員會考慮。提名委員會將審閱候選人之簡歷，並就委任、提名董事及董事退任等事宜向董事會作出建議。

根據本公司之組織章程細則，三分之一董事須於各股東週年大會退任，而各董事亦須最少每三年輪席退任一次。於本公司股東週年大會退任之董事須為董事會年內委任之董事及於之後的年度股東大會上並無獲委任的董事以及自最近獲選或重選以來任職最長之董事。

以下載列董事有關季度、中期及年度財務報表之責任：

#### **年報及財務報表**

董事確認其有責任在每個財政年度，編製能真實及公平反映本集團財政狀況之財務報表，而向股東提呈季度、中期及年度財務報表以及公告時，董事希望能向股東呈列其對於本集團狀況及前景的平衡且易於理解的評估。

#### **會計政策**

董事認為於編製財務報表時，本集團貫徹應用合適之會計政策，且亦已遵循所有適用之會計準則。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS (CONT'D)

*Appointment, Election and Re-election (Cont'd)*

#### **Accounting Records**

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Financial Reporting Standards as promulgated by the Hong Kong Institute of Certified Public Accountants.

#### **Safeguarding Assets**

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent or detect fraud and other irregularities.

#### **Going Concern**

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

### 董事會 (續)

*委任、選舉及重選 (續)*

#### **會計記錄**

董事須負責確保本集團存置會計記錄，有關記錄應合理準確地披露本集團之財務狀況，並可用於根據香港會計師公會頒佈之香港財務報告準則而編製之財務報表。

#### **保障資產**

董事負責採取所有合理及所需措施，保障本集團之資產，並且預防或發現欺詐及其他違規行為。

#### **持續經營**

董事經作出適當查詢後，認為本集團有充足資源，在可預見將來持續經營，且基於此理由，採納持續經營基準編製財務報表乃屬適當。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS (CONT'D)

#### Board and General Meetings

The Board schedules four meetings a year at approximately quarterly intervals and organises additional meetings as and when required. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's articles of association. Notice of at least fourteen days is given of a regular Board meeting to give all Directors an opportunity to attend.

For other Board and committee meetings, reasonable notice time is generally given. During the Reporting Period, the Board held nine meetings, of which four were regular meetings. The following table shows the attendance of individual Directors at the meetings held during the Reporting Period:

### 董事會 (續)

#### 董事會及股東大會

董事會每年安排四次會議，大約每季舉行一次，並將於有需要時組織額外會議。董事可親自或透過本公司組織章程細則所容許之其他電子通訊方式出席會議。本公司將在定期董事會會議前最少十四天，向所有董事發出通知，讓其有機會出席會議。

其他董事會及委員會會議一般都於合理時間發出通知。於報告期間，董事會共舉行九次會議，其中四次為定期會議。下表載列個別董事報告期間出席會議之情況：

Name of Directors (From 1 January 2019 to 31 December 2019)	董事姓名 (二零一九年一月一日至 二零一九年十二月三十一日期間)	Attendance/ Number of General Meetings entitled to attend 出席／有權出席 股東大會數目	Attendance/ Number of Board Meetings entitled to attend 出席／有權出席 董事會會議數目
<b>Executive Directors</b>	<b>執行董事</b>		
Dr. Ray Yip (re-designated as a non-executive Director on 18 October 2019)	葉雷博士 (於二零一九年十月十八日調任為非執行董事)	2/2	8/9
Mr. Wang Chuang (appointed on 18 October 2019)	王闊先生 (於二零一九年十月十八日獲委任)	1/1	4/4
Mr. Wang Xuejun	王學軍先生	2/2	9/9
<b>Non-Executive Directors</b>	<b>非執行董事</b>		
Dr. Ray Yip (re-designated as a non-executive Director on 18 October 2019)	葉雷博士 (於二零一九年十月十八日調任為非執行董事)	2/2	8/9
Mr. Wu Weiliang (appointed on 15 November 2019)	吳偉良先生 (於二零一九年十一月十五日獲委任)	1/1	3/4
Mr. Zhang Bin (appointed on 2 July 2019 and resigned on 15 November 2019)	張斌先生 (於二零一九年七月二日獲委任及於二零一九年十一月十五日辭任)	N/A 不適用	0/5
<b>Independent Non-Executive Directors</b>	<b>獨立非執行董事</b>		
Mr. Chan Bing Woon (resigned on 15 August 2019)	陳炳煥先生 (於二零一九年八月十五日辭任)	0/1	5/5
Mr. Wong Yiu Kit Ernest (resigned on 21 August 2019)	黃耀傑先生 (於二零一九年八月二十一日辭任)	1/1	5/5
Dr. Fang Jun	方俊博士	1/2	8/9
Ms. Wang Danjuan (appointed on 10 October 2019)	王丹娟女士 (於二零一九年十月十日獲委任)	1/1	3/4
Ms. Yang Ying (appointed on 14 October 2019)	楊瀾女士 (於二零一九年十月十四日獲委任)	1/1	3/4

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS (CONT'D)

#### *Board and General Meetings (Cont'd)*

Board papers are circulated at least three days (or other agreed period) before the regular Board meetings and/or other Board/Committees meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

The company secretary of the Company (the "Company Secretary") prepares minutes and/or written resolutions and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable time on reasonable notice by any Director.

### CHAIRMAN AND CEO

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

During the year, the roles of the Chairman and the CEO were segregated and performed by different individuals.

On 18 October 2019, Dr. Ray Yip ceased to be the Chairman and Mr. Wang Chuang was appointed on the same date as the Chairman.

The segregation of duties ensures a clear distinction of responsibilities between the Chairman and the CEO which allows a balance of power between the Board and the management of the Group, and ensures their independence and accountability. There is no financial, business, family or other material/relevant relationship between the Chairman and the CEO.

### 董事會 (續)

#### *董事會及股東大會 (續)*

董事會文件於定期董事會會議，及／或其他董事會／委員會會議舉行前最少三日(或其他協定時間)向董事傳閱，以使董事能就將於董事會會議提出之事宜，作出知情決定。此外，本公司已訂立一套程序，讓董事在合適情況下，於履行其對本公司之職責時，尋求獨立專業意見，開支由本公司支付。

本公司的公司秘書(「公司秘書」)為所有董事會會議上討論之事宜以及議決之決定，編製會議記錄及／或書面決議案並保存有關記錄。公司秘書亦保存會議記錄，並可於任何董事作出合理通知後，在任何合理時間供索閱。

### 主席及行政總裁

根據企業管治守則守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。主席與行政總裁之職責分工應清楚界定並以書面列載。

於年內，主席及行政總裁的職務分開，由不同人士履行。

於二零一九年十月十八日，葉雷博士不再擔任主席及於同日，王闖先生獲委任為主席。

職能劃分可確保主席及行政總裁能各司其職，制衡董事會與本集團管理層之間之權力，並且確保其獨立性及問責性。主席與行政總裁之間並無財務、業務、家族或其他重大／有關關係。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### CHAIRMAN AND CEO (CONT'D)

Both Mr. Wang Chuang and Dr. Ray Yip, have taken overall responsibility for providing leadership for the Board. They ensure that:

- the Board functions effectively, and that all key and appropriate issues are properly briefed and discussed by the Board in a timely manner;
- the responsibilities for drawing up the agenda for each Board meeting and, where appropriate, taking into account any matters proposed by each Director for inclusion in the agenda;
- good corporate governance practices and procedures are established and encourages all Directors to make full and active participation to the affairs of the Group; and
- the Board acts in the best interests of the Group.

Mr. Wang Xuejun as the CEO during the Reporting Period, was responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the Board for all operations of the Group.

Mr. Wang Xuejun possesses extensive experience in business development and corporate management. He has given valuable experience and contribution to the Group. Working with the management team of each core business division, he ensures the smooth operations and development of the Group. He maintains a continuing dialogue with the Chairman and all Directors to keep them fully informed of all major business development and issues.

During the year, the Chairman had arranged meetings with non-executive directors without the presence of executive directors.

### 主席及行政總裁(續)

於報告期間，王闖先生與葉雷博士均負責領導董事會。彼等確保：

- 董事會有效運作，而且董事會已及時獲妥為告知並討論所有主要及適當事務；
- 編製各董事會會議之議程之責任，並且在適當情況下，將各董事建議之任何事宜，納入議程內；
- 已制定良好企業管治常規及程序，並鼓勵所有董事全面及積極參與本集團事務；及
- 董事會以本集團之最佳利益行事。

於報告期間，王學軍先生作為行政總裁負責本集團日常業務管理，專注於制定及成功落實政策，並就本集團一切業務對董事會負責。

王學軍先生於商業發展及企業管理方面擁有豐富經驗。彼為本集團帶來寶貴的經驗和貢獻。彼與各核心業務分部之管理隊伍合作，確保本集團營運及發展暢順。彼持續與主席及所有董事溝通，讓彼等能全面掌握所有主要業務發展及事宜。

年內，主席已安排與非執行董事會面，而執行董事並無出席。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### NON-EXECUTIVE DIRECTORS

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and are subject to re-election. All non-executive Directors (including independent non-executive Directors) are appointed for a term of two years and they are required to retire by rotation and re-election at the general meeting of the Company following their appointments in accordance with the articles of association of the Company.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Reference is made to the Company's announcement dated 12 August 2019 in respect of the resignation of Mr. Chan Bing Woon ("Mr. Chan") as an independent non-executive Director, member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board with effect from 15 August 2019; and to the Company's announcement dated 19 August 2019 in respect of the resignation of Mr. Wong Yiu Kit Ernest ("Mr. Wong") as an independent non-executive Director, chairman and member of the Audit Committee, member of each of the Remuneration Committee and Nomination Committee of the Board with effect from 21 August 2019.

Following the resignation of Mr. Chan and Mr. Wong, the number of independent non-executive Directors of the Company fell below the minimum number required under Rule 5.05(1) of the GEM Listing Rules and number of members of the Audit Committee fell below the minimum number required under Rule 5.28 of the GEM Listing Rules.

With the appointment of Ms. Wang Danjuan as an independent non-executive Director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board on 10 October 2019, and with the appointment of Ms. Yang Ying as an independent non-executive Director, chairman and member of the Audit Committee, member of each of the Remuneration Committee and Nomination Committee of the Board on 14 October 2019, the Company has complied with the GEM Listing Rules by filling up the vacancies within the time limit.

### 非執行董事

根據守則條文第A.4.1條，非執行董事之委任應有指定任期，並須接受重選。本公司之全體非執行董事（包括獨立非執行董事）按兩年之年期獲委任且須根據本公司組織章程細則於本公司在其獲委任後舉行的股東大會上輪席退任及膺選連任。

### 獨立非執行董事

茲提述本公司日期為二零一九年八月十二日的公告，內容有關陳炳煥先生（「陳先生」）辭任獨立非執行董事、董事會轄下審核委員會、薪酬委員會及提名委員會各自之成員，自二零一九年八月十五日生效；以及本公司日期為二零一九年八月十九日的公告，內容有關黃耀傑先生（「黃先生」）辭任獨立非執行董事、董事會轄下審核委員會主席兼成員以及薪酬委員會及提名委員會各自之成員，自二零一九年八月二十一日生效。

緊隨陳先生及黃先生辭任後，本公司獨立非執行董事人數少於GEM上市規則第5.05(1)條規定之最低人數，而審核委員會成員人數則少於GEM上市規則第5.28條規定之最少人數。

鑒於在二零一九年十月十日委任王丹娟女士為獨立非執行董事、董事會轄下審核委員會、薪酬委員會及提名委員會各自之成員，及鑒於在二零一九年十月十四日委任楊滢女士為獨立非執行董事、董事會轄下審核委員會主席兼成員、薪酬委員會及提名委員會各自之成員，本公司已遵守GEM上市規則於限期內填補該等職位空缺。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### INDEPENDENT NON-EXECUTIVE DIRECTORS (CONT'D)

The independent non-executive Directors have the same duties of care and skill and fiduciary duties as the executive Directors. Their functions include, but not limited to:

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

The Company has received an annual written confirmation from each of the independent non-executive Directors of their independence to the Company pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

### 獨立非執行董事(續)

獨立非執行董事與執行董事同具有審慎行事之責任及技能以及誠信責任。彼等之職能包括但不限於：

- 參與董事會會議，於企業策略、企業表現、問責性、資源、重要任命及操守準則等事宜上作出獨立判斷；
- 於出現潛在利益衝突時擔當領導角色；
- 於獲邀請時加入審核委員會、提名委員會及薪酬委員會；及
- 觀察本集團於達致協定之企業目標及目的方面之表現，並監察表現之呈報。

本公司已接獲各獨立非執行董事根據GEM上市規則第5.09條發出之年度書面確認，確認其對本公司之獨立性。本公司認為全體獨立非執行董事均為獨立人士。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### CORPORATE GOVERNANCE FUNCTION

According to code provision D.3 of the CG code, the Board is responsible for performing the corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board on 15 March 2012. The Board shall have the following duties and responsibilities for performing the corporate governance duties of the Company:

- to develop and review the Company's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the code provisions and disclosure in the corporate governance report in the annual report of the Company.

During the Reporting Period, the Board has performed the above corporate governance functions through discussion in the Board meeting and by reviewing the Company's policies and practices from time to time in accordance with the legal and regulatory requirements.

### CORPORATE GOVERNANCE STRUCTURE

The Board is charged with the duty to put in place a proper corporate governance structure of the Company. It is primarily responsible for setting directions, formulating strategies, monitoring performance and managing risks of the Group. Under the Board, there are currently 3 subcommittees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

### 企業管治職能

根據企業管治守則之守則條文第D.3條，董事會須根據董事會於二零一二年三月十五日採納的書面職權範圍負責履行本公司之企業管治職責。董事會於履行本公司之企業管治職責方面擁有以下職責及責任：

- 制定及審閱本公司企業管治政策及常規並提出意見；
- 審閱及監察董事及高級管理人員的培訓及持續專業發展；
- 審閱及監察本公司在遵守法律及監管規定方面的政策及常規；
- 制定、審閱及監察僱員及董事的操守準則及合規手冊(如有)；及
- 審閱本公司遵守守則條文的情況及在本公司年報中企業管治報告的披露。

於報告期間，董事會透過於董事會會議討論及根據法律和監管規定不時審閱本公司的政策及常規，履行上述企業管治職能。

### 企業管治架構

董事會有責任為本公司建立一套良好之企業管治架構。董事會主要負責為本集團訂立指引、制定策略、監管表現及管理風險。董事會轄下現有三個委員會，即審核委員會、提名委員會及薪酬委員會。各委員會根據其職權範圍履行本身獨特之職責，並協助董事會監管高級管理人員之特定工作。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES

#### *Audit Committee*

According to Rule 5.28 of the GEM Listing Rules, the Company has to establish an audit committee comprising of at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Audit Committee has been established since 4 July 2001 with written terms of reference which was revised on 16 March 2016 in compliance with the code provision C.3.3 and C.3.7 of the CG Code.

During the Reporting Period, all members of the Audit Committee are independent non-executive Directors.

The terms of reference of the Audit Committee has been posted on the websites of the Stock Exchange and the Company. The principal functions of the Audit Committee include:

- to consider and recommend the appointment, re-appointment and removal of external auditors;
- to approve the remuneration and terms of engagement of external auditors, any questions of resignation or dismissal of external auditors;
- to review and monitor external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to discuss with external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging an external auditors to supply non-audit services and to make recommendations on any measures for improvements to be taken;

### 董事委員會

#### 審核委員會

根據GEM上市規則第5.28條，本公司須設立審核委員會，其中最少三名成員須為非執行董事，而審核委員會大部份成員必須為獨立非執行董事，其中最少一名必須具備適當專業資格或會計或相關財務管理專業知識。審核委員會自二零零一年七月四日成立，其職權範圍根據企業管治守則守則條文第C.3.3條及第C.3.7條已於二零一六年三月十六日作出修訂。

於報告期間，審核委員會成員均為獨立非執行董事。

審核委員會之職權範圍載於聯交所及本公司網站。審核委員會之主要職能包括：

- 考慮及推薦委任、續聘及罷免外聘核數師；
- 批准外聘核數師之酬金及聘用條款，以及有關外聘核數師之辭任或罷免問題；
- 檢討及監察外聘核數師之獨立性及客觀性，以及根據適用標準進行審核程序之有效性；
- 在開始審核前，與外聘核數師討論審核之性質及範疇，以及呈報之責任；
- 制定及落實聘用外聘核數師提供非審核服務之政策，並就將採取之任何改善措施作出推薦建議；

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES (CONT'D)

#### *Audit Committee (Cont'd)*

- to review the quarterly, interim and annual financial statements and the quarterly, interim and annual reports before submission to the Board, focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting principles and standards; and
  - (vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting;
- to review the Group's financial controls, internal control and risk management systems and ensure that the management has performed its duty to have an effective internal control system;
- to consider major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response;
- to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response and to ensure that the Board will provide a timely response to the issues raised; and
- to review the Group's financial and accounting policies and practices.

The Audit Committee has explicit authority to investigate into any matter under the scope of its duties and the authority to obtain independent professional advice. It is given full access to and assistance from the management and reasonable resources to discharge its duties properly.

During the Reporting Period, the Audit Committee has met once with the external auditor without the presence of the management.

### 董事委員會(續)

#### 審核委員會(續)

- 檢討季度、中期及年度財務報表，以及季度、中期及年度報告，再提交董事會，當中尤其關注：
  - (i) 會計政策及常規之任何變動；
  - (ii) 主要涉及判斷之範疇；
  - (iii) 因審核而作出之重大調整；
  - (iv) 持續經營假設以及任何保留意見；
  - (v) 遵守會計原則及準則；及
  - (vi) 遵守與財務呈報有關之GEM上市規則及法律規定；
- 檢討本集團之財務監控、內部監控及風險管理制度，並確保管理層已履行其職責，維繫有效之內部監控制度；
- 考慮因受董事會授權或自發對風險管理及內部監控事宜進行調查所獲得的任何重大調查發現及管理層的回應；
- 審閱外聘核數師致管理層函件、核數師就會計記錄、財務賬目或監控制度而對管理層提出的任何重大問題，以及管理層的回應，並且確保董事會及時回應所提出的問題；及
- 檢討本集團之財務及會計政策與慣例。

審核委員會具明確權力，調查其職責範圍內之任何事宜，並且有權獲取獨立專業意見。委員會可全面接觸管理層及獲得協助，並且獲取合理資源以妥為履行其職責。

於報告期間，審核委員會在沒有任何管理層在場之情況下，已與外聘核數師會面一次。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES (CONT'D)

#### Audit Committee (Cont'd)

The Group's results for the three months ended 31 March 2019, six months ended 30 June 2019, nine months ended 30 September 2019 and audited consolidated financial statements for the year ended 31 December 2019 have been reviewed by the Audit Committee.

The quorum of meeting of the Audit Committee shall be any two members. During the Reporting Period, five meetings of the Audit Committee were held to review and supervise the financial reporting process and internal control of the Group. The following table shows the attendance of the members of Audit Committee at the meetings of the Audit Committee held during the Reporting Period:

### 董事委員會(續)

#### 審核委員會(續)

審核委員會已審閱本集團截至二零一九年三月三十一日止三個月、截至二零一九年六月三十日止六個月及截至二零一九年九月三十日止九個月之業績以及截至二零一九年十二月三十一日止年度之經審核綜合財務報表。

審核委員會會議的法定人數應為任何兩名成員。於報告期間，審核委員會共舉行五次會議，以檢討及監察本集團之財務呈報程序及內部監控。下表載列審核委員會成員報告期間出席審核委員會會議之情況：

Name of Audit Committee (From 1 January 2019 to 31 December 2019)	審核委員會成員姓名 (二零一九年一月一日至 二零一九年十二月三十一日期間)	Attendance/ Number of Meetings entitled to attend 出席／有權出席 會議人數
<b>Independent Non-executive Directors</b>	<b>獨立非執行董事</b>	
Mr. Wong Yiu Kit Ernest (chairman of Audit Committee until date of resignation) (resigned with effect from 21 Aug 2019)	黃耀傑先生 (截至辭任前為審核委員會主席) (自二零一九年八月二十一日起辭任)	4/4
Mr. Chan Bing Woon (resigned with effect from 15 Aug 2019)	陳炳煥先生 (自二零一九年八月十五日起辭任)	4/4
Dr. Fang Jun	方俊博士	5/5
Ms. Wang Danjuan (appointed with effect from 10 Oct 2019)	王丹娟女士 (自二零一九年十月十日起獲委任)	1/1
Ms. Yang Ying (chairman of Audit Committee upon appointment) (appointed with effect from 14 Oct 2019)	楊瀆女士 (委任時為審核委員會主席) (自二零一九年十月十四日起獲委任)	1/1

Full minutes of the Audit Committee are kept by the Company Secretary. Minutes are drafted and finalised in sufficient details and are circulated to all members of the Audit Committee, as the case may be, for their comments and records within reasonable time after the conclusion of the meetings.

審核委員會之完整會議記錄由公司秘書保存。會議記錄之初稿及定稿內容詳盡並於會議結束後之合理時間內，向審核委員會所有成員傳閱(視情況而定)，以供其提供意見及作記錄。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES (CONT'D)

#### *Nomination Committee*

According to code provision A.5.1 of the CG Code, the Company has to set up a nomination committee with a majority of the members thereof being independent non-executive directors. The Nomination Committee has been established since 22 July 2005 with written terms of reference which was revised on 16 March 2016 in compliance with code provision A.5.2 of the CG code.

During Reporting Period, all members of the Nomination Committee are independent non-executive Directors.

Dr. Fang Jun has served as chairman of the Nomination Committee. The Nomination Committee is scheduled to meet at least once a year. The quorum shall be any two members.

The terms of reference of the Nomination Committee has been posted on the websites of the Stock Exchange and the Company. The principal functions of the Nomination Committee include:

- to make recommendations to the Board on all new appointments or re-appointments of Directors, the establishment of a succession plan for Directors, in particular the Chairman and the CEO and the composition of the Board;
- to identify and nominate qualified individuals, subject to the approval of the Board, to be additional Directors or to fill vacancy in the Board as and when they arise;
- to assess the effectiveness of the Board as a whole and the contribution by each Director to the Board;
- to review the Board structure, size, composition (including the skills, knowledge and experience) and diversity as well as the independent element of the Board on an annual basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to develop the criteria for selection of Directors; and
- to assess the independence of independent non-executive Directors.

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

### 董事委員會(續)

#### 提名委員會

根據企業管治守則之守則條文第A.5.1條，本公司已設立提名委員會，而其大多數成員為獨立非執行董事。提名委員會自二零零五年七月二十二日成立，其職權範圍根據企業管治守則之守則條文第A.5.2條已於二零一六年三月十六日作出修訂。

於報告期間，提名委員會全體成員均為獨立非執行董事。

方俊博士一直擔任提名委員會主席。提名委員會預定每年最少舉行一次會議。法定人數為任兩名成員。

提名委員會之職權範圍刊載於聯交所及本公司網站。提名委員會之主要職責包括：

- 就所有新委任或再委任董事、制定董事更替計劃(尤其主席及行政總裁)以及董事會之組成而向董事會作出推薦建議；
- 物色及提名合資格人士，在獲董事會批准下，出任新增董事或在有需要時填補董事會空缺；
- 評估董事會整體之效能，以及各董事對董事會之貢獻；
- 每年檢討董事會架構、規模、組成(包括技能、知識及經驗)及多元化，以及董事會之獨立性，並就任何擬作出之變動向董事會提出推薦建議以配合本公司企業策略；
- 制定甄選董事之準則；及
- 評估獨立非執行董事之獨立性。

提名委員會之主席將於每次會議後，向董事會報告委員會之進程及作出推薦建議。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES (CONT'D)

### 董事委員會(續)

#### *Nomination Committee (Cont'd)*

#### 提名委員會(續)

The quorum of meeting of the Nomination Committee shall be any two members. During the Reporting Period, three meetings of the Nomination Committee were held to review and recommend the structure, size, composition and diversity of the Board. Altogether the members of the Board bring a wide range of knowledge and experience to the Board, which contributes to the effective direction of the Company. The following table shows the attendance of the members of Nomination Committee at the meetings of the Nomination Committee held during the Reporting Period:

提名委員會會議的法定人數為任意兩名成員。於報告期間，提名委員會曾舉行三次會議，藉以檢討董事會架構、規模、組成及多元化並提供建議。另外各董事會成員為董事會帶來廣泛的知識和經驗，這有助於本公司的有效領導。下表載列提名委員會之成員報告期間出席提名委員會會議之情況：

Name of Nomination Committee	提名委員會成員姓名 (二零一九年一月一日至 二零一九年十二月三十一日期間)	Attendance/ Number of Meetings entitled to attend 出席／有權出席 會議人數
(From 1 January 2019 to 31 December 2019)		
<b>Independent Non-executive Directors</b>	<b>獨立非執行董事</b>	
Mr. Wong Yiu Kit Ernest (resigned with effect from 21 Aug 2019)	黃耀傑先生 (自二零一九年八月二十一日起辭任)	0/0
Mr. Chan Bing Woon (resigned with effect from 15 Aug 2019)	陳炳煥先生 (自二零一九年八月十五日起辭任)	0/0
Dr. Fang Jun ( <i>chairman of Nomination Committee</i> )	方俊博士( <i>提名委員會主席</i> )	3/3
Ms. Wang Danjuan (appointed with effect from 10 Oct 2019)	王丹娟女士 (自二零一九年十月十日起獲委任)	3/3
Ms. Yang Ying (appointed with effect from 14 Oct 2019)	楊滢女士 (自二零一九年十月十四日起獲委任)	2/2

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES (CONT'D)

#### *Remuneration Committee*

According to Rule 5.34 of the GEM Listing Rules, the Company has to set up a remuneration committee with a majority of the members thereof being independent non-executive directors. The Remuneration Committee has been established since 22 July 2005 with written terms of reference which was revised on 16 March 2016 in compliance with code provision B.1.2 of the CG code.

During the Reporting Period, all members of the Remuneration Committee are independent non-executive Directors.

Dr. Fang Jun has served as chairman of the Remuneration Committee. The Remuneration Committee is scheduled to meet at least once a year.

The terms of reference of the Remuneration Committee has been posted on the websites of the Stock Exchange and the Company. The principal functions of the Remuneration Committee include:

- to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives.
- to recommend a fair and transparent framework of executive remuneration for the Board and senior management of the Company, including share option scheme, based on the skill, knowledge, involvement in the Company's affairs and by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions;
- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits-in-kind, pension rights, and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to make recommendations to the Board on the remuneration of the non-executive Directors.

No Directors can determine their own remuneration package. The chairman of the Remuneration Committee will report to the Board on its proceedings and recommendations after each meeting. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management, the Remuneration Committee takes into account of the corporate goals and objectives of the Group as well as the performance of those individual Directors and senior management.

### 董事委員會(續)

#### 薪酬委員會

根據GEM上市規則第5.34條，本公司須設立薪酬委員會，而其大多數成員為獨立非執行董事。薪酬委員會自二零零五年七月二十二日起成立，其職權範圍根據企業管治守則守則條文第B.1.2條已於二零一六年三月十六日作出修訂。

於報告期間，薪酬委員會全體成員均為獨立非執行董事。

方俊博士一直擔任薪酬委員會主席。薪酬委員會預定每年最少舉行一次會議。

薪酬委員會之職權範圍已刊載於聯交所及本公司網站。薪酬委員會之主要職責包括：

- 參考董事會之企業方針及目標，檢討及批准管理層薪酬建議。
- 根據行政人員之技能、知識、對本公司事務之參與程度並參考本公司之表現及盈利能力，以及業界之薪酬基準及當時市況，為董事會及本公司高級管理人員推薦一套公平及具透明度之行政人員薪酬制度(包括購股權計劃)；
- 就個別執行董事及高級管理人員之薪酬待遇(包括實物利益、退休金權利及賠償金，包括喪失或終止彼等職務或委任之任何應付賠償)向董事會提供建議；
- 就非執行董事之薪酬向董事會提供建議。

董事概不得釐定彼等本身之酬金組合。薪酬委員會之主席於每次舉行會議後，將向董事會報告有關之進程及作出推薦意見。在制定薪酬政策及就董事與高級管理人員之薪酬提供推薦建議方面，薪酬委員會會考慮本集團之企業方針及目標，以及該等個別董事與高級管理人員之表現。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES (CONT'D)

#### Remuneration Committee (Cont'd)

The remuneration package of Directors and senior management includes the following:

##### (a) Basic salary

The basic salary (inclusive of statutory employer contributions to Provident Fund) of each executive Director/senior management is recommended by the Remuneration Committee, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable organisations.

##### (b) Fees

Fees paid/payable to the executive Directors are determined by the Board after considering the individual's relative performance against the comparable organisations. The fees paid/payable to the non-executive Directors take into account factors such as effort and time spent, and responsibilities of these Directors.

##### (c) Bonus scheme

The Group operates a bonus scheme for all employees, including the executive Directors and senior management. The criteria for the scheme is the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of corporate and individual's performance during the Reporting Period. Bonuses payable to the executive Directors/senior management are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of Shareholders.

##### (d) Benefits in kind

Other customary benefits (such as private medical cover) are made available as appropriate.

##### (e) Share option scheme

The Group operates a share option scheme for participants, including Directors, senior management, employees, suppliers and customers. The terms of the scheme are set out in note 38 to the financial statements. The movement of share options under the share option scheme adopted by the Company on 14 September 2011 during the Reporting Period is set out in note 38 to the financial statements.

### 董事委員會(續)

#### 薪酬委員會(續)

董事及高級管理人員之酬金組合包括下列各項：

##### (a) 基本薪金

各執行董事／高級管理人員之基本薪金(包括向公積金作出之法定僱主供款)，由薪酬委員會經考慮個人表現、通脹物價指數及經選定可資比較機構組別類似職位之薪金(來自獨立資料來源)之資料而作出推薦建議。

##### (b) 袍金

已付／應付執行董事之袍金，由董事會經考慮個人表現，並比對可資比較機構之袍金後釐定。已付／應付非執行董事之袍金，經考慮該等董事之工作量及所花費時間及職責而釐定。

##### (c) 花紅計劃

本集團就所有員工(包括執行董事及高級管理人員)設立花紅計劃。該計劃之準則是本集團若干範疇業務所達致之盈利水平與目標之比較，以及企業及個人報告期間之表現評估。薪酬委員會將檢討應付執行董事／高級管理人員之花紅，並由董事會批准，以確保符合股東整體利益。

##### (d) 實物利益

其他一般福利(例如私人醫療保障)將於適當時候提供。

##### (e) 購股權計劃

本集團為參與者，包括董事、高級管理人員、僱員、供應商及客戶設立購股權計劃。計劃之條款載於財務報表附註38。本公司於二零一一年九月十四日所採納之購股權計劃於報告期間之購股權變動載於財務報表附註38。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD COMMITTEES (CONT'D)

### 董事委員會(續)

#### Remuneration Committee (Cont'd)

#### 薪酬委員會(續)

Directors' emoluments comprise payments to the Directors by the Company in connection with the management of the affairs of the Company. The amounts paid to each Director for the year ended 31 December 2019 are set out in note 10 to the financial statements.

董事酬金包括本公司向董事支付有關管理本公司事務之酬金。截至二零一九年十二月三十一日止年度向各董事支付之金額載於財務報表附註10。

The quorum of meeting of the Remuneration Committee shall be any two members. During the Reporting Period, two meetings of the Remuneration Committee were held to review the remuneration package of the Board and the senior management. The following table shows the attendance of the members of Remuneration Committee at the meetings of the Remuneration Committee held during the Reporting Period:

薪酬委員會會議的法定人數為任意兩名成員。於報告期間，薪酬委員會曾舉行兩次會議，藉以檢討董事會及高級管理人員之薪酬組合。下表載列薪酬委員會之成員報告期間出席薪酬委員會會議之情況：

Name of Remuneration Committee (From 1 January 2019 to 31 December 2019)	薪酬委員會成員姓名 (二零一九年一月一日至 二零一九年十二月三十一日期間)	Attendance/ Number of Meetings entitled to attend 出席／有權出席 會議人數
<b>Executive Directors</b>	<b>執行董事</b>	
Dr. Ray Yip (re-designated as a non-executive Director on 18 October 2019)	葉雷博士(於二零一九年十月十八日調任為非執行董事)	2/2
<b>Non-Executive Directors</b>	<b>非執行董事</b>	
Dr. Ray Yip (re-designated as a non-executive Director on 18 October 2019)	葉雷博士(於二零一九年十月十八日調任為非執行董事)	2/2
<b>Independent Non-executive Directors</b>	<b>獨立非執行董事</b>	
Mr. Wong Yiu Kit Ernest (resigned with effect from 21 Aug 2019)	黃耀傑先生 (自二零一九年八月二十一日起辭任)	0/0
Mr. Chan Bing Woon (resigned with effect from 15 Aug 2019)	陳炳煥先生 (自二零一九年八月十五日起辭任)	0/0
Dr. Fang Jun	方俊博士	2/2
Ms. Wang Danjuan (appointed with effect from 10 Oct 2019)	王丹娟女士 (自二零一九年十月十日起委任)	2/2
Ms. Yang Ying (appointed with effect from 14 Oct 2019)	楊瀆女士 (自二零一九年十月十四日起委任)	1/1

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### COMPANY SECRETARY AND COMPLIANCE OFFICER

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that the Board is fully briefed on all legislative, regulatory and corporate governance development and accounts for such when making decisions. The compliance officer is directly responsible for advising on and assisting the Board in implementing procedures to ensure the Company complies with the GEM Listing Rules and other relevant Laws and regulations applicable to the Company.

According to Rule 5.15 of the GEM Listing Rules, in each financial year an issuer's company secretary must take no less than 15 hours of relevant professional training. During the Reporting Period, the Company Secretary has complied with the rule by taking more than 15 hours of relevant training courses and seminars.

### AUDITOR'S REMUNERATION

For the year ended 31 December 2019, auditor's remuneration of HK\$1,665,000 (2018: HK\$1,780,000) was charged to the Group. Among such fee, HK\$1,350,000 (2018: HK\$1,100,000) was charged for the audit service provided by BDO Limited, the existing auditor of the Company who was appointed on 13 December 2010. During the year, the fee for non-audit services provided by BDO Limited amounted to HK\$200,000 and was related to proposed open offer of the Company (2018: Nil).

### 公司秘書及監察主任

本公司秘書須向董事會負責，確保已妥善依從董事會程序，而且董事會已全面獲悉所有法律、監管規定及企業管治之發展，同時確保董事會在作出決定時已考慮有關事宜。監察主任直接負責執行確保本公司符合GEM上市規則及適合於本公司的其他有關法例及法規的程序而向董事會提供意見及協助。

根據GEM上市規則第5.15條，於每個財政年度發行人的公司秘書須參加不少於15小時的相關專業培訓。於報告期間，公司秘書已遵守規則，參與超過15個小時的相關培訓課程和研討會。

### 核數師酬金

於截至二零一九年十二月三十一日止年度，本集團已支付核數師酬金1,665,000港元(二零一八年：1,780,000港元)。有關費用中，1,350,000港元(二零一八年：1,100,000港元)乃就香港立信德豪會計師事務所有限公司(本公司之現任核數師，於二零一零年十二月十三日獲委任)提供之審核服務而支付。於年內，香港立信德豪會計師事務所有限公司的非核數服務的費用為200,000港元，且與本公司建議公開發售有關(二零一八年：無)。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibilities for maintaining a sound and effective internal control system of the Group. The Group's internal control system includes policies and procedures and limits of authority governing the authority level and business processes. It is designed to help achieve business objectives, to safeguard assets against unauthorized use or disposition, to maintain proper accounting records for the provision of reliable financial information and to ensure compliance with relevant legislations and regulations. The system is intended to manage rather than to eliminate or eradicate risks.

The Group has performed risk management procedures including risk identifications, risk assessments, risk prioritization as well as risk owner appointment. Management's inputs on risk exposures were obtained through risk identification questionnaires. Identified risks have been further assessed and evaluated by the Management across the business lines. The risks have been evaluated in terms of their impacts and the likelihood of their occurrences. As part of the evaluation process, the risks have been prioritized based on the evaluation results. Follow up action on key identified risks are being taken by the management.

#### *Risk Governance Structure*

The Group has established an enterprise risk management structure in line with the "Three Lines of Defense" model that defines the three layers of roles and responsibilities of oversight, risk monitoring and review as well as risk and control ownership.

The Group's operating units are the first line of defense. They are responsible for the day-to-day risk management and control procedures. The second line of defense is led by the Group's Management who are responsible for the design, implementation and monitoring over the Group's risk exposure. The third line of defense comprises the Audit Committee and the Group's internal auditor department. The third line of defense is responsible for the independent assessment of the effectiveness of our risk management and internal control systems. The external auditor of the Group further complements the third line of defense by independently auditing material internal controls over the Group's financial reporting processes and reports on material control weaknesses to the Audit Committee on a regular basis.

### 風險管理和內部控制

董事會有整體責任，維持健全有效的本集團內部控制系統。本集團的內部控制系統包括一連串管理制度及明確授權的管理架構，以幫助本集團達成業務目標、防範資產在未經授權下使用或處置、保持合適的會計記錄以提供可靠的財務信息、並確保遵守有關法律和法規。內部控制系統旨在管理風險，而不是消除或完全根除風險。

本集團已進行一系列的風險管理程序，包括風險識別，風險評估及排序和風險負責人的任命。管理層通過問卷調查，識別業務範圍的風險。各業務範圍的管理層根據已識別的風險的影響及發生的可能性作進一步評估。作為評估程序的一部分，風險會根據評估結果進行排序。管理層將對已識別的風險採取後續行動。

#### *風險管治結構*

本集團已按照「三道防線」的模式建立了企業風險管理架構，該模式定義了監督、風險監測和審查、風險和控制所有權的三個層次角色和職責。

本集團的業務部門是第一道防線，負責日常的風險管理和控制過程。第二道防線由集團管理層領導，負責風險管理系統的設計、實施和監測。第三道防線由審核委員會和本集團的內部審核部門組成，負責對集團的風險管理和內部控制系統進行獨立評估。本集團的外聘核數師對本集團財務報告過程中的內部控制也會進行獨立審計，進一步補充了第三道防線、並定期向審核委員會報告重大控制弱項。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

#### *Internal Control*

The Group has an Internal Audit Department, which reports directly to the Audit Committee, to provide the Audit Committee and the Board with useful information and recommendations on the adequacy and effectiveness of the Group's internal control system. During the Report Period under review, internal audit reports are submitted to the Audit Committee and the Board for review with recommendations adopted to further enhance the effectiveness of the internal controls.

#### *Procedures and Internal Controls for Handling and Dissemination of Insider Information*

The Group complies with requirements of the Securities and Futures Ordinance ("SFO") and the GEM Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Additional procedures for handling and dissemination of inside information including but not limited to the following:

- (a) access of information is restricted to a limited number of employees on a need-to-know basis;
- (b) pre-clearance on dealing in the securities of the Company by designated members of the Group; and
- (c) notification of regular black-out period and securities dealing restriction to relevant Directors and employees.

### 風險管理和內部控制(續)

#### *內部控制*

本集團設有直接向審核委員會匯報的內部審核部門，以就本集團內部監控系統是否充足和有效向審核委員會及董事會提供有用資料及推薦建議。於回顧報告期間，向審核委員會及董事會提交內部審核報告以供審閱而推薦建議將獲採納，以進一步提升內部監控的成效。

#### *處理及發放內幕消息的程序及內部監控*

本公司遵守證券及期貨條例(「證券及期貨條例」)及GEM上市規則之規定。除非有關消息屬於證券及期貨條例下任何安全港條文的範圍，否則本集團必須在合理地切實可行的範圍內盡快向公眾披露任何內幕消息。本集團在向公眾全面披露有關消息前，應確保該消息絕對保密。若本集團認為無法保持所需的機密性，或該消息可能已外泄，便應即時向公眾披露該消息。本集團致力確保公告所載的資料不得在某事關重要的事實方面屬虛假或具誤導性，或因遺漏某事關重要的事實而屬虛假或具誤導性。該等資料必須以清晰及持平的方式呈述，即須平等地披露正面及負面事實。

處理及發放內幕消息的其他程序包括但不限於下列者：

- (a) 資料僅限部分僱員按須知基準查閱；
- (b) 預先審批本集團指定股東買賣本公司證券；及
- (c) 通知相關董事及僱員有關常規禁制期及證券交易限制。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### GOING CONCERN AND MITIGATION MEASURES

For the year ended 31 December 2019, the Group had incurred a loss of approximately HK\$447,743,000 and operating cash outflow of approximately HK\$23,332,000. These situations indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have prepared a cash flow forecast of the Group for a period up to 30 June 2021 taking into account the impact arising from the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020 and the expected results of the followings arrangements and measures:

- (i) Disposal of its financial assets at fair value through profit or loss (the "Investment") to Mr. Xiong Qiangan ("Mr. Xiong"), an independent third party.

On 6 January 2020, the Group entered into an agreement with Mr. Xiong to dispose of 15% of the Investment (the "First Disposal") for a consideration of US\$5.8 million (equivalent to HK\$45.2 million) and Mr. Xiong is obligated to settle the consideration in full on or before 30 June 2020. Details please refer to the Company's announcement dated 6 January 2020. The First Disposal is completed on 29 May 2020.

On 21 February 2020, the Group entered into another agreement with Mr. Xiong to dispose of the remaining 85% of the Investment (the "Second Disposal") for a consideration of US\$32.9 million (equivalent to HK\$256.6 million). Mr. Xiong shall pay first instalment of US\$3.9 million (equivalent to HK\$30.4 million) on or before 31 May 2020 to complete the Second Disposal. Mr. Xiong shall pay the remaining consideration of US\$9 million (equivalent to HK\$70.2 million), US\$10 million (equivalent to HK\$78.0 million and US\$10 million (equivalent to HK\$78.0 million) on 30 June 2020, 30 September 2020 and 30 December 2020 respectively (the "Further Payments"). Details please refer to the Company's circular dated 20 April 2020. The Second Disposal is approved by the shareholders of the Company on 7 May 2020 and completed on 29 May 2020.

### 持續經營及減緩措施

截至二零一九年十二月三十一日止年度，本集團產生虧損約447,743,000港元及經營現金流出約23,332,000港元。該等情況表明存在可能會對本集團的持續經營能力嚴重存疑的重大不確定性，因此，本集團可能無法在正常業務過程中變現其資產並清償其負債。

本公司董事已編製本集團截至二零二一年六月三十日止期間的現金流量預測，經計及二零二零年初爆發2019冠狀病毒病（「COVID-19爆發」）產生的影響，以下安排及措施的預期結果：

- (i) 向獨立第三方熊千根先生（「熊先生」）出售其按公平值於損益列賬之金融資產（「投資」）。

於二零二零年一月六日，本集團與熊先生訂立協議以代價5,800,000美元（相當於45,200,000港元）出售投資的15%（「第一出售事項」）及熊先生須於二零二零年六月三十日或之前全數結付代價。有關詳情請參閱本公司日期為二零二零年一月六日的公告。第一出售事項於二零二零年五月二十九日完成。

於二零二零年二月二十一日，本集團與熊先生訂立另一份協議，以代價32,900,000美元（相當於256,600,000港元）出售投資的餘下85%（「第二出售事項」）。熊先生須於二零二零年五月三十一日或之前支付首期款項3,900,000美元（相當於30,400,000港元）。熊先生須分別於二零二零年六月三十日、二零二零年九月三十日及二零二零年十二月三十日前支付餘下代價9,000,000美元（相當於70,200,000港元）、10,000,000美元（相當於78,000,000港元）及10,000,000美元（相當於78,000,000港元）（「進一步付款」）。有關詳情請參閱本公司日期為二零二零年四月二十日的通函。第二出售事項於二零二零年五月七日獲本公司股東批准並於二零二零年五月二十九日完成。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### GOING CONCERN AND MITIGATION MEASURES (CONT'D)

(i) (Cont'd)

During the year, Mr. Xiong granted loan facilities amounted to HK\$100 million to the Group. As at 31 December 2019, the amount due to Mr. Xiong by the Group amounted to HK\$55 million and recognised as other borrowing and repayable on or before 31 March 2020. On 17 March 2020, the Group signed a supplementary agreement with Mr. Xiong to increase the facility amount from HK\$100 million to HK\$180 million and extend the repayment date from 31 March 2020 to 30 June 2021. On 2 April 2020, another supplementary agreement was signed to increase the facilities amount from HK\$180 million to HK\$200 million.

According to the supplementary agreement dated 2 April 2020, the considerations of the First and Second Disposals shall first offset the amount due by the Group to Mr. Xiong on respective settlement dates (the "Offsetting Arrangement"). In case of delay by and/or failure of Mr. Xiong in settling the Further Payments, the Group has the right to unwind the transfer of the Investment for which the consideration is not received proportionately. Details please refer to the Company's circular dated 20 April 2020.

On 30 June 2020, the consideration for (i) the First Disposal; (ii) the first instalment of the Second Disposal; and (iii) the instalment due on 30 June 2020 of the Second Disposal amounting to HK\$145.8 million in total have been offset with the amount due to Mr. Xiong by the Group. After the offsetting, on 30 June 2020, the amount due to Mr. Xiong by the Group is amounted to HK\$70.6 million and the outstanding consideration for the Second Disposal is of HK\$156 million which will be due on 30 September 2020 and 30 December 2020. Taking into account the Offsetting Arrangement, the remaining consideration payable by Mr. Xiong is amounted to HK\$85.4 million (the "Remaining Consideration") on 30 June 2020.

(ii) On 2 March 2020, the Company entered into the placing agreement with joint placing agents to procure not less than six placees to subscribe for up to 500 million ordinary shares of the Company at the placing price of HK\$0.20 per share. The placing was approved by the shareholders on 15 April 2020 and completed on 15 May 2020. The net proceeds from the share placing of HK\$98 million was received in cash on 15 May 2020. Details of the placing are included in the Company's circular dated 27 March 2020;

### 持續經營及減緩措施(續)

(i) (續)

年內，熊先生向本集團授出貸款融資100,000,000港元。於二零一九年十二月三十一日，本集團應付熊先生款項為55,000,000港元，並確認為其他借款並須於二零二零年三月三十一日或之前償還。於二零二零年三月十七日，本集團與熊先生簽署補充協議，將融資額度由100,000,000港元增至180,000,000港元，並將還款日期由二零二零年三月三十一日延長至二零二一年六月三十日。於二零二零年四月二日，簽署另一補充協議，將融資金額由180,000,000港元增加至200,000,000港元。

根據日期為二零二零年四月二日的補充協議，第一出售事項及第二出售事項之代價可首先於有關結算日期以本集團欠付熊先生的款項抵銷（「抵銷安排」）。倘熊先生遞延支付及／或未能結算進一步付款，本集團有權解除未按比例收取代價的轉讓投資。有關詳情，請參閱本公司日期為二零二零年四月二十日的通函。

於二零二零年六月三十日，(i) 第一出售事項；(ii) 第二出售事項首期付款；及(iii) 第二出售事項於二零二零年六月三十日到期的付款的總代價已與本集團應付熊先生款項抵銷。於抵銷後，於二零二零年六月三十日，本集團應付熊先生款項為70,600,000港元，而第二出售事項的未結付代價為156,000,000港元（將於二零二零年九月三十日及二零二零年十二月三十日到期）。經計及抵銷安排，於二零二零年六月三十日，熊先生應付餘下代價達85,400,000港元（「餘下代價」）。

(ii) 於二零二零年三月二日，本公司與聯席配售代理訂立配售協議，促使不少於六名承配人以每股0.20港元之配售價認購最多500,000,000股本公司普通股。配售於二零二零年四月十五日獲董事批准並於二零二零年五月十五日完成。股份配售的所得款項淨額98,000,000港元於二零二零年五月十五日以現金方式收取。有關配售詳情已計入本公司日期為二零二零年三月二十七日的通函；

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### GOING CONCERN AND MITIGATION MEASURES (CONT'D)

- (iii) The substantial shareholder, All Favour Holdings Limited, undertakes that no repayment on the shareholder's loans of HK\$221 million as at 31 December 2019 will be demanded until 30 June 2021 (the "Undertaking"). The beneficial controlling party of All Favour Holdings Limited also undertake to provide sufficient financial resources to the Group so as to enable the Group to meet its liabilities as they fall due and to carrying on its business without a significant curtailment of operations; and
- (iv) The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group, including close monitoring of general administrative expenses and operating costs and soliciting more potential customers.

Taking into account the expected results of the above arrangements and measures, the directors of the Company believe that the Group will have sufficient working capital to meet its operating and financing needs as and when they fall due for a period up to 30 June 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, a material uncertainty exists depending on the outcomes of the arrangements and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the settlement of the Remaining Consideration as scheduled by Mr. Xiong, the successful implementation of the Group's cost control measurements so as to improve working capital and cash flow position; and the financial ability of the beneficial controlling party of the substantial shareholder of the Company to provide sufficient financial support to the Group to meet its operating and financing needs in foreseeable future.

The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the Group's assets to their net realisable amounts, to provide for any liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

### 持續經營及減緩措施 (續)

- (iii) 主要股東全輝控股有限公司承諾直至二零二一年六月三十日止，將不要求償還於二零一九年十二月三十一日的221,000,000港元股東貸款(「承諾」)。全輝控股有限公司的實益控股方亦承諾向本集團提供充足的財務資源，以使本集團既能償還到期債務又能在不大幅度縮減經營規模的情況下繼續經營業務；及
- (iv) 本公司董事將繼續採取旨在改善本集團營運資金及現金流量的措施，包括嚴密監控一般行政開支及營運成本，並招攬更多潛在客戶。

考慮到上述安排及措施的預期結果，本公司董事認為，本集團將有足夠的營運資金來滿足其於二零二一年六月三十日期間到期的營運及融資需求。因此，綜合財務報表已按持續經營基準編製。

儘管上文所述，介乎上述安排及措施的結果，仍然存在重大不確定性。本集團能否持續經營將取決於熊先生所安排的結算剩餘代價；成功實施本集團的成本控制措施以改善營運資金及現金流狀況；及本公司主要股東的實益控制方的財務能力，於可預見將來向本集團提供足夠的財務支持，以滿足其經營及融資需求。

綜合財務報表不包含倘釐定持續經營編製基準並不適當所作出之任何必需調整，這可能包括撇減本集團資產至可變動淨值、就因終止經營業務可能產生之任何負債計提撥備，以及將非流動資產及非流動負債分別重新分類為流動資產及流動負債等任何調整。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT

The Company values communication with Shareholders and investors. The Company uses two-way communication channels to account to Shareholders and investors for the performance of the Company. Enquiries and suggestions from Shareholders or investors are welcomed, and enquiries from Shareholders or investors may be put to the Board through the following channels to the Company Secretary:

1. By mail to the Company's head office at Rooms 3006–10, 30/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong;
2. By telephone at (852) 3966 8388;
3. By fax at (852) 2802 0026; or
4. By email at [info@crmi.hk](mailto:info@crmi.hk)

The Company uses a number of formal communication channels to account to Shareholders and investors for the performance of the Company. These include (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to providing clear and detailed information of the Group and on a timely and regular basis to Shareholders through the publication and/or dispatching of quarterly, interim and annual reports, circular, notices, and other announcements.

### 投資者關係及股東權利

本公司重視與股東及投資者之溝通。本公司使用雙向溝通渠道向股東及投資者匯報本公司之表現。歡迎股東或投資者提出查詢及建議，股東或投資者可透過以下渠道向公司秘書查詢並提交董事會：

1. 郵寄至本公司總辦事處，地址為香港灣仔港灣道26號華潤大廈30樓3006–10室；
2. 致電(852) 3966 8388；
3. 傳真至(852) 2802 0026；或
4. 電郵至[info@crmi.hk](mailto:info@crmi.hk)

本公司利用多個正式通訊渠道向股東及投資者報告本公司之表現。此等渠道包括(i)刊發季度、中期及年度報告；(ii)舉行股東週年大會或股東特別大會，提供予股東提出意見以及與董事會交流觀點的平台；(iii)於聯交所及本公司網站登載本集團之最新重要資訊；(iv)本公司網站作為本公司與其股東及投資者溝通之渠道；及(v)本公司之香港股份過戶登記處為股東處理所有股份登記事宜。

本公司旨在為其股東及投資者作出高標準披露及財務透明度。董事會致力透過刊發及／或寄發季度、中期及年度報告、通函、通告及其他公告，定期向股東提供清晰、詳盡及即時之本集團資料。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT (CONT'D)

The Company strives to take into consideration its Shareholders' views and inputs, and address Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting (for which at least 20 clear business days' notice will be given). The Chairman as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. The management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders.

According to the Company's articles of association, general meetings shall be convened on the written requisition of any two or more Shareholders deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. The poll will be conducted by the share registrar of the Company and the results of the poll are published on the Stock Exchange's and the Company's websites.

### 投資者關係及股東權利(續)

本公司力求採納其股東之意見及建議，並回應股東關注之事宜。本公司亦鼓勵股東出席股東週年大會，通告會於大會舉行前最少足20個完整營業日發出。主席以及審核委員會、提名委員會及薪酬委員會主席(或倘彼等未能出席大會則為董事)可於會上解答股東有關本集團業務之提問。為遵守企業管治守則之守則條文第E.1.2條，董事會主席須出席股東週年大會，亦須邀請審核、薪酬、提名及任何其他委員會(倘適用)的主席出席。管理層亦會確保外聘核數師出席股東週年大會，回答有關審核工作、核數師報告之編製及內容、會計政策，以及核數師的獨立性等問題。全體股東享有法定權利召開股東特別大會，並提呈議程供股東考慮。

根據本公司組織章程細則，股東大會可應任何兩名或以上股東的書面要求而召開，有關要求須送達本公司於香港的主要辦事處(或倘本公司不再設置上述主要辦事處，則為註冊辦事處)，當中列明大會的主要商議事項並由請求人簽署，惟該等請求人於送達要求之日須持有本公司附帶於本公司股東大會投票權的不少於十分之一繳足股本。股東大會亦可應本公司任何一名股東(為一間認可結算所(或其代名人)的書面要求而召開，有關要求須送達本公司於香港的主要辦事處(或倘本公司不再設置上述主要辦事處，則為註冊辦事處)，當中列明大會的主要商議事項並由請求人簽署，惟該請求人於送達要求之日須持有本公司附帶於股東大會投票權的不少於十分之一繳足股本。投票將由本公司股份過戶登記處處理，且投票結果會於聯交所及本公司網站登載。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### INVESTOR RELATIONS AND SHAREHOLDERS' RIGHT (CONT'D)

If a Shareholder wishes to propose a person (the "Candidate") for election as a Director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Rooms 3006-10, 30/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Notice (i) must include the personal information of the Candidate as required by Rule 17.50(2) of the GEM Listing Rules and his/her contact details; and (ii) must be signed by the Shareholder concerned including the information/documents to verify the identity of the Shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgement of the Notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting. In order to ensure the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for such election.

The Board has established a shareholders communication policy on 15 March 2012 and will review it on a regular basis to ensure its effectiveness to comply with the code provision E.1.4 of the CG code.

In order to promote effective communication, the Company also maintains a website ([www.crmi.hk](http://www.crmi.hk)) which includes the latest information relating to the Group and its businesses.

### CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there had been no significant changes in the constitutional documents of the Company.

### 投資者關係及股東權利(續)

倘股東擬提名個別人士(「候選人」)於股東大會上參選為本公司董事，彼須將書面通知(「通知」)送交本公司的香港總辦事處，地址為香港灣仔港灣道26號華潤大廈30樓3006-10室。該通知(i)須根據GEM上市規則第17.50(2)條之規定包含候選人的個人資料及其聯絡詳情；及(ii)須經有關股東簽署及載有核實股東身份之資料／文件，以及候選人簽署以表示彼願意接受委任及同意公佈其個人資料。遞交通知之期間不得早於寄發舉行有關選舉之股東大會之有關通告翌日開始，亦不得遲於有關大會舉行日期前七日結束。為確保股東有充足時間以接收及考慮有關選舉候選人為董事的建議而無需將股東大會押後，本公司促請股東於實際可行情況下儘早遞交通知(即於舉行以委任董事的股東大會日期前至少十五個營業日前提交)。

董事會已於二零一二年三月十五日設立股東通訊政策，並將定期檢討以確保其有效遵守企業管治守則之守則條文第E.1.4條。

為了有效增進溝通，本公司亦設立網站([www.crmi.hk](http://www.crmi.hk))，披露有關本集團及其業務之最新資料。

### 章程文件

於報告期間，本公司的章程文件概無任何重大變動。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### ABOUT THIS REPORT

China Regenerative Medicine International Limited (“CRMI”) (Stock Code: 8158) and its subsidiaries (hereinafter “the Group”) are pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the year ended 31 December 2019 (the “Reporting Period”) and express commitment of the Group to sustainability. This is the fourth ESG Report of the Group which discloses the management, policies, performance, targets and feedbacks of the business in providing services of the Group in People’s Republic of China (the “PRC”) and Hong Kong in relation to sustainable development. The Group would like to take this opportunity to present ESG performance to all investors and stakeholders, and put forward the commitments and contributions on social responsibility.

#### *Report Compilation Basis*

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide enclosed in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited to fulfil all general disclosure requirements.

For details of the Group’s financial performance and corporate governance issues, please refer to the previous sections of the annual report of which this ESG Report forms part.

#### *Source of Data*

The data and case studies reported in this ESG Report were prepared based on internal statistics, internal policy documents and other internal records. The Group hereby confirms that no false or misleading statements were made in this ESG Report.

This ESG Report contains forward-looking statements that are based on several assumptions and expectations at the time of its publication. Those assumptions and expectations are deemed to be reliable after internal reviewing process. The statements consist of known and unknown risks and uncertainties, which implies that that actual results may differ from the expectations, forecasts and conclusions made herein. No guarantee is expressed as to the accuracy of the statements and the Group expressly disclaims any liability for and assume no responsibility to correct or update those forward-looking statements in the event that any of the statements does not materialize or turns out to be incorrect.

### 關於本報告

中國再生醫學國際有限公司(「中國再生醫學」)(股份代號：8158)及其附屬公司(以下統稱「本集團」)欣然提呈截至二零一九年十二月三十一日止年度的環境、社會及管治報告(「環境、社會及管治報告」)並展現本集團對可持續發展的承擔。這是本集團的第四份環境、社會及管治報告，其披露本集團於中華人民共和國(「中國」)及香港提供服務時有關可持續發展的業務管理、政策、表現、目標及反饋。本集團謹藉此機會向全部投資者及持份者呈報環境、社會及管治表現，並就社會責任作出承諾及貢獻。

#### *報告編製基準*

本環境、社會及管治報告乃根據香港聯合交易所有限公司頒佈的GEM證券上市規則附錄二十所載環境、社會及管治報告指引編製，以符合所有一般披露規定。

有關本集團財務表現及企業管治事宜之詳情，請參閱本環境、社會及管治報告構成其一部份之年報之前述章節。

#### *數據來源*

本環境、社會及管治報告的數據和案例乃基於內部統計數據、內部政策檔及其他內部記錄編製。本集團謹此確認本環境、社會及管治報告並無作出任何虛假或具誤導性的陳述。

本環境、社會及管治報告包含前瞻性陳述，有關陳述乃基於本報告發佈之時的若干假設及預期。該等假設及預期須於進行內部審閱程式後，方會被視為可靠。有關陳述包括已知及未知風險及不確定性因素，意味著實際結果可能與本報告所作預期、預測及結論有所不同。本集團並不會就該等陳述的準確性作出任何保證，且明確豁免並概不承擔更正或更新本報告所載前瞻性陳述的責任及倘因任何前瞻性陳述不能實現或變成不正確而引致的責任。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### OUR VALUE

### 我們的價值



A value-creating business – this is what the Group aims to be. The Group achieves this goal by leveraging the biological science research competence to create a positive impact to the world. The research contributes the society by catalyzing bio-pharmaceutical research and development. The services make biological sciences research more efficient by shortening the time required for biotechnology research procedures. Since the Group is brave in taking innovative steps, it has contributed to breakthroughs in medical and biological science research over the years – thus living out our value.

成為一家創造價值的公司，是本集團銳意追求的目標。本集團致力憑藉在生物科學研究領域的能力，為世界創造積極的影響。本集團的研究不斷推動生物醫藥研發的發展，為社會作出貢獻。我們的服務可有效縮短生物技術研究程式所需的時間，提高生物科學研究效率。多年來，憑藉勇於創新的精神，本集團成功實現多項醫療及生物科學研究突破，充分彰顯企業價值。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### OUR VALUE (CONT'D)

#### *The Group's Corporate Social Responsibility Model*

The ESG Report provides detailed explanation with regard to the Group's corporate social responsibility model, shown in below, on different aspects, including stakeholder communication, environmental protection, employee welfare, health and safety, fair operation, social contribution and maintaining sustainability.

### 我們的價值(續)

#### 本集團的企業社會責任模式

環境、社會及管治報告詳細介紹了本集團下列企業社會責任模式，包括持份者溝通、環境保護、僱員福利、健康與安全、公平營運、社會貢獻及維持可持續發展等方面。



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### OUR VALUE (CONT'D)

#### *The Group's Corporate Social Responsibility Model (Cont'd)*

The Group continually strengthens communication and relationship with investors. Designated senior management personnel keep close communication with shareholders and investors through email, teleconference, one-to-one meetings, participation in broker forums and non-trading roadshow or other forms, so as to ensure shareholders and investors can get latest information of the Group in a fair and timely manner, helping them make investment decisions. The Group will give a detailed and timely response to inquiries from investors. The Group has made a materiality evaluation to identify material matters in the Group's businesses which have significant influence on economy, environment and society, and are most important for stakeholders. In accordance with evaluation results, the Group hopes to make the commitments and undertake the responsibilities to all stakeholders.

### STAKEHOLDERS' ENGAGEMENT AND MATERIALITY

The Group understands that the long-term success is due to the commitment to the sustainability of businesses and the diligent and innovative employees who deliver quality services to the clients and business partners and make worthwhile contributions to several stakeholders of the Group.

The Group has consolidated and identified different groups of stakeholders that are related to its main business. These stakeholders include customers, employees, government, media and shareholders/investors.

The Group regards stakeholder's opinions as a key to the long-term success and sustainable development. The Group will increase the involvement of stakeholders via constructive conversation in order to achieve long-term prosperity.

### 我們的價值(續)

#### *本集團的企業社會責任模式(續)*

本集團持續加強與其投資者的溝通及關係。特定高級管理人員通過電郵、電話會議、一對一會面、出席經紀座談會及非交易路演等形式與股東及投資者保持緊密溝通，以確保股東及投資者能夠公平、及時地得到本集團最新資訊以協助彼等作出投資決定。本集團會對投資者的查詢作出詳盡及適時的回應。本集團已進行重要性評估以識別反映本集團業務於經濟、環境及社會方面具有重大影響的事項及對持份者而言屬最為重要的事項。根據評估結果，本集團希望對所有持份者作出承諾以及承擔責任。

### 持份者的參與及重要性

本集團明白長期的成功需依靠業務的可持續發展及勤奮創新、向客戶及商業夥伴提供優質服務及對本集團之若干持份者作出有價值的貢獻的僱員。

本集團已綜合及識別涉及其主要業務的數個不同持份者分組。該等持份者包括客戶、僱員、政府、媒體及股東／投資者。

本集團認為持份者的意見乃是長期成功及可持續發展的關鍵。本集團將透過建設性對話增加持份者的參與，以實現長期繁榮發展。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### STAKEHOLDERS' ENGAGEMENT AND MATERIALITY (CONT'D)

### 持份者的參與及重要性 (續)

Stakeholder 持份者	Communication Channels 溝通管道
<b>Customers</b> 客戶	<ol style="list-style-type: none"> <li>1. Company news updates 公司新聞更新</li> <li>2. Conference 會議</li> <li>3. Customer Service Hotline 客戶服務熱線</li> <li>4. Email, facsimile and phone contacts 電郵、傳真及電話聯絡方式</li> </ol>
<b>Employees</b> 僱員	<ol style="list-style-type: none"> <li>1. E-mail 電郵</li> <li>2. Internal website 內部網站</li> <li>3. Regular meetings 例會</li> </ol>
<b>Government</b> 政府	<ol style="list-style-type: none"> <li>1. Cooperate with the government and regulatory authorities on compliance inspections 配合政府及監管機構的合規檢查</li> <li>2. Conference 會議</li> <li>3. Email, facsimile and phone contacts 電郵、傳真及電話聯絡方式</li> </ol>
<b>Media</b> 媒體	<ol style="list-style-type: none"> <li>1. Company website 公司網站</li> <li>2. Press releases 新聞發佈</li> </ol>
<b>Shareholders/Investors</b> 股東／投資者	<ol style="list-style-type: none"> <li>1. Annual General Meeting 股東週年大會</li> <li>2. Company news updates 公司新聞更新</li> <li>3. Email, facsimile and phone contacts 電郵、傳真及電話聯絡方式</li> <li>4. HKEx Website: Announcements, Notices, Reports, etc. 香港交易所網站：公告、通告、報告等</li> <li>5. Press releases 新聞發佈</li> </ol>



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### ENVIRONMENTAL

The Group recognizes the importance of good environmental stewardship and is committed to protect and conserve the environment. The Group hopes that the concept of environmental sustainability lies in all aspects of daily operation.

Specifically, the Group strives to balance quality, price and environmental impact when consuming resources and materials. The Group is closely monitoring the energy consumption and water consumption through the concept that it is part of the communication priorities to educate staffs on the rationale of environmentally friendly choices, and for making them available.

As principal operation is based in the PRC, the Group is principally subject to the PRC environmental laws and regulations such as Environmental Protection Law of the PRC (中華人民共和國環境保護法), Law on the Prevention and Control of Water Pollution of the PRC (中華人民共和國水污染防治法), and Law on the Prevention and Control of Atmospheric Pollution of the PRC (中華人民共和國大氣污染防治法). The senior management team are delegated to perform the maintenance of the Group's sustainability. The representatives of each operational department, will actively manages business in an environmentally and socially responsible manner. The Group will meet annually to review the key processes and identify possible aspects underlying the operation of such department. The senior management team will also discuss on any significant aspects identified, and design measures accordingly. These measures will be documented for reference to ensure effective implementation.

### 環境

本集團明白到良好的環境管理的重要性，並致力保護環境。本集團希望環境可持續發展的理念貫徹於日常營運的各個層面。

具體而言，在消耗資源及材料的同時，本集團致力於維持質量、價格及環境影響的平衡。本集團密切監控能源消耗及耗水量，而該理念亦是本集團對員工進行環保選擇概念及應用培訓的重要課題之一。

由於本集團主要在中國營運，故本集團主要遵守中國環境法律及法規，例如中華人民共和國環境保護法、中華人民共和國水污染防治法及中華人民共和國大氣污染防治法。高級管理層團隊獲指派維護本集團的可持續發展。各經營管理團隊之代表積極地以環保及對社會負責之方式管理業務。本集團將每年舉行會議以檢討主要流程及識別有關部門的營運可能涉及的層面。高級管理層團隊亦將就所識別的任何重大層面進行討論及制定相應措施。該等措施將存檔作參考以確保有效實施。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### ENVIRONMENTAL (CONT'D)

### 環境 (續)

The Group's ultimate goal is to minimize the adverse impact of the businesses on the environment. The efforts being made throughout the Reporting Period can be concluded as follows:

本集團的最終目標是將業務對環境的不利影響降至最低。本集團於報告期間所作的工作總結如下：

Practice 常規	
1.	Avoiding generating waste that polluted the environment 避免產生污染環境的廢料
2.	Compliance with all relevant laws, regulations, rules and requirements of environmental protection 遵守所有環境保護相關的法律、法規、規章及要求
3.	Creation of an environment for sustainable development 創造可持續發展的環境
4.	Provision of training for employees on the protection of the environment 為員工提供有關保護環境的培訓
5.	Reduction in the consumption of various resources including raw materials and fuel 減少各種資源的消耗，包括原材料及燃料
6.	Reduction in the generation of waste, recycling and reusing as much as possible of the waste 減少廢料產生，並盡可能對廢料進行回收和循環再用
7.	Using environmentally friendly materials as well as design, technology and raw materials capable of conserving energy and reducing waste 在設計、技術與原材料的使用上，盡量採用環保材料、節約能源和減少廢料
8.	Vigorous promotion and implementation of the recyclable economy, minimizing and avoiding negative effects due to the Group's development and the environment 大力推進和實施循環經濟，減少和避免因本集團的發展對環境造成的負面影響

During the Reporting Period, the Group has conducted comprehensive inspection regarding the environmental management situations of all controlling subsidiaries to facilitate the improvement and promotion of controlling subsidiaries on environmental management, and demanded the completion of its construction and implementation with stipulated deadlines, ensuring effective sustainable development of the Group. During the Reporting Period, there was no environmental pollution incident in the Group.

於報告期間，本集團對所有控股附屬公司的環境管理狀況實施了全覆蓋式的檢查，促進控股附屬公司在環境管理方面的改善與提高；限期完成管理體系構建和實施，有效確保本集團的可持續發展。於報告期間，本集團未發生任何環境污染事件。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### ENVIRONMENTAL (CONT'D)

### 環境 (續)

#### A(I) Emission

#### A(I) 排放物

During the year ended 31 December 2019, the Group's types of emissions and respective emissions data are showed as below:

截至二零一九年十二月三十一日止年度，本集團排放物種類及相關排放數據如下表所示：

Types of Emissions 排放物之種類	2019 二零一九年 Emission Data (approximately) 排放數據(約)	2018 二零一八年 Emission Data (approximately) 排放數據(約)	Unit 單位	Increase/ (Decrease) Percentage (approximately) 增加/(減少) 百分比(約)
Nitrogen Oxides (NOx) 氮氧化物	110.9	126.3	Kg 千克	(12.2%)
Sulfur Dioxide (SOx) 硫氧化物	0.3	0.3	Kg 千克	-
Particulate Matter (PM) 懸浮物	10.0	12.1	Kg 千克	(17.4%)

Direct greenhouse gas emissions (scope one) are resulting from gasoline used by vehicles. Indirect greenhouse gas emissions (scope two) are mainly resulting from electricity consumed in production and R&D units of the Group. Due to the nature of our Group, the greenhouse gas emissions of the Group were mainly generated from scope two.

直接溫室氣體排放產生自車輛使用的汽油(範疇一)。間接溫室氣體排放主要來自於本集團生產及研發單位的電力消耗(範疇二)。鑒於本集團的業務性質，其溫室氣體排放主要來自於範疇二。

During the year ended 31 December 2019, the Group's greenhouse gas emissions in total and intensity are showed as below:

截至二零一九年十二月三十一日止年度，本集團溫室氣體總排放量和排放密度見下表：

Scope of Greenhouse Gas 溫室氣體之範圍	2019 二零一九年 Emission Data (approximately) 排放數據(約)	2018 二零一八年 Emission Data (approximately) 排放數據(約)	Unit 單位	Increase/ (Decrease) Percentage (approximately) 增加/(減少) 百分比(約)
Direct Greenhouse Gas Emissions 直接溫室氣體排放	45.9	59.0	tCO <sub>2</sub> e 噸二氧化碳當量	(22.2%)
Indirect Greenhouse Gas Emissions 間接溫室氣體排放	1,654.30	3,482.50	tCO <sub>2</sub> e 噸二氧化碳當量	(52.5%)
Greenhouse Gas Emissions in Total 溫室氣體排放總額	1,700.20	3,541.50	tCO <sub>2</sub> e 噸二氧化碳當量	(52.0%)
Greenhouse Gas Emissions in Intensity 溫室氣體排放密度	8.0	10.6	tCO <sub>2</sub> e/number of employees 噸二氧化碳當量/ 在職員工人數	(24.5%)

The Group proactively makes its great efforts to reduce greenhouse gas emissions by improving our production process.

本集團積極致力於通過改善我們的生產過程來減少於我們製造過程中所產生的溫室氣體排放。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### ENVIRONMENTAL (CONT'D)

#### A(I) Emission (Cont'd)

##### Waste Management

The Group promotes the “3-R” concept which aims at minimizing, to the extent practicable, the amount of wastes produced during the course of the Group's business operations.

The term “3-R” represents:

	Concept 理念	Practice 實踐
(a)	Reduction 減廢	Reducing the volume of daily wastes generated to the extent practicable, by using alternative materials, processes and procedures 透過使用替代材料、流程及程式於切實可行的情況下減少產生日常廢棄物的數量
(b)	Reuse 循環再用	Reusing wastes generated and returning unused materials 循環再用產生的廢棄物及歸還未使用的材料
(c)	Recycling 循環再造	Converting waste materials into usable materials or extracting useful substances from them, such as recycling packaging material and paper 將廢料轉換為可用材料或自其中提取有用物質，例如循環再造包裝材料及紙張

Due to the nature of the Group, various hazardous wastes and non-hazardous wastes are generated during our production process. During the year ended 31 December 2019, the quantity of these wastes was as follows:

Waste 廢棄物	2019 二零一九年 Emission Data (approximately) 排放數據(約)	2018 二零一八年 Emission Data (approximately) 排放數據(約)	Unit 單位	Increase/ (Decrease) Percentage (approximately) 增加/(減少) 百分比(約)
Hazardous 危險	0.9	1.0	Tons 噸	(10%)
Non-hazardous 非危險	11.0	15.0	Tons 噸	(26.7%)

Hazardous wastes are strictly segregated from non-hazardous wastes for proper collection and treatment purpose. Hazardous wastes are collected with leakage-proof containers (e.g. scrap metal bucket) to avoid leakage during transfer. A hazardous wastes warehouse is established for collection and classified storage of hazardous wastes. Licensed waste collectors have been engaged for disposal of hazardous wastes.

The Group does not involve in any material discharge of industrial sewage. Domestic wastewater will be discharged into the municipal pipe network after being processed.

### 環境(續)

#### A(I) 排放物(續)

##### 廢棄物管理

本集團推行「3-R」理念，旨在於切實可行的情況下減少本集團在業務經營過程中所產生的廢棄物數量。

「3-R」指：

鑒於本集團的業務性質，各種危險廢棄物及非危險廢棄物於我們生產過程中所產生。截至二零一九年十二月三十一日止年度，本集團廢棄物總數量見下表：

危險廢棄物與非危險廢棄物嚴格分開以供妥善收集及處理。危險廢棄物會使用防漏容器(如廢金屬桶)收集，以避免轉移過程中出現洩漏。危險廢棄物倉庫亦會建立以收集及分類儲存危險廢棄物。持牌廢棄物收集商已委聘去棄置危險廢棄物。

本集團不涉及任何重大工業廢水排放。生活廢水經處理後才排入市政管網。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### ENVIRONMENTAL (CONT'D)

#### A(I) Emission (Cont'd)

##### General compliances

In summary, to the best of our Directors' knowledge, there was no material non-compliance with the applicable local rules and regulations relating to air emissions, greenhouse gas emissions, water discharges, and generation of hazardous and non-hazardous wastes in all material aspects.

#### A(II) Use of Resources

The main resources used by the Group in the production process are electricity, water and paper. In order to be an environmentally responsible corporation, the Group strive to improve the efficiency and effectiveness of resources consumption in the production process for minimization of wastage and avoidance of excessive usage of precious resources.

During the year ended 31 December 2019, to the best knowledge of our Directors' knowledge, we believe that there is no material issue in sourcing water that is fit for purpose.

During the year ended 31 December 2019, the energy consumption by type in total of the Group are showed as below:

Direct/Indirect Energy by Type	2019 二零一九年 Emission Data (approximately)	2018 二零一八年 Emission Data (approximately)	Unit	Increase/ (Decrease) Percentage (approximately) 增加/(減少) 百分比(約)
直接/間接能源之種類	排放數據(約)	排放數據(約)	單位	
Gasoline 汽油	16,934.20	21,786.3	litre 公升	(22.3%)
Electricity 電力	2,107,432.4	4,418,483.6	kWh 千瓦時	(52.3%)
Water 水	8,353.60	10,724.8	m <sup>3</sup> 立方米	(22.1%)

The Group is conscious of environmental protection. Further details of which are disclosed in the section "The Environment and Natural Resources" below.

##### Use of Packaging Materials

The Group mainly uses paper boxes and plastic bags as packaging material for our products. During the year ended 31 December 2019, the Group purchased 69.3 kg of packaging material for sales of our products (2018: 86.4 kg). If possible, we would aim to increase the effectiveness of packaging material through continuous examination of using lighter and environmental-friendly packaging materials from the market.

### 環境(續)

#### A(I) 排放物(續)

##### 一般合規

概括而言，就董事所深知，於所有重大方面並無違反與氣體排放、溫室氣體排放、廢水排放以及產生有害及無害廢棄物相關的適用當地法規及規例。

#### A(II) 資源使用

本集團在生產過程中使用的主要資源為電力、水及紙張。為矢志成為一家對環境負責的企業，本集團致力改善資源使用效率和效益，以減少在生產過程中浪費及避免過度使用寶貴的資源。

截至二零一九年十二月三十一日止年度，就董事所深知，我們於尋求適用水源方面並無重大問題。

截至二零一九年十二月三十一日止年度，本集團各能源總消耗概況如下：

本集團注重環保，其進一步之詳情已於以下「環境及天然資源」一節中披露。

##### 包裝材料使用

本集團主要使用紙盒及膠袋作為我們產品的包裝材料。截至二零一九年十二月三十一日止年度，本集團就銷售產品採購了69.3千克包裝材料(二零一八年：86.4千克)。如可能，我們會以透過於市場上不斷審視更輕便及環保的包裝材料為目標，以提升包裝材料的效用。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### ENVIRONMENTAL (CONT'D)

#### A(III) *The Environment and Natural Resources*

Environment protection is the responsibility of every staff in the Group. The Group is committed to sustainable development and delivering our premium and quality products in a manner with minimal impact to the environment resulting from our business activities.

Apart from those details disclosed in the section “Emissions” and “Use of Resources” above, the Group also continuously implements “green” concept with the following measures:

- Office Power Saving: Policy to turn off lights when not in use, air-conditioning temperature control, printer and computer hibernation management, shut down of lights and computers during lunch break, etc.
- Paper Saving: Implement paperless office, use email and online signature system for document review, signing and communication where possible, reduce the frequency of printing and/or copying, and reduce the use of office paper. If necessary, employees are also encouraged to re-use paper and conserve paper usage by printing double-sided to the extent practicable.
- Increase equipment and vehicle efficiency: Arrange for the equipment and vehicles to undergo regular maintenance in order to improve their performance and dispose high energy consumption equipment as part of the efforts to conserve resources at source
- Reduce the Use of Bottled Water: Provide drinking water supply equipment at all production bases for the use by factory employees, meetings and visitors. Employees are encouraged to bring along their own reusable cups to reduce the use of bottles.

### 環境 (續)

#### A(III) 環境及天然資源

本集團每一名員工均有對保護環境的責任。本集團致力於可持續發展及提供高端及優質產品過程中，將我們的業務活動對環境所造成的影響減至最低。

除了於以上「排放物」及「資源使用」一節中披露之詳情外，本集團亦通過以下措施不斷實施「綠色」理念：

- 辦公室節電：落實於無需使用隨手關燈措施、空調溫度控制、列印機與電腦休眠管理、午休時間關燈及關機等。
- 節約用紙：推行無紙化辦公，盡可能使用電子郵件與線上簽核系統進行文件審閱、簽發與溝通，減少列印及／或影印頻率，及減少辦公室用紙。如必須用紙，集團亦鼓勵員工在切實可行情況重用紙張及採用雙面列印。
- 提升設備及車輛效能：安排設備及車輛進行定期保養以提升其效能及處置高耗能設備，努力從源頭上節約資源。
- 減少使用瓶裝水：生產基地廠區皆設置有飲用水設備，提供各區生產基地內員工、會議與訪客等需求使用。鼓勵員工自備可重複使用的杯具，減少瓶裝水使用。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL

#### EMPLOYMENT AND LABOUR PRACTICES

##### *B(I) Employment*

The Group has set up a comprehensive set of human resource policies stipulating rules on recruitment, compensation, training, welfare, promotion guidelines and dismissal. In order to safeguard benefits for the employees, the Group abides by Labor Law of the PRC (中華人民共和國勞動法), Labor Contract Law of the PRC (中華人民共和國勞動合同法), the Employment Ordinance of Hong Kong (香港僱傭條例) and employment laws applicable to relevant jurisdictions where operations are located. Labor contracts or employment agreements are entered into between the Group and the employees. Moreover, the Group regularly monitors information related to employment to prevent non-compliance with labor laws and regulations.

In order to increase efficiency in hiring and to ensure consistency and compliance in the recruitment and selection process, as well as to promote fair opportunities to each candidate, the Group has detailed recruitment policies in place. An objective and carefully documented recruitment process will ensure that any discrimination risks are minimized and will give us the best possible chance of identifying the right candidate. Regardless of nationality, gender, age, race, religious belief or disability, etc, candidates with relevant professional qualifications and working experience receive equal consideration for employment.

The Group provides our employees “5 Insurances and 1 Pension”, business trip allowance, birthday allowance, wedding allowance, body check, and holiday allowance. Employees are entitled to national holidays, company holidays, annual leave, funeral leave, marital leave, maternity leave and sick leave as well. In addition, The Group also adopted measures, such as distributing gifts and benefits, as well as holiday lengthening, to further enhance the benefits system and its staff satisfaction.

### 社會

#### 僱傭及勞工常規

##### *B(I) 僱傭*

本集團已就僱傭、薪酬、培訓、福利、晉升指引及解僱設立一套全面的人力資源政策規定。為保障僱員福利，本集團遵守中華人民共和國勞動法、中華人民共和國勞動合同法、香港僱傭條例及營運所在地司法機構的適用僱傭法律。勞動合同或僱傭協議乃由本集團與僱員訂立。此外，本集團定期監察僱傭相關資訊以避免不符合勞動法律及法規事宜。

為了提高招聘僱員的效率，並確保招聘及甄選過程中的一致性、合規性，以及為每位候選人提供公平的機會，本集團已確立詳細的招聘政策。客觀且小心記錄的招聘程式確保降低任何歧視風險，並為我們物色合適候選人提供最佳機會。不論國籍、性別、年齡、種族、宗教信仰或殘障等，具備相關專業資格及工作經驗的求職者在招聘過程中均享有平等對待。

本集團為僱員提供「五險一金」、差旅津貼、生日津貼、結婚津貼、體檢及假日津貼。僱員亦可享受國家法定節假日、公司假期、年假、喪假、婚假、產假和病假。此外，本集團亦採取派發禮品及福利以及延長假期等措施，進一步提升福利制度及員工滿意度。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

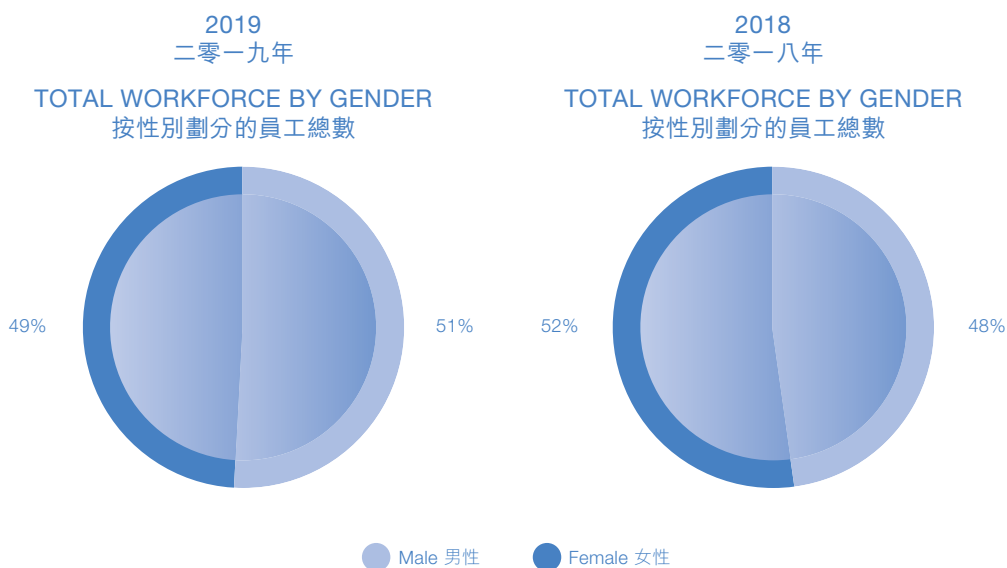
## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

### EMPLOYMENT AND LABOUR PRACTICES (CONT'D)

#### B(l) Employment (Cont'd)

The Group actively recruits talents in a fair and equitable manner through social media such as online platforms and newspaper advertisements. Across the Group's diversified business portfolio, as of 31 December 2019, the Group has a workforce of 213 in a number of locations in the PRC and Hong Kong (2018: 334). The composition of staffs is as follows:



Categorized by employee's gender, male employees accounted for approximately 51% (2018: 48%) and female employees accounted for the remaining 49% (2018: 52%) as of 31 December 2019. The Group believes in equality of opportunity and treatment between male and female employees because it is just and fair and promotes good business and better performance. The Group recognizes that equality at work between male and female employees means (a) discrimination is not existed in the recruitment process to get the best candidates for the appropriate vacancies; and (b) equality of opportunity in providing assignments based on candidate's merit and choice.

按僱員性別分類，截至二零一九年十二月三十一日男性僱員佔約51%（二零一八年：48%），而女性僱員佔餘下49%（二零一八年：52%）。本集團認為男女僱員之間的機會及待遇平等，屬公平公正並促進良好業務發展及更佳表現。本集團認可男女僱員間工作中的平等指(a)招聘過程中不存在歧視，以就適當的空缺錄取最佳候選人；及(b)分派任務時根據候選人的才能及意願為候選人提供平等的機會。

### 社會 (續)

### 僱傭及勞工常規 (續)

#### B(l) 僱傭 (續)

本集團積極利用線上平臺及報章廣告等社會媒體公平公正地招募人才。在本集團多元化的業務組合中，本集團截至二零一九年十二月三十一日已在中國及香港聘有213名員工（二零一八年：334名）。員工組成如下：



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

### EMPLOYMENT AND LABOUR PRACTICES (CONT'D)

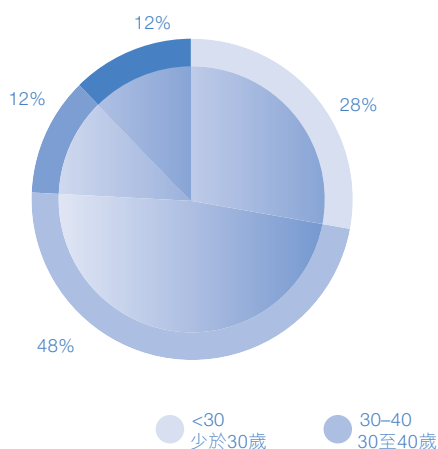
#### B(l) Employment (Cont'd)

### 社會(續)

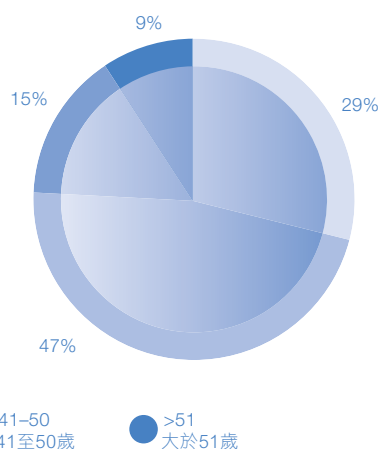
### 僱傭及勞工常規(續)

#### B(l) 僱傭(續)

2019  
二零一九年  
TOTAL WORKFORCE BY AGE  
按年齡劃分的員工總數



2018  
二零一八年  
TOTAL WORKFORCE BY AGE  
按年齡劃分的員工總數



As for employee distribution by age, aged below 30 accounted for approximately 28% (2018: 29%); aged 30 to 40 accounted for approximately 48% (2018: 47%); aged 41 to 50 accounted for approximately 12% (2018: 15%); and aged above 51 accounted for approximately 12% (2018: 9%) as of 31 December 2019.

按僱員年齡分類，截至二零一九年十二月三十一日30歲以下佔約28%（二零一八年：29%）；30至40歲佔約48%（二零一八年：47%）；41至50歲佔約12%（二零一八年：15%）；及51歲以上佔約12%（二零一八年：9%）。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

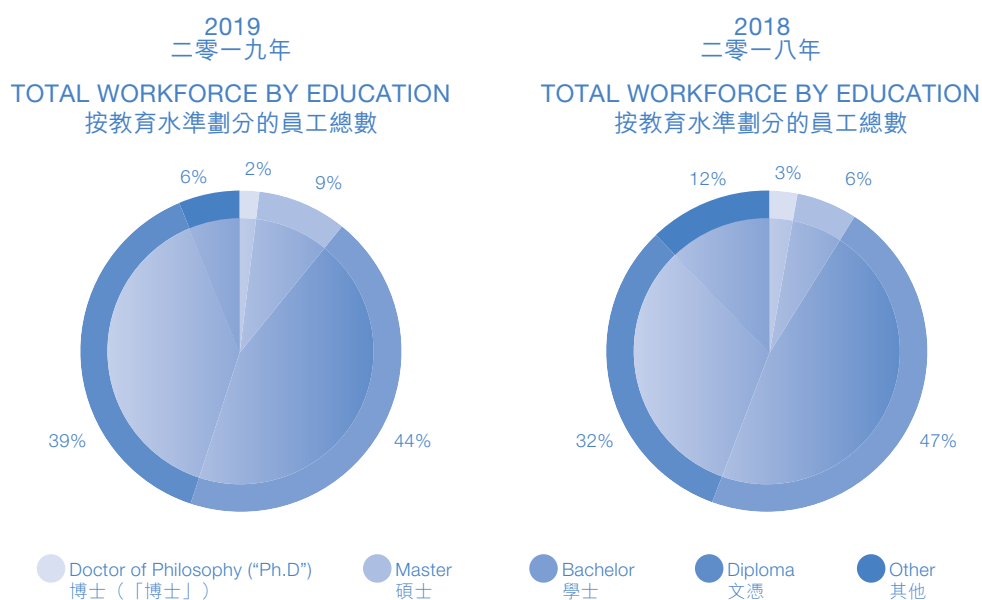
### EMPLOYMENT AND LABOUR PRACTICES (CONT'D)

#### B(l) Employment (Cont'd)

### 社會(續)

### 僱傭及勞工常規(續)

#### B(l) 僱傭(續)



Professionals in different fields are the Group's precious assets. Categorized by education level, employees with Ph.D background accounted for approximately 2% (2018: 3%) of the total number of employees; employees with Master degree accounted for approximately 9% (2018: 6%); employees with Bachelor degree accounted for approximately 44% (2018: 47%); employees with diploma accounted for approximately 39% (2018: 32%); and others accounted for the remaining 6% (2018: 12%) as of 31 December 2019.

各個領域的專業人才是本集團的寶貴資產。按教育水準分類，截至二零一九年十二月三十一日擁有博士學歷的僱員佔僱員總數的約2%（二零一八年：3%）；擁有碩士學位的僱員佔約9%（二零一八年：6%）；擁有學士學位的僱員佔約44%（二零一八年：47%）；擁有畢業文憑的僱員佔約39%（二零一八年：32%）；而其他僱員佔餘下6%（二零一八年：12%）。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

#### EMPLOYMENT AND LABOUR PRACTICES (CONT'D)

##### *B(II) Health and Safety*

Safe, effective and cozy workplace is essential to support the precious asset, employees. To create a safe working environment, the Group has established safety policies on the prevention and remediation of safety accidents, and detection on potential safety hazards in workplace, including regular safety inspections and launch of safety promotion and safety training.

To mitigate the health and safety risk during production and R&D processes, protective equipment would be provided to operating employees, such as protective suit, glove, mask etc.

Our staffs are briefed and trained with safety and environmental knowledge regularly to ensure that everyone understands the risk of the task they are involved, has safety and environmental consciousness and is familiar with safety and environmental precaution measures.

Hazardous materials and wastes are handled separately with great care. Emergency and evacuation procedures for fire were established for timely and orderly response to any major safety accidents.

The Group monitors the workplace safety continuously, and performs a regular examination of workplace safety hazards. To ensure the effectiveness of fire emergency control, the Group appointed a third-party institute to test its fire alarms and inspect its fire safety equipment.

During the year ended 31 December 2019, to the best knowledge of our Directors' knowledge, there was no occurrence of any fatal accident (2018: nil).

### 社會(續)

#### 僱傭及勞工常規(續)

##### *B(II) 健康及安全*

安全、有效及舒適的工作環境對於支持本集團的寶貴資產，僱員至關重要。為建立安全的工作環境，本集團已制定安全政策以預防及治理安全事故，並檢測工作場所潛在安全隱患，包括定期進行安全檢查和實施安全的宣傳和培訓。

為減低生產及研發過程中的健康與安全之風險，防護裝備亦已提供給操作員工，如保護服、手套、口罩等。

我們的員工均已定期進行簡介及傳授安全及環境知識，以確保所有人均瞭解彼等的工作之風險，並具備安全及環境意識及熟悉安全及環境預防措施。

危險物料及廢棄物已謹慎處理及分開。火災之緊急及疏散程式均已建立，以便及時有序地應對任何重大安全事故。

本集團持續監控工作場所安全，及對工作場所安全風險進行定期檢查。為確保對火災應急監控的有效性，本集團已聘請第三方機構對其火警控制器進行測試，及檢查其消防器材。

截至二零一九年十二月三十一日止年度，就董事所知，並無發生任何致命意外(二零一八年：無)。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

#### EMPLOYMENT AND LABOUR PRACTICES (CONT'D)

##### *B(III) Development and Training*

The Group recognizes the importance of empowerment through development and training in the Group. Equipping employees with the appropriate knowledge not simply benefits the long-term development, but the society as a whole.

The Group has devised training schedule to provide different types of trainings to employees every year. The categories include personnel, finance, medical instruments, environmental management and fire safety. Through education and training, the Group can enable its employees to enhance their personal qualities, strengthen their working skills and reinforce the team performance. Moreover, employees can grow with the Group by realizing their own values on the basis of their personal interest and expertise.

Besides, all employees are subject to regular performance and career development appraisal in order to ensure the efficiency and quality of our employees and to foster the stable development of the Group.

Promotions are made in accordance with the needs from the Group's business development and the employees' competence. Vacancies of the Group's internal management positions will be filled up internally by promoting the most qualified employees within the Group. This offers the employees with the opportunities for promotion and enhances the efficiency of the Group.

##### *B(IV) Labour Standards*

As the Group strictly adhered to the Law of the PRC on the Protection of Minors (中華人民共和國未成年人保護法), the Employment Ordinance of Hong Kong and other laws and regulations in all aspects, the Group does not permit forced labour or child labour under any circumstances. All new employees' identification card should be checked before they entry the Group to ensure their age meets requirements of laws and regulations.

During the year ended 31 December 2019, to the best knowledge of our Directors' knowledge, we did not identify any material non-compliance or breach of relevant laws and regulations in child labour and forced labour. (2018: Nil)

### 社會(續)

#### 僱傭及勞工常規(續)

##### *B(III) 發展及培訓*

本集團深明僱員發展與培訓對本集團之重要性，提升僱員適當的知識，不但有利於本集團的長遠發展，對整個社會亦有莫大裨益。

本集團每年會訂立培訓計劃表，提供不同種類培訓予員工，其分類涵蓋人事、財務、醫療器械、環境管理、消防安全等多方面。本集團可通過教育訓練，令員工提升個人素養，增長工作技能，增加團隊績效，而員工亦可在基於個人興趣與專長的基礎上實現自身價值，與集團的一同成長。

另外，本集團所有員工需接受定期業績和職業發展考評，以確保員工之工作效率及品質能協助本集團得以平穩發展。

本集團按照業務發展所需及員工能力晉升，對出缺的管理崗位，本集團會按政策和慣例盡可能提拔晉升最具資格的現有員工，這可給予員工晉升機會及提高集團的效率。

##### *B(IV) 勞工準則*

本集團於各個方面均嚴格遵守中華人民共和國未成年人保護法、香港僱傭條例及其他法律及法規，在任何情況下本集團均不允許強迫勞工或聘請童工。所有新僱員於聘入本集團前均須核查其身份證，以確保彼等符合相關法律及法規的規定。

截至二零一九年十二月三十一日止年度，就董事所深知，我們於使用童工和強制勞工方面並無發現任何重大不合規或違反法律及規例的事項。(二零一八：無)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

#### OPERATING PRACTICES

##### *B(M) Supply Chain Management*

Suppliers are the Group's long-term business partners. Stability, safety and effectivity of product quality is directly influenced by the selection of suppliers. To effectively manage the supply chain, the Group has developed a comprehensive system for assessing new and existing suppliers. The Group has further regulated the operational procedures of evaluation and approval for main suppliers, and clarified the suppliers' qualification, selection principle, quality evaluation methods, evaluation standard, and approval procedure for main supplier. The Group requires suppliers to comply with local laws and regulations in all aspects. Most of the supplies of the Group are procured from the PRC. The PRC government has strict laws and regulations governing social and environmental risks.

##### **Agency Contracts Management**

The majority of the Group's business and product distribution are relied on agents to introduce and promote the products to hospitals for sale. Therefore, the management of the agents is very crucial to the Group. To avoid inefficiencies in agents and to strengthen the sales performance, the Group has tailor-made contracts for each agent in accordance with its selling ability and respective target customers in the PRC. The contracts clarify the province or area in which the agents are responsible for, as well as the hospitals they cooperate with. The contracts also list out the compensation they get, and the sales amount that is targeted to be achieved during the contract period. The Group will evaluate agents from time to time following their performance against the contract terms. The Group believes that the management of agency contracts can help to control the quality of agents and to implement the business strategy efficiently.

### 社會(續)

#### 營運慣例

##### *B(M) 供應鏈管理*

供應商是本集團的長期業務合作夥伴。供應商的甄選直接影響產品質量的穩定性、安全性及有效性。為有效管理供應鏈，本集團已建立一套全面的評估系統去評估新進及現有供應商。本集團已制定供應商管理政策，對主要供應商的評估及審批操作程式進行規範，明確對主要供應商的供應商品質要求、甄選原則、質評方法、評價標準及審批程式。本集團要求供應商在各個方面遵守當地法律及法規。本集團用品大部份是從中國採購。中國政府制定有嚴格的社會及環境風險監管法律法規。

##### **代理合約管理**

本集團大部分的業務及產品分銷依賴於代理商向醫院引薦及推廣產品以供銷售。故此，代理商的管理對本集團而言至關重要。為避免代理商效率低下並提升其銷售表現，本集團根據代理商的銷售能力及其在中國的目標客戶為各代理商量身定制合約。合約明確了代理商負責的省份或區域，及彼等可以合作的醫院。合約亦載列出彼等獲得的報酬及合約期內須達致的目標銷售額。本集團將不時根據合約條款評估代理商的表現。本集團認為，對代理合約的管理有助於控制代理商的質量，並有效實施業務策略。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

#### OPERATING PRACTICES (CONT'D)

##### *B(VI) Product Responsibility*

The Group strives for products and services excellence across all the business activities. To protect the samples from contamination in the laboratory, the Group has devised procedures for operations in the laboratory. The Group also requires the laboratory technicians to wear protection suits and to regularly clean and disinfect the laboratory equipment, in order to maintain workplace hygiene and prevent the cross-contamination of the products.

Apart from the hygiene control in laboratory, the Group also understands the importance of an accurate testing result. Thus, the Group has developed policies in relation to the management and maintenance of laboratory equipment, especially the calibration of laboratory equipment. Our equipment is calibrated externally by professionals and internally when necessary to ensure its accuracy. Qualified personnel is assigned to each equipment for the daily management and maintenance, to make sure equipment that we are using is in good condition. Damaged equipment will not be used until they are fixed by the suppliers.

Also, listening to customers about their experiences with products and services is the key to the Group's success. The Group constantly interacts with customers by reviewing their enquiries and feedback so that performance can be tracked regularly. Also, the Group is dedicated to provide after-sale maintenance and operational technical supporting services to customers. Training is provided to employees in offering comprehensive services to customers.

##### **Health and safety**

Being a responsible corporation, being accredited with the ISO 13485:2016 Quality Management Certificate, we strictly monitor the quality of our products, and the safety issues in using our products.

We are committed to complying with local rules and regulations on product safety, and protecting consumers' health on using our products. In accordance with the requirement of the ISO 13485:2016, the Group implements stringent internal rules and procedures for quality check during its production process. Any non-conformity products must be handled properly, including proper labelling and recording.

### 社會(續)

#### 營運慣例(續)

##### *B(VI) 產品責任*

在業務經營中，本集團不斷在產品及服務上精益求精。為避免實驗室樣本受污染，本集團就實驗室運作制定程式。本集團亦規定實驗室技術人員穿著防護服及定期清潔消毒實驗室設備，以維持工作場所衛生及防止產品交叉污染。

除控制實驗室的衛生狀況外，本集團亦瞭解到準確測試結果的重要性。因此，本集團已制定有關政策，管理及維護實驗室設備(特別是實驗室設備校準工作)。我們的設備由專業人士進行外部校準工作，有需要時本集團內部人員亦會做校準工作，確保設備的準確度。合資格人員獲指派對各項設備進行日常管理及維護，確保我們使用的設備保持良好狀況。損壞的設備需由供應商修理後方可使用。

聆聽客戶對產品及服務的體驗是本集團成功的關鍵。本集團透過檢討客戶查詢及反饋與客戶保持互動，定期追蹤表現。本集團亦悉心為客戶提供售後維護及營運技術支援服務，並對僱員進行培訓，務求為客戶提供全面的服務。

##### **健康與安全**

作為負責任的企業，亦已獲得 ISO 13485:2016 質量管理認證，我們嚴格監控其產品的質量，以及使用我們產品的安全問題。

我們致力遵守當地的產品安全規則及規例，以保護消費者在使用我們產品時之健康。本集團按照 ISO 13485:2016 品質管理體系的要求，在生產過程中嚴格執行內部規則和程序作為質量檢查。任何不合格產品必須妥善處理，包括正確的標籤和記錄。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

#### OPERATING PRACTICES (CONT'D)

##### *B(VI) Product Responsibility (Cont'd)*

###### **Advertising**

The Group understands our customers' rights and is committed to providing accurate product and service information for customers in connection with their purchase or consumption decision. The Group requires careful review of advertising materials to protect customers' interest.

###### **Labelling**

The Group is committed to providing sufficient and accurate information and product label to customers and considers that it is an extended responsibility of product safety management. The Group provides clear and simple instructions, including the danger, precaution measures and emergency treatment of products and contact information.

###### **Privacy matters**

The Group has stringent measures in place to protect operational and customer data privacy. Non-disclosure agreements are signed by all suppliers. A systematic approach is implemented internally to ensure that only designated employees have access to sensitive and confidential information.

In view of the customer confidential information, the Group implemented a strict confidentiality system. According to the system, the Group should enter into a confidentiality agreement with the client who provides the confidential information. Meanwhile, for ensuring no betraying confidential matters, risk control department of the Group is responsible for investigating the confidential information to delimit secrecy scope and ascertain information-security. The Group also provides employees with education regarding confidentiality, including specifies the confidentiality obligation of employees in employee manual.

### 社會 (續)

#### 營運慣例 (續)

##### *B(VI) 產品責任 (續)*

###### **廣告**

本集團瞭解客戶權益，矢志為客戶提供準確產品及服務資訊，供彼等於購買或使用時參考。本集團要求仔細審查廣告材料，保障客戶權益。

###### **標籤**

本集團重視為客戶提供充分和正確的安全資料和產品標籤，並視之為產品安全管理的一個延伸責任。本集團提供清晰易明的說明，包括說明產品的危險性、預防措施、應急處理和聯絡方法。

###### **隱私事宜**

本集團已制定有嚴格的措施保護營運數據及客戶資料的私隱。所有供應商均已簽署保密協議。集團內部有系統地執行有關措施，確保僅指定僱員可取閱敏感及保密資料。

本集團對獲悉的客戶機密資料實施嚴格的保密制度。根據該等制度，對於提供機密資料的客戶，本集團會與其簽訂相關的保密協定。同時，本集團的風險管控部門負責審核該等資訊，劃定保密範圍及確定相應的保密措施，以保證客戶機密資料不發生外泄的情況。本集團亦為員工提供保密教育，包含在員工手冊中載明員工的保密義務。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

#### OPERATING PRACTICES (CONT'D)

##### *B(VI) Product Responsibility (Cont'd)*

###### **Methods of redress**

Although the Group ensure the quality of our products and services, at the same time, it requires that products with quality issues should be returned or compensated in accordance with terms of sales contracts. Return, recall, or compensation of products is required to be offered to all customers who are affected with consistent treatment and procedures.

During the year ended 31 December 2019, to the best knowledge of our Directors' knowledge, we did not identify any material issues on product health and safety, advertising, labelling, privacy matters and methods of redress. (2018: Nil)

##### *B(VII) Anti-Corruption*

To ensure honest, loyal behaviour and ethical conduct among employees, the Group has adopted code of ethics and anti-corruption regulations, so as to enable employees' conducts and behaviours to be monitored throughout daily operations. The Group performs annual self-evaluation to look at the implementation of code of ethics and relevant regulations, the objective of which is to ensure the thoroughness and consistency in actual operations and management practices, with a view to balancing and safeguarding interests of the stakeholders and establishing long-term partnerships. The Group employs independent auditors to carry out external audits on the Group, aiming at preventing corruptive behaviours within the Group through internal supervision and external audits.

During the Reporting Period, the Group was not aware of any material non-compliance with any relevant standards, rules, codes and regulations. There were no complaints of corruption against the Group or any of the Group's employees during the Reporting Period. (2018: Nil)

### 社會 (續)

#### 營運慣例 (續)

##### *B(VI) 產品責任 (續)*

###### **補救方法**

儘管本集團確保產品及服務品質，本集團同時要求按照銷售合約條款退還或補償存在質量問題的產品。本集團規定以一致的方式及程序向所有受影響客戶進行產品退還、召回或賠償。

截至二零一九年十二月三十一日止年度，就董事所深知，我們於產品健康與安全、廣告、標籤及私隱事宜以及補救方法方面並無發現任何重大違規事項。(二零一八年：無)

##### *B(VII) 反貪污*

為確保僱員的誠實、忠誠行為及道德操守，本集團已採納道德守則及反貪污法規，以使僱員的行為及態度於整個日常營運中均受到監察。本集團進行年度自我評估以檢查道德守則及相關條例的落實情況，其目的旨在確保實際營運及管理慣例得到完全一致的履行，從而平衡及保障持份者的利益及建立長期夥伴關係。本集團委聘獨立核數師以對本集團進行外部審核，藉以透過內部監督及外部審核，防止本集團內出現貪污行為。

於報告期間內，本集團並不知悉有任何重大未遵守有關標準、規則、守則及規例的情況。於報告期間概無針對本集團或本集團任何僱員有關貪污的投訴。(二零一八年：無)



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

## 二零一九年環境、社會及管治報告

### SOCIAL (CONT'D)

#### COMMUNITY

##### *B(VIII) Community Investment*

###### **Community**

With the market's focus on corporate behaviour, the short-sighted behaviour of maximizing financial returns to shareholders is no longer the management goal of business. The Group stays proactive in fulfilling the responsibilities as a corporate citizen of the community.

As a responsible corporation, the Group is committed to extending the efforts from own operation to the wider society. The Group believes that staff members are the core value makers in the society. The Group will continue to pool the strengths and commit itself in increasing community participation, balance of interests of stakeholders and strives to build a corporate-community relationship that promotes harmony, security and prosperity.

Although the Group has not established and documented a specific community policy, social care is deep-seated in the Group's corporate culture. Employees are encouraged to participate in various charitable events and community service.

### 社會(續)

#### 社區

##### *B(VIII) 社區投資*

###### **社區**

隨著市場對企業行為的關注，追求最大財務績效以回饋股東此一短視行為已經不是業務管理的目標。本集團積極履行作為一家企業公民於社區的責任。

作為負責任的企業，本集團矢志在發展自身業務營運的同時，將更多精力投放於更為廣闊的社會當中。本集團相信員工是為社會創造價值的核心力量。本集團將繼續集眾人力量，增加社區參與，平衡持份者的利益，致力構建推動和諧、安全及繁榮的企業與社區關係。

儘管本集團並未訂立及記錄具體的社區政策，但關懷社會的概念已深深植根於本集團的企業文化當中。本集團鼓勵僱員參與各類慈善活動及社區服務。

# DIRECTORS' REPORT

## 董事會報告

The Directors present to the Shareholders the Company's annual report and audited consolidated financial statements for the year ended 31 December 2019 (the "Reporting Period").

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the R&D of bio- medical and healthcare products, and medical techniques; the provision of the production and sales of tissue engineering products and its related by-products; as well as sales and distribution of medical products and equipment. In accordance with Schedule 5 of Hong Kong Companies Ordinance, further discussion and analysis of these activities including a discussion of the principal risks and uncertainties facing by the group and an indication of likely future developments in the group's business and an analysis using financial key performance indicators, can be found in the Management Discussion and Analysis set out on pages 8 to 48 and notes 43 and 45 to the consolidated financial statements of this report, which form part of this directors' report.

### BUSINESS REVIEW

A fair review of the Group's business during the Reporting Period as well as discussion and analysis of the Group's performance under review and the material factors underlyings its financial performance and financial position are provided in sections headed "Chairman's Statement" on pages 6 to 7 and "Management Discussion and Analysis" on pages 8 to 48 of the annual report and the notes to the consolidated financial statements.

### RESULTS AND DIVIDENDS

Results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 123.

The Directors do not recommend the payment of a final dividend.

### FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 243.

### SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 33 to the financial statements.

董事謹此向股東提呈本公司截至二零一九年十二月三十一日止年度(「報告期間」)之年報及經審核綜合財務報表。

### 主要業務

本公司乃一間投資控股公司，其附屬公司之主要業務為從事生物醫學和醫療保健產品及醫療技術之研發；提供組織工程產品及其相關副產品的生產及銷售；以及銷售及分銷醫療產品及設備。根據香港公司條例附表5，該等業務的進一步討論及分析包括有關本集團面臨的主要風險及不明朗因素的討論以及本集團業務的未來可能發展動向以及使用財務關鍵績效指標的分析，載於本報告第8頁至48頁的管理層討論及分析中及綜合財務報表內附註43及45，其構成本董事會報告的一部分。

### 業績回顧

有關本集團報告期間業務之公允審查以及對本集團回顧年度的業績與其財務業績及財務狀況相關的重大因素之討論及分析載於本年報第6頁至第7頁之「主席報告」及第8至第48頁之「管理層討論及分析」以及綜合財務報表附註。

### 業績及股息

本集團截至二零一九年十二月三十一日止年度之業績載於第123頁之綜合損益及其他全面收入表內。

董事並不建議派發末期股息。

### 財務摘要

本集團過去五個財政年度之業績以及資產與負債摘要載於第243頁。

### 股本

本公司股本於報告期內之變動詳情載於財務報表附註33。

# DIRECTORS' REPORT

## 董事會報告

### RESERVES

The Company's reserves available for distribution to Shareholders as at 31 December 2019 amounted to approximately HK\$Nil (2018: HK\$170,817,000).

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity on page 127 and note 35 to the financial statements, respectively.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the financial statements.

### DIRECTORS

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

#### Executive Directors

Mr. Wang Chuang	(Chairman) (appointed as Chairman with effect from 18 October 2019 and re-appointed on 22 January 2020)
Mr. Wang Xuejun Dr. Ray Yip	(Chief Executive Officer) (re-designated as a non-executive Director with effect from 18 October 2019 and resigned on 30 January 2020)
Mr. Qiu Bin	(appointed with effect from 20 May 2020)

#### Non-Executive Directors

Mr. Wu Weiliang	(appointed with effect from 15 November 2019 and re-appointed on 22 January 2020)
Dr. Ray Yip	(re-designated as a non-executive Director with effect from 18 October 2019 and resigned on 30 January 2020)
Mr. Zhang Bin Mr. Tsang Ho Yin	(resigned with effect from 15 November 2019) (appointed with effect from 30 January 2020 and re-appointed on 15 April 2020)

#### Independent Non-Executive Directors

Mr. Chan Bing Woon	(resigned with effect from 15 August 2019)
Mr. Wong Yiu Kit Ernest	(resigned with effect from 21 August 2019)
Dr. Fang Jun Ms. Wang Danjuan	(appointed with effect from 10 October 2019, re-appointed on 22 January 2020 and resigned on 30 January 2020)
Ms. Yang Ying	(appointed with effect from 14 October 2019 and re-appointed on 22 January 2020)
Ms. Huo Chunyu	(appointed with effect from 30 January 2020 and re-appointed on 15 April 2020)

### 儲備

於二零一九年十二月三十一日，本公司可供分派予股東之儲備約為零港元（二零一八年：170,817,000港元）。

本集團及本公司於報告期內之儲備變動詳情，分別載於第127頁之綜合權益變動表及財務報表附註35。

### 物業、廠房及設備

本集團於報告期內有關物業、廠房及設備之變動詳情載於財務報表附註15內。

### 董事

於年內及截至本報告日期止之董事如下：

#### 執行董事

王闖先生	(主席) (自二零一九年十月十八日起獲委任為主席並於二零二零年一月二十二日獲重新委任)
王學軍先生 葉雷博士	(行政總裁) (於二零一九年十月十八日調任為非執行董事，並於二零二零年一月三十日辭任)
邱斌先生	(自二零二零年五月二十日起獲委任)

#### 非執行董事

吳偉良先生	(自二零一九年十一月十五日起獲委任並於二零二零年一月二十二日獲重新委任)
葉雷博士	(自二零一九年十月十八日調任為非執行董事及於二零二零年一月三十日辭任)
張斌先生 曾浩賢先生	(自二零一九年十一月十五日起辭任) (自二零二零年一月三十日起獲委任及於二零二零年四月十五日獲重新委任)

#### 獨立非執行董事

陳炳煥先生	(自二零一九年八月十五日起辭任)
黃耀傑先生 方俊博士 王丹娟女士	(自二零一九年八月二十一日起辭任) (自二零一九年十月十日起獲委任、於二零二零年一月二十二日獲重新委任及於二零二零年一月三十日辭任)
楊濛女士	(自二零一九年十月十四日起獲委任並於二零二零年一月二十二日獲重新委任)
霍春玉女士	(自二零二零年一月三十日起獲委任及於二零二零年四月十五日獲重新委任)

# DIRECTORS' REPORT

## 董事會報告

In accordance with article 116 of the Company's articles of association, Mr. Wang Xuejun, Dr. Fang Jun and Ms. Yang Ying shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with article 99 of the Company's articles of association, Mr. Qiu Bin shall hold office only until the next following general meeting of the Company and being eligible, will offer himself for re-election at the forthcoming annual general meeting.

### DIRECTORS' AND CHIEF EXECUTIVES BIOGRAPHIES

Biographical details of the Directors and chief executives of the Company are set out on pages 49 to 51 of this annual report.

### DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of two years commencing from the date of appointment, subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the articles of association of the Company and GEM Listing Rules.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### PERMITTED INDEMNITY PROVISION

During the Reporting Period, each Director is entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto, save for matters in respect of his/her fraud or dishonesty.

### DIRECTORS' INTERESTS IN CONTRACTS

Save as those set out in note 39 to the financial statements and under heading "CONNECTED TRANSACTIONS" in this report, none of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

根據本公司組織章程細則第116條，王學軍先生、方俊博士及楊滢女士須於應屆股東週年大會上輪值告退，惟符合資格並願意膺選連任。

根據本公司組織章程細則第99條，邱斌先生僅須任職至本公司下屆股東大會為止，並合資格及願意於應屆股東週年大會上膺選連任。

### 董事及最高行政人員履歷

董事及本公司最高行政人員之履歷詳情載於本年報第49至第51頁。

### 董事之服務合約

每一位執行董事、非執行董事及獨立非執行董事已與本公司訂立聘任函，自委任日起計任期兩年，惟須根據本公司之章程細則及GEM上市規則於本公司之股東大會上輪席退任及膺選連任。

擬於應屆股東週年大會上膺選連任之董事概無與本公司訂立於一年內不可由本公司無償（法定賠償除外）終止之服務合約。

### 獲准許之彌償條文

於報告期內，各董事就按本身之職位執行其職務時或與此有關或在其他方面與之相關者而可能蒙受或招致之所有法律行動、費用、指控、損失、損害及開支，可從本公司之資產及溢利獲得彌償保證，惟有關其本身之欺詐或不誠實事宜除外。

### 董事之合約權益

除財務報表附註39及本報告「關連交易」一節所載者外，概無董事直接或間接地於本公司或其任何附屬公司於報告期間所訂立且與本集團業務有關連之任何重大合約中擁有重大實益利益。

# DIRECTORS' REPORT

## 董事會報告

### SHARE OPTIONS

The Share Option Scheme adopted by the Company on 14 September 2011 is for the primary purpose of providing incentives to directors and eligible employees of the Group.

The movement of share options under the share option scheme adopted by the Company on 14 September 2011 during the year ended 31 December 2019 was as below:

Eligible persons	Date of grant	Exercise price (HK\$)	Adjusted exercise price (Note) (HK\$)	Vesting schedule and exercise period of the Share Options 購股權之歸屬時間表及可行使期間	Exercisable portion of the Share Options granted 已授出購股權之可行使部份	Movement of Share Options during the year ended 31 December 2019 (adjusted number of option after share consolidation) 截至二零一九年十二月三十一日止年度之購股權變動(於股份合併後的經調整購股權數目)					
						Outstanding as at 31 December 2018 (Note) 於二零一八年十二月三十一日尚未行使 (附註)	Granted (Note)	Exercised (Note)	Reclassified (Note)	Lapsed (Note)	Outstanding as at 31 December 2019 (Note) 於二零一九年十二月三十一日尚未行使 (附註)
合資格人士	授出日期	行使價 (港元)	經調整 行使價 (港元)								
Directors 董事	16/9/2015 二零一五年 九月十六日	0.45	9.00	16 September 2016 to 15 September 2017 (both days inclusive) (the "1st Period") 二零一六年九月十六日至 二零一七年九月十五日 (包括首尾兩日) (第一個期間)	Up to 20% ("1st Options") 最多20% (第一份購股權)	136,700	NIL 無	NIL 無	NIL 無	(78,800)	57,900
				16 September 2017 to 15 September 2018 (both days inclusive) (the "2nd Period") 二零一七年九月十六日至 二零一八年九月十五日 (包括首尾兩日) (第二個期間)	Up to 20% ("2nd Options") (together with any 1st Options which have not been exercised during the 1st Period) 最多20% (第二份購股權) (連同於第一個 期間尚未行使之任何第一份購股權)						
				16 September 2018 to 15 September 2019 (both days inclusive) (the "3rd Period") 二零一八年九月十六日至 二零一九年九月十五日 (包括首尾兩日) (第三個期間)	Up to 20% ("3rd Options") (together with any 1st and 2nd Options which have not been exercised during the 1st Period and 2nd Period) 最多20% (第三份購股權) (連同於第一個 期間及第二個期間尚未行使之任何第一份 及第二份購股權)						
				16 September 2019 to 15 September 2020 (both days inclusive) (the "4th Period") 二零一九年九月十六日至 二零二零年九月十五日 (包括首尾兩日) (第四個期間)	Up to 20% ("4th Options") (together with any 1st, 2nd and 3rd Options which have not been exercised during the 1st Period, 2nd Period and 3rd Period) 最多20% (第四份購股權) (連同於第一個 期間、第二個期間及第三個期間尚未行使 之任何第一份、第二份及第三份購股權)						
				16 September 2020 to 15 September 2025 (both days inclusive) (the "5th Period") 二零二零年九月十六日至 二零二五年九月十五日 (包括首尾兩日) (第五個期間)	Up to 20% ("5th Options") (together with any 1st, 2nd, 3rd and 4th Options which have not been exercised during the 1st Period, 2nd Period, 3rd Period and 4th Period) 最多20% (第五份購股權) (連同於第一個 期間、第二個期間、第三個期間及第四個 期間尚未行使之任何第一份、第二份、第 三份及第四份購股權)						

### 購股權

於二零一一年九月十四日，本公司採納購股權計劃，主要目的為向本集團董事及合資格僱員提供獎勵。

於截至二零一九年十二月三十一日止年度，本公司於二零一一年九月十四日採納之購股權計劃項下之購股權變動如下：

附註：由於本公司進行股份合併，本

Movement of Share Options during the year ended 31 December 2019  
(adjusted number of option after share consolidation)

截至二零一九年十二月三十一日止年度之購股權變動(於股份合併後的經調整購股權數目)

Outstanding as at 31 December 2018 (Note) 於二零一八年十二月三十一日尚未行使 (附註)	Granted (Note)	Exercised (Note)	Reclassified (Note)	Lapsed (Note)	Outstanding as at 31 December 2019 (Note) 於二零一九年十二月三十一日尚未行使 (附註)
	已授出 (附註)	已行使 (附註)	已重新分類 (附註)	已失效 (附註)	

# DIRECTORS' REPORT

## 董事會報告

### SHARE OPTIONS (CONT'D)

### 購股權 (續)

Movement of Share Options during the year ended 31 December 2019  
(adjusted number of option after share consolidation)  
截至二零一九年十二月三十一日止年度之購股權變動(於股份合併後的經調整購股權數目)

Eligible persons	Date of grant	Exercise price (HK\$)	Adjusted exercise price (Note) (HK\$)	Vesting schedule and exercise period of the Share Options	Exercisable portion of the Share Options granted	Outstanding as at 31 December 2018	Granted (Note)	Exercised (Note)	Reclassified (Note)	Lapsed (Note)	Outstanding as at 31 December 2019
						(Note)					(Note)
合資格人士	授出日期	行使價 (港元)	經調整行使價 (港元)	購股權之歸屬時間表及可行使期間	已授出購股權之可行使部份	於二零一八年十二月三十一日尚未行使 (附註)	已授出 (附註)	已行使 (附註)	已重新分類 (附註)	已失效 (附註)	於二零一九年十二月三十一日尚未行使 (附註)
Directors 董事	9/9/2016 二零一六年九月九日	0.291	5.820	9 September 2017 to 8 September 2018 (both days inclusive) (the "First Period") 二零一七年九月九日至二零一八年九月八日 (包括首尾兩日) (「第一個期間」)	Up to 20% ("First Options") (最多20% (「第一份購股權」))	139,000	NIL 無	NIL 無	NIL 無	(93,000)	46,000
				9 September 2018 to 8 September 2019 (both days inclusive) (the "Second Period") 二零一八年九月九日至二零一九年九月八日 (包括首尾兩日) (「第二個期間」)	Up to 20% ("Second Options") (together with any First Options which have not been exercised during the First Period) 最多20% (「第二份購股權」) (連同於第一個期間尚未行使之任何第一份購股權)						
				9 September 2019 to 8 September 2020 (both days inclusive) (the "Third Period") 二零一九年九月九日至二零二零年九月八日 (包括首尾兩日) (「第三個期間」)	Up to 20% ("Third Options") (together with any First and Second Options which have not been exercised during the First Period and Second Period) 最多20% (「第三份購股權」) (連同於第一個期間及第二個期間尚未行使之任何第一份及第二份購股權)						
				9 September 2020 to 8 September 2021 (both days inclusive) (the "Fourth Period") 二零二零年九月九日至二零二一年九月八日 (包括首尾兩日) (「第四個期間」)	Up to 20% ("Fourth Options") (together with any First, Second and Third Options which have not been exercised during the First Period, Second Period and Third Period) 最多20% (「第四份購股權」) (連同於第一個期間、第二個期間及第三個期間尚未行使之任何第一份、第二份及第三份購股權)						
				9 September 2021 to 8 September 2025 (both days inclusive) (the "Fifth Period") 二零二一年九月九日至二零二五年九月八日 (包括首尾兩日) (「第五個期間」)	Up to 20% ("Fifth Options") (together with any First, Second, Third and Fourth Options which have not been exercised during the First Period, Second Period, Third Period and Fourth Period) 最多20% (「第五份購股權」) (連同於第一個期間、第二個期間、第三個期間及第四個期間尚未行使之任何第一份、第二份、第三份及第四份購股權)						

# DIRECTORS' REPORT

## 董事會報告

### SHARE OPTIONS (CONT'D)

### 購股權 (續)

Movement of Share Options during the year ended 31 December 2019 (adjusted number of option after share consolidation) 截至二零一九年十二月三十一日止年度之購股權變動 (於股份合併後的經調整購股權數目)											
Eligible persons	Date of grant	Exercise price (HK\$)	Adjusted exercise price (HK\$)	Vesting schedule and exercise period of the Share Options	Exercisable portion of the Share Options granted	Outstanding as at	Granted	Exercised	Reclassified	Lapsed	Outstanding as at
						31 December 2018					31 December 2019
合資格人士	授出日期	行使價 (港元)	經調整行使價 (港元)	購股權之歸屬時間表及可行使期間	已授出購股權之可行使部份	於二零一八年十二月三十一日尚未行使 (附註)	已授出 (附註)	已行使 (附註)	已重新分類 (附註)	已失效 (附註)	於二零一九年十二月三十一日尚未行使 (附註)
Others 其他人士	16/9/2015 二零一五年九月十六日	0.45	9.00	For Grantees other than new employees who have joined the Company for less than 12 months or are yet to commence work with the Company on the relevant date of grant (as the case may be): 就於相關授出日期之承授人 (除加入本公司少於十二個月或仍未開始於本公司任職之新僱員外) 而言 (視情況而定):		4,242,300	NIL 無	NIL 無	NIL 無	(749,800)	3,492,500
				1st Period 第一個期間	1st Options 第一份購股權						
				2nd Period 第二個期間	2nd Options (together with any 1st Options which have not been exercised during the 1st Period) 第二份購股權 (連同於第一個期間尚未行使之任何第一份購股權)						
				3rd Period 第三個期間	3rd Options (together with any 1st and 2nd Options which have not been exercised during the 1st Period and 2nd Period) 第三份購股權 (連同於第一個期間及第二個期間尚未行使之任何第一份及第二份購股權)						
				4th Period 第四個期間	4th Options (together with any 1st, 2nd and 3rd Options which have not been exercised during the 1st Period, 2nd Period and 3rd Period) 第四份購股權 (連同於第一個期間、第二個期間及第三個期間尚未行使之任何第一份、第二份及第三份購股權)						
				5th Period 第五個期間	5th Options (together with any 1st, 2nd, 3rd and 4th Options which have not been exercised during the 1st Period, 2nd Period, 3rd Period and 4th Period) 第五份購股權 (連同於第一個期間、第二個期間、第三個期間及第四個期間尚未行使之任何第一份、第二份、第三份及第四份購股權)						

# DIRECTORS' REPORT

## 董事會報告

### SHARE OPTIONS (CONT'D)

### 購股權 (續)

Eligible persons	Date of grant	Exercise price (HK\$)	Adjusted exercise price (Note) (HK\$)	Vesting schedule and exercise period of the Share Options	Exercisable portion of the Share Options granted	Movement of Share Options during the year ended 31 December 2019 (adjusted number of option after share consolidation) 截至二零一九年十二月三十一日止年度之購股權變動(於股份合併後的經調整購股權數目)					
						Outstanding as at 31 December 2018 (Note) 於二零一八年十二月三十一日尚未行使 (附註)	Granted (Note)	Exercised (Note)	Reclassified (Note)	Lapsed (Note)	Outstanding as at 31 December 2019 (Note) 於二零一九年十二月三十一日尚未行使 (附註)
合資格人士	授出日期	行使價 (港元)	經調整 行使價 (附註) (港元)	購股權之 歸屬時間表及 可行使期間	已授出購股權之可行使部份		已授出 (附註)	已行使 (附註)	已重新分類 (附註)	已失效 (附註)	

*For Grantees who are new employees who have joined the Company for less than 12 months or are yet to commence work with the Company on the relevant date of grant (as the case may be):*  
 就於相關授出日期之承授人(為加入本公司少於十二個月或仍未開始於本公司任職之新僱員)而言(視情況而定):

16 March 2017 to 15 March 2018 (both days inclusive) (the "Period 1") 二零一七年三月十六日至 二零一八年三月十五日 (包括首尾兩日)(「期間1」)	Up to 20% ("Options 1") 最多20%(「購股權1」)
16 March 2018 to 15 March 2019 (both days inclusive) (the "Period 2") 二零一八年三月十六日至 二零一九年三月十五日 (包括首尾兩日)(「期間2」)	Up to 20% ("Options 2") (together with any Options 1 which have not been exercised during the Period 1) 最多20%(「購股權2」)(連同於期間1尚未行使之任何購股權1)
16 March 2019 to 15 March 2020 (both days inclusive) (the "Period 3") 二零一九年三月十六日至 二零二零年三月十五日 (包括首尾兩日)(「期間3」)	Up to 20% ("Options 3") (together with any Options 1 and 2 which have not been exercised during the Periods 1 and 2) 最多20%(「購股權3」)(連同於期間1及2尚未行使之任何購股權1及2)
16 March 2020 to 15 March 2021 (both days inclusive) (the "Period 4") 二零二零年三月十六日至 二零二一年三月十五日 (包括首尾兩日)(「期間4」)	Up to 20% ("Options 4") (together with any Options 1, 2 and 3 which have not been exercised during the Periods 1, 2 and 3) 最多20%(「購股權4」)(連同於期間1、2及3尚未行使之任何購股權1、2及3)
16 March 2021 to 15 September 2025 (both days inclusive) 二零二一年三月十六日至 二零二五年九月十五日 (包括首尾兩日)	Up to 20% (together with any Options 1, 2, 3 and 4 which have not been exercised during the Periods 1, 2, 3 and 4) 最多20%(連同於期間1、2、3及4尚未行使之任何購股權1、2、3及4)



# DIRECTORS' REPORT

## 董事會報告

### SHARE OPTIONS (CONT'D)

### 購股權 (續)

						Movement of Share Options during the year ended 31 December 2019 (adjusted number of option after share consolidation) 截至二零一九年十二月三十一日止年度之購股權變動(於股份合併後的經調整購股權數目)					
Eligible persons	Date of grant	Exercise price (HK\$)	Adjusted exercise price (Note) (HK\$) 經調整行使價(附註)(港元)	Vesting schedule and exercise period of the Share Options 購股權之歸屬時間表及可行使期間	Exercisable portion of the Share Options granted 已授出購股權之可行使部份	Outstanding as at	Granted (Note)	Exercised (Note)	Reclassified (Note)	Lapsed (Note)	Outstanding as at
						31 December 2018 (Note) 於二零一八年十二月三十一日尚未行使(附註)					31 December 2019 (Note) 於二零一九年十二月三十一日尚未行使(附註)
Others 其他人士	9/9/2016 二零一六年九月九日	0.291	5.82	For Grantees other than new employees who have joined the Company for less than 12 months or are yet to commence work with the Company on the relevant date of grant (as the case may be): 就於相關授出日期之承授人(除加入本公司少於十二個月或仍未開始於本公司任職之新僱員外)而言(視情況而定):		6,414,400	NIL 無	NIL 無	NIL 無	(1,136,200)	5,278,200
				the First Period 第一個期間	the First Options 第一份購股權						
				the Second Period 第二個期間	the Second Options (together with any First Options which have not been exercised during the First Period) 第二份購股權(連同於第一個期間尚未行使之任何第一份購股權)						
				the Third Period 第三個期間	the Third Options (together with any First and Second Options which have not been exercised during the First Period and Second Period) 第三份購股權(連同於第一個期間及第二個期間尚未行使之任何第一份及第二份購股權)						
				the Fourth Period 第四個期間	the Fourth Options (together with any First, Second and Third Options which have not been exercised during the First Period, Second Period and Third Period) 第四份購股權(連同於第一個期間、第二個期間及第三個期間尚未行使之任何第一份、第二份及第三份購股權)						
				the Fifth Period 第五個期間	the Fifth Options (together with any First, Second, Third and Fourth Options which have not been exercised during the First Period, Second Period, Third Period and Fourth Period) 第五份購股權(連同於第一個期間、第二個期間、第三個期間及第四個期間尚未行使之任何第一份、第二份、第三份及第四份購股權)						

# DIRECTORS' REPORT

## 董事會報告

### SHARE OPTIONS (CONT'D)

### 購股權 (續)

Eligible persons	Date of grant	Exercise price (HK\$)	Adjusted exercise price (Note) (HK\$)	Vesting schedule and exercise period of the Share Options	Exercisable portion of the Share Options granted	Movement of Share Options during the year ended 31 December 2019 (adjusted number of option after share consolidation) 截至二零一九年十二月三十一日止年度之購股權變動(於股份合併後的經調整購股權數目)					
						Outstanding as at 31 December 2018 (Note) 於二零一八年十二月三十一日尚未行使 (附註)	Granted (Note)	Exercised (Note)	Reclassified (Note)	Lapsed (Note)	Outstanding as at 31 December 2019 (Note) 於二零一九年十二月三十一日尚未行使 (附註)
合資格人士	授出日期	行使價 (港元)	經調整行使價 (附註) (港元)	購股權之歸屬時間表及 可行使期間	已授出購股權之可行使部份		已授出 (附註)	已行使 (附註)	已重新分類 (附註)	已失效 (附註)	

*For Grantees who are new employees who have joined the Company for less than 12 months or are yet to commence work with the Company on the relevant date of grant (as the case may be):*  
 就於相關授出日期之承授人(為加入本公司少於十二個月或仍未開始於本公司任職之新僱員)而言(視情況而定):

9 March 2018 to 8 March 2019 (both days inclusive) (the "I Period") 二零一八年三月九日至 二零一九年三月八日 (包括首尾兩日)(「期間I」)	Up to 20% ("Options I") 最多20%(「購股權I」)
9 March 2019 to 8 March 2020 (both days inclusive) (the "II Period") 二零一九年三月九日至 二零二零年三月八日 (包括首尾兩日)(「期間II」)	Up to 20% ("Options II") (together with any Options I which have not been exercised during the I Period) 最多20%(「購股權II」)(連同於期間I尚未行使之任何購股權I)
9 March 2020 to 8 March 2021 (both days inclusive) (the "III Period") 二零二零年三月九日至 二零二一年三月八日 (包括首尾兩日) (「期間III」)	Up to 20% ("Options III") (together with any Options I and II which have not been exercised during the I and II Periods) 最多20%(「購股權III」)(連同於期間I及II尚未行使之任何購股權I及II)
9 March 2021 to 8 March 2022 (both days inclusive) (the "IV Period") 二零二一年三月九日至 二零二二年三月八日 (包括首尾兩日) (「期間IV」)	Up to 20% ("Options IV") (together with any Options I, II and III which have not been exercised during the I, II and III Periods) 最多20%(「購股權IV」)(連同於期間I、II及III尚未行使之任何購股權I、II及III)
9 March 2022 to 8 September 2025 (both days inclusive) 二零二二年三月九日至 二零二五年九月八日 (包括首尾兩日)	Up to 20% (together with any Options I, II, III and IV which have not been exercised during the I, II, III and IV Periods) 最多20%(連同於期間I、II、III及IV尚未行使之任何購股權I、II、III及IV)

# DIRECTORS' REPORT

## 董事會報告

### SHARE OPTIONS (CONT'D)

Note: By virtue of a share consolidation of the Company whereby every 20 of then existing issued and unissued shares of HK\$0.01 each in the share capital of the Company was consolidated into 1 consolidated share of HK\$0.20 each. The share consolidation took effect on 16 May 2019.

The number of shares and exercise price under the share option scheme were adjusted accordingly.

### DIRECTORS AND CHIEF EXECUTIVES INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the following Directors and chief executives of the Company had or were deemed to have interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules related to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

#### Long Positions

#### Interests in the shares and underlying shares of the Company

Name of Directors/ chief executives	Capacity	Aggregate long position in the shares and underlying shares 於股份及 相關股份之 好倉總計	Approximate percentage of the issued share capital 佔已發行 股本概約 百分比
Wang Chuang 王闖	Beneficial Owner 實益擁有人	25,140,000	2.86%
Wu Weiliang 吳偉良	Beneficial Owner 實益擁有人	22,620,000	2.57%

Save as disclosed above, as at 31 December 2019, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

### 購股權 (續)

附註：由於本公司進行股份合併，本公司股本中其時每20股每股0.01港元的已發行及未發行股份合併為1股每股0.20港元的合併股份。股份合併於二零一九年五月十六日生效。

購股權計劃項下的股份數目及行使價亦作相應調整。

### 董事及最高行政人員於股份及相關股份之權益及淡倉

於二零一九年十二月三十一日，下列董事及本公司最高行政人員於本公司及其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中，擁有或被視作擁有(i)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或淡倉（包括彼等根據證券及期貨條例有關條文被當作或視作擁有之權益或淡倉）；或(ii)根據證券及期貨條例第352條須記入該條所述登記冊之權益或淡倉；或(iii)根據GEM上市規則第5.46至5.67條有關董事進行證券交易之規定須知會本公司及聯交所之權益或淡倉：

#### 好倉

#### 於本公司股份及相關股份之權益

Aggregate long position in the shares and underlying shares 於股份及 相關股份之 好倉總計	Approximate percentage of the issued share capital 佔已發行 股本概約 百分比
25,140,000	2.86%
22,620,000	2.57%

除上文所披露者外，於二零一九年十二月三十一日，概無董事或本公司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第XV部）之股份、相關股份或債券中擁有或被視作擁有(i)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或淡倉（包括彼等根據證券及期貨條例有關條文被當作或視作擁有之權益或淡倉）；或(ii)根據證券及期貨條例第352條須記入該條所述登記冊之權益或淡倉；或(iii)根據GEM上市規則第5.46至5.67條有關董事進行證券交易之規定須知會本公司及聯交所的權益或淡倉。

# DIRECTORS' REPORT

## 董事會報告

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

### 主要股東及其他人士於股份及相關股份之權益

#### Long positions

#### 好倉

#### Interests in the shares and underlying shares of the Company

#### 於本公司股份及相關股份之權益

Name of Shareholders 股東姓名／名稱	Capacity 身份	Aggregate long position in the shares and underlying shares 於股份及相關股份之好倉總計	Approximate percentage of the issued share capital 佔已發行股本概約百分比
China Orient Asset Management Co., Ltd (Note 1) 中國東方資產管理股份有限公司 (附註1)	Held by controlled Corporation 由受控法團持有	157,794,659	17.95%
China Orient Alternative Investment Fund (Note 1) (附註1)	Held by controlled Corporation 由受控法團持有	157,744,659	17.94%
All Favour Holdings Limited (Note 2) 全輝控股有限公司 (附註2)	Beneficial owner 實益擁有人	262,907,765	29.90%
Dai Yumin (Note 2) 戴昱敏 (附註2)	Held by Corporation 由受控法團持有	262,907,765	29.90%
	Beneficial owner 實益擁有人	875,000	0.01%
Mr. Xu Yi 徐毅先生	Held by controlled Corporation 由受控法團持有	262,907,765	29.90%

#### Notes:

#### 附註：

- Based on the disclosure of interests form both filed on 25 January 2018 by China Orient Asset Management Co., Ltd ("COAMC") and China Orient Alternative Investment Fund ("COAIF"), Optimus Prime Management Ltd. ("Optimus") has a security interest in 262,907,765 Shares and China Orient Asset Management (International) Holding Limited ("COAMI") has an interest in 19,200,000 Shares. Optimus is wholly owned by COAIF. COAIF is owned to 45% by COAMI. COAMI is owned as to (i) 50% by Wise Leader Assets Ltd. ("Wise Leader") which is wholly owned by Dong Yin Development (Holdings) Limited ("Dong Yin"); and (ii) 50% by Dong Yin which is wholly owned by COAMC.

- 根據中國東方資產管理股份有限公司(「中國東方資產管理」)及China Orient Alternative Investment Fund(「COAIF」)於二零一八年一月二十五日提交的權益披露表格，Optimus Prime Management Ltd.(「Optimus」)於262,907,765股股份中持有保證權益且中國東方資產管理(國際)控股有限公司(「中國東方資產管理國際」)於19,200,000股股份中擁有權益。Optimus由COAIF全資擁有，COAIF則由中國東方資產管理國際擁有45%。中國東方資產管理國際分別由(i)由東銀發展(控股)有限公司(「東銀」)全資擁有的Wise Leader Assets Ltd.(「Wise Leader」)擁有50%；及(ii)東銀(由中國東方資產管理全資擁有)擁有50%。

By virtue of the SFO, Wise Leader, Dong Yin and COAMC are deemed to be interested in 19,200,000 Shares held by COAMI, and COAIF, COAMI, Wise Leader, Dong Yin and COAMC are deemed to be interested in 262,907,765 Shares held by Optimus as security interest. As a result, Wise Leader, Dong Yin and COAMC are deemed to be interested in an aggregate of 262,907,765 Shares. Based on the disclosure of interests form both filed on 7 January 2020 by COAMC and COAIF, Optimus has decreased its security interest to 157,744,659 Shares and COAMI has remained its interest of 19,200,000 Shares. Based on the disclosure of interests form filed on 24 January 2020 by COAMC, COAMC has an interest of 157,794,659 Shares and COAMI ceased to have an interest in 19,200,000 Shares.

根據證券及期貨條例，Wise Leader、東銀及中國東方資產管理被視為於中國東方資產管理國際所持有的19,200,000股股份中擁有權益，而COAIF、中國東方資產管理國際、Wise Leader、東銀及中國東方資產管理被視為於Optimus持作保證權益的262,907,765股股份中擁有權益。因此，Wise Leader、東銀及中國東方資產管理被視為於合共262,907,765股股份中擁有權益。根據中國東方資產管理及COAIF所提交日期為二零二零年一月七日之權益披露表格，Optimus已將其抵押權益減少至157,744,659股股份，而中國東方資產管理國際仍於19,200,000股股份中擁有權益。根據中國東方資產管理所提交日期為二零二零年一月二十四日之權益披露表格，中國東方資產管理於157,794,659股股份中擁有權益，而中國東方資產管理國際不再於19,200,000股股份中擁有權益。

# DIRECTORS' REPORT

## 董事會報告

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONT'D)

#### Long positions (Cont'd)

#### Interests in the shares and underlying shares of the Company (Cont'd)

Notes: (Cont'd)

- All Favour Holdings Limited ("All Favour") is beneficially owned as to (i) 40% by Nat-Ace Wood Industry Ltd. ("Nat-Ace Wood Industry") and 20% by Honour Top Holdings Limited, of which Nat-Ace Wood Industry is ultimately and wholly-owned by Mr. Xu Yi ("Mr. Xu") and Honour Top Holdings Limited is ultimately wholly owned by Mr. Dai Yumin ("Mr. Dai"), and (ii) 40% by Mr. Dai. Moreover, All Favour has been the beneficial owner of 262,907,765 Shares. By virtue of the SFO, Mr. Dai, Mr. Xu and Nat-Ace Wood Industry are deemed to be interested in 262,907,765 Shares in which All Favour is interested in.

On 16 September 2015, Mr. Dai was granted 17,500,000 share options by the Company under the share option scheme adopted by the Company on 14 September 2011 entitling him to subscribe for 17,500,000 Shares at the exercise price of HK\$0.45 per Share, subject to the terms and conditions of the share option scheme of the Company. The number of Shares to be issued upon full exercise of the said share options and the exercise price per Share were adjusted to 875,000 Shares and HK\$9.00 per Share with effect from 16 May 2019 as a result of the share consolidation of the Company, details of which were disclosed in the announcement of the Company dated 15 May 2019. Assuming the share options granted to Mr. Dai has been exercised in full, Mr. Dai shall hold an aggregate of 875,000 Shares as beneficial owner. By virtue of the SFO, Mr. Dai, together with his deemed interests in All Favour, was deemed to be interested in an aggregate of 263,782,765 shares of the Company. All Favour has pledged its interests in 157,744,659 Shares in favour of Optimus.

Save as disclosed above, as at 31 December 2019, the Directors are not aware that there is any other party (other than the Directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company (i) which would fall to be disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

### 主要股東及其他人士於股份及相關股份之權益(續)

#### 好倉(續)

#### 於本公司股份及相關股份之權益(續)

附註：(續)

- 全輝控股有限公司(「全輝」)由(i)邦強木業有限公司(「邦強木業」)實益擁有40%及Honour Top Holdings Limited實益擁有20%，其中邦強木業由徐毅先生(「徐先生」)最終全資擁有，而Honour Top Holdings Limited由戴昱敏先生(「戴先生」)最終全資擁有，及(ii)戴先生實益擁有40%。此外，全輝為262,907,765股股份之實益擁有人。根據證券及期貨條例，戴先生、徐先生及邦強木業被視為於全輝擁有權益的262,907,765股股份中擁有權益。

於二零一五年九月十六日，戴先生獲本公司根據於二零一一年九月十四日採納的購股權計劃授予17,500,000份購股權，賦予其權利可按每股0.45港元之行使價認購17,500,000股股份，惟須遵守購股權計劃之條款及條件。本公司的股份合併令於悉數行使上述購股權時將予發行之股份數目及每股行使價分別調整為875,000股股份及每股9.00港元，自二零一九年五月十六日起生效，有關詳情披露於本公司日期為二零一九年五月十五日之公告。假設授予戴先生之購股權獲悉數行使，戴先生將作為實益擁有人持有合共875,000股股份。根據證券及期貨條例，連同彼被視為於全輝擁有之權益，戴先生被視為於合共263,782,765股本公司股份中擁有權益。全輝已將其於157,744,659股股份中的權益抵押予Optimus。

除上文所披露者外，於二零一九年十二月三十一日，董事概不知悉任何其他人士(董事及本公司最高行政人員除外)於本公司股份、相關股份及債券中，擁有或被視作擁有(i)根據證券及期貨條例第XV部第2及3分部之條文須向本公司及聯交所披露之權益或淡倉；或(ii)根據證券及期貨條例第336條須記入該條所述登記冊內之權益或淡倉。

# DIRECTORS' REPORT

## 董事會報告

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES" in this report, at no time during the Reporting Period were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or chief executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire such rights or benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### CONNECTED TRANSACTION

The Company had not entered into any connected transaction during the Reporting Period which is required to be disclosed under the GEM Listing Rules.

### EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVES AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and chief executives and the five highest paid individuals of the Group are set out in note 10 to the financial statements.

### EMOLUMENT POLICY

A Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of the scheme are set out in note 38 to the financial statements.

### DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or the substantial shareholders of the Company, or any of their respective close associates (as defined under the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

### 董事收購股份或債權證之權利

除本報告「董事及最高行政人員於股份及相關股份之權益及淡倉」一節所披露者外，於報告期間任何時間，任何董事或本公司最高行政人員或彼等各自之配偶或未滿18歲子女概無獲授可透過收購本公司股份或債權證而獲益之任何權利，彼等亦無行使任何上述權利；本公司或其附屬公司亦無訂立任何安排，使董事可透過收購本公司或任何其他法團之股份或債權證以獲取該等權利或利益。

### 關連交易

本公司於報告期間概無訂立任何根據GEM上市規則須予披露的關連交易。

### 董事及最高行政人員以及五位最高薪人士之酬金

董事及最高行政人員以及本集團五位最高薪人士之酬金詳情載於財務報表附註10。

### 薪酬政策

成立薪酬委員會旨在根據本集團之經營業績、個人表現及可資比較之市場慣例，檢討本集團之薪酬政策及本集團全體董事及高級管理層之薪酬架構。

本公司已採納一項購股權計劃，作為對董事及合資格僱員之獎勵，該計劃之詳情載於財務報表附註38。

### 董事於競爭性業務之權益

董事或本公司主要股東或彼等各自之任何緊密聯繫人（定義見GEM上市規則）概無在與本集團業務產生競爭或可能產生競爭之業務中擁有任何權益。

# DIRECTORS' REPORT

## 董事會報告

### MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 14% of the Group's total turnover for the year. In particular, sales to the largest customer of the Group accounted for approximately 4% of the Group's total turnover for the year.

Purchases from the Group's five largest suppliers accounted for approximately 33% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 12% of the Group's total purchases for the year.

None of the Directors of the Company, their close associates (as defined under GEM Listing Rules) or any Shareholder (which to the knowledge of the Directors of the Company own more than 5% of the Company's issued share capital) had any beneficial interests in the Group's five largest customers or suppliers.

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

### CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 52 to 82. The Directors believe the long term financial performance as opposed to short term rewards is a corporate governance objective. The Board would not take undue risks to make short term gains at the expense of long term objectives.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the GEM Listing Rules.

### DIVIDEND POLICY

The Directors acknowledge the importance of stakeholders' engagement, and would make effort to share the Group's results with shareholders by dividend payment. The Directors will determine the portion and actual amount of distribution out of profits based on various factors, including but not limited to the Group's financial condition, funding for R&D, cash availability and future plans.

### 主要客戶及供應商

本集團向五大客戶的銷售佔本集團本年度總營業額約14%。就此而言，本集團向最大客戶的銷售佔本集團本年度的總營業額約4%。

本集團向五大供應商的採購佔本集團本年度總採購額約33%。就此而言，本集團向最大供應商的採購佔本集團本年度的總採購額約12%。

概無本公司董事、其緊密聯繫人(定義見GEM上市規則)或任何股東(就本公司董事所悉，持有本公司已發行股本超過5%)於本集團五大客戶或供應商擁有任何實益權益。

### 購買、贖回或出售本公司上市證券

於截至二零一九年十二月三十一日止年度，本公司及其任何附屬公司概無購買、贖回或出售任何本公司上市證券。

### 企業管治

本公司一直維持高水平之企業管治常規。本公司所採納之企業管治常規詳情乃載於第52至第82頁之企業管治報告。董事相信，企業管治目標乃著眼於長期財務表現而非局限於短期回報。董事會不會冒不必要之風險，以獲取短期收益而犧牲遠景規劃。

### 足夠之公眾持股量

根據本公司所獲之公開資料，以及據董事於本年報日期所知，本公司一直維持GEM上市規則規定之公眾持股量。

### 股息政策

董事重視持份者的參與，並將努力透過派付股息與股東分享本集團的業績。董事將根據各種因素釐定溢利分配的部分及實際金額，包括但不限於本集團的財務狀況、研發資金、可用現金及未來計劃。

# DIRECTORS' REPORT

## 董事會報告

### INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors the written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

### AUDIT COMMITTEE

The Audit Committee has three members, comprising of our independent non-executive Directors, namely Ms. Yang Ying (the chairman of Audit Committee), Ms. Huo Chunyu and Dr. Fang Jun. The Audit Committee has reviewed the Company's audited consolidated financial statements for the year ended 31 December 2019.

### PRE-EMPTIVE RIGHTS

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

### AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

**Wang Chuang**  
*Chairman*

Hong Kong, 30 June 2020

### 獨立非執行董事

本公司已接獲各獨立非執行董事根據GEM上市規則第5.09條就其獨立性發出之書面確認。本公司認為全體獨立非執行董事均為獨立人士。

### 審核委員會

審核委員會有三名成員，包括獨立非執行董事，即楊滢女士（審核委員會主席）、霍春玉女士及方俊博士。審核委員會已審閱截至二零一九年十二月三十一日止年度本公司經審核綜合財務報表。

### 優先購買權

本公司之組織章程細則或開曼群島法例並無載列優先購買權條文，以規定本公司須按比例基準向本公司現有股東發售新股份。

### 核數師

有關續聘香港立信德豪會計師事務所有限公司為本公司核數師之決議案，將於本公司應屆股東週年大會上提呈。

代表董事會

**王闖**  
*主席*

香港，二零二零年六月三十日



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



Tel : +852 2218 8288  
Fax : +852 2815 2239  
www.bdo.com.hk

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話：+852 2218 8288  
傳真：+852 2815 2239  
www.bdo.com.hk

香港干諾道中111號  
永安中心25樓

**TO THE SHAREHOLDERS OF  
CHINA REGENERATIVE MEDICINE INTERNATIONAL LIMITED**  
*(incorporated in the Cayman Islands with limited liability)*

致中國再生醫學國際有限公司各股東

(於開曼群島註冊成立之有限公司)

### DISCLAIMER OF OPINION

### 不發表意見

We were engaged to audit the consolidated financial statements of China Regenerative Medicine International Limited (the "Company") and its subsidiaries (together referred to as the "Group") set out on pages 123 to 243, which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

本核數師(以下簡稱「我們」)已獲委任以審計列載於第123至243頁的中國再生醫學國際有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收入表、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。

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

我們不對 貴集團綜合財務報表發表意見。由於本報告「不發表意見之基礎」一節所述之事項關係重大，我們未能取得足夠及適當之審核憑證，以為該等綜合財務報表提供審核意見基礎。我們認為，綜合財務報表於所有其他方面已遵照香港公司條例的披露規定妥為編製。

### BASIS FOR DISCLAIMER OF OPINION

### 不發表意見之基礎

#### *Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements*

#### **與編製綜合財務報表的持續經營基準有關的範圍限制**

As set out in note 3(b) in the consolidated financial statements, which indicates that the Group had incurred a loss of approximately HK\$447,743,000 and operating cash outflows of approximately HK\$23,332,000 for the year ended 31 December 2019. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

誠如綜合財務報表附註3(b)所述，貴集團於截至二零一九年十二月三十一日止年度產生虧損約447,743,000港元及經營現金流出約23,332,000港元。該等狀況表明存在可能對 貴集團持續經營能力產生重大疑慮之重大不確定因素。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### BASIS FOR DISCLAIMER OF OPINION (CONT'D)

As detailed in note 3(b) to the consolidated financial statements, in view of the above circumstances, the directors have prepared a cash flow forecast of the Group which takes into account of the major assumptions including (i) Mr. Xiong, buyer of the Group's financial assets, would be able to settle the remaining consideration for the acquisition of financial assets from the Group (the "Remaining Consideration") amounted to HK\$85.4 million in full by instalments due on 30 September 2020 and 30 December 2020 as scheduled; and (ii) the beneficial controlling party of the Company's substantial shareholder, who undertakes to provide sufficient financial resources to the Group, has the financial ability to provide continuing and sufficient financial support to the Group to meet its operating needs and financial obligations. Based on the cash flow forecast, the directors consider the Group will have sufficient working capital to meet its operating and financing needs as and when they fall due for a period up to 30 June 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the preparation of the consolidated financial statements on a going concern basis largely depends on whether the above-mentioned major assumptions are reasonable and supportable.

However, the directors of the Company have not provided us with sufficient documentary evidence to support Mr. Xiong has sufficient financial capacity to fully settle the Remaining Consideration as scheduled and the beneficial controlling party of the Company's substantial shareholder is capable to provide the financial support to the Group. Accordingly, we were unable to satisfy ourselves regarding the Group's ability to continue as a going concern and to conclude on the appropriateness of preparing the consolidated financial statements on a going concern basis.

The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the Group's assets to their net realisable amounts, to provide for any liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

### 不發表意見之基礎(續)

誠如綜合財務報表附註3(b)所詳述，鑑於上述情況，董事已編製 貴集團現金流量預測，當中計及主要假設，包括(i)熊先生( 貴集團金融資產的買家)將能夠按計劃於二零二零年九月三十日及二零二零年十二月三十日期時分批次全數結算自 貴集團收購金融資產的餘下代價(「餘下代價」)達85,400,000港元；及(ii) 貴公司主要股東的實益控制方，承諾向 貴集團提供足夠的財務資源，並且具向 貴集團提供持續及足夠財務支持滿足其營運需求及財務承擔的財務能力。根據現金流量預測，董事認為 貴集團將擁有充足的營運資金，滿足截止至二零二一年六月三十日期間內到期的營運及資金需求。因此，董事信納，按持續經營基準編製綜合財務報表實屬適當。

按持續經營基準編製綜合財務報表的適當性主要取決於上述主要假設是否合理及有有理據支持。

然而， 貴公司董事未曾向我們提供充足文件憑證實熊先生擁有充足財務能力以如期悉數結付餘下代價，及 貴公司主要股東的實益控股人士能夠為 貴集團提供財務支持。因此我們未能信納 貴集團持續經營能力，亦未能認定按持續經營基準編製綜合財務報表是否適當。

倘持續經營基準編製被釐定為不適當，則綜合財務報表不包括任何可能屬必要的調整。這將包括將 貴集團資產撇減至其可變現淨值的任何調整，以就可能產生的任何負債計提撥備，並將非流動資產及非流動負債分別重新分類為流動資產及流動負債。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

#### **BDO Limited**

*Certified Public Accountants*

#### **Lam Pik Wah**

Practising Certificate Number P05325

Hong Kong, 30 June 2020

### 董事就綜合財務報表須承擔的責任

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

在擬備綜合財務報表時，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。

董事亦負責監督 貴集團的財務申報過程。審核委員會協助董事履行其於此方面的責任。

### 核數師就審計綜合財務報表須承擔的責任

我們的責任是根據香港會計師公會頒佈的香港審計準則審核 貴集團的綜合財務報表並出具核數師報告。根據我們的委聘條款，本報告僅向閣下(作為整體)作出，除此之外別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

然而，由於我們的報告「不發表意見之基礎」一節所述事宜，我們未能取得充足的適當審計憑證，為該等綜合財務報表提供審計意見基準。

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。

#### **香港立信德豪會計師事務所有限公司**

*執業會計師*

#### **林碧華**

執業證書號碼：P05325

香港，二零二零年六月三十日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## 綜合損益及其他全面收入表

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

		Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Revenue</b>	<b>收益</b>	6	<b>47,971</b>	72,952
Cost of sales	銷售成本		<b>(19,052)</b>	(45,946)
<b>Gross profit</b>	<b>毛利</b>		<b>28,919</b>	27,006
Other income, gain and loss	其他收入、收益及虧損	6	<b>18,111</b>	23,857
Selling and distribution expenses	銷售及分銷開支		<b>(56,264)</b>	(134,695)
Administrative and other expenses	行政及其他開支		<b>(201,055)</b>	(324,017)
Fair value loss on contingent consideration receivables	應收或然代價之公平值虧損	19	<b>(4,587)</b>	(26,271)
Recognition of expected credit loss on trade receivables	確認貿易應收款項預期信貸虧損	23	<b>(1,149)</b>	(139,006)
(Recognition)/Reversal of expected credit loss on other receivables	(確認)/撥回其他應收款項預期信貸虧損	23	<b>(19,636)</b>	2,458
Fair value gain/(loss) on financial assets at fair value through profit or loss	按公平值於損益列賬之金融資產之公平值收益/(虧損)		<b>1,224</b>	(113,803)
Impairment of goodwill	商譽減值	18	<b>-</b>	(202,292)
Impairment of property, plant and equipment	物業、廠房及設備減值	15	<b>(94,118)</b>	(168,486)
Impairment of other intangible assets	其他無形資產減值	20	<b>(70,697)</b>	(275,896)
Impairment of right-of-use assets	使用權資產之減值	17	<b>(52,049)</b>	-
Finance costs	財務費用	8	<b>(5,343)</b>	(21,654)
<b>Loss before income tax</b>	<b>除所得稅前虧損</b>	9	<b>(456,644)</b>	(1,352,799)
Income tax credit	所得稅抵免	12	<b>8,901</b>	68,884
<b>Loss for the year</b>	<b>本年度虧損</b>		<b>(447,743)</b>	(1,283,915)
<b>Other comprehensive income</b>	<b>其他全面收入</b>			
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益之項目：			
Exchange gain/(loss) on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌收益/(虧損)		<b>13,573</b>	(14,311)
Release of translation reserves upon disposal of a subsidiary	因出售一附屬公司而解除之折算儲備		<b>(4,245)</b>	-
Item that may not be reclassified subsequently to profit or loss:	其後不可重新分類至損益之項目：			
Financial assets at fair value through other comprehensive income	按公平值於其他全面收益列賬之金融資產		<b>(129,923)</b>	(3,777)
Other comprehensive income for the year	本年度其他全面收入		<b>(120,595)</b>	(18,088)
<b>Total comprehensive income for the year</b>	<b>年度全面總收入</b>		<b>(568,338)</b>	(1,302,003)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收入表

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

		Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Loss for the year attributable to:</b>	以下人士應佔本年度虧損：			
Owners of the Company	本公司擁有人		<b>(395,006)</b>	(1,193,501)
Non-controlling interests	非控股股東權益		<b>(52,737)</b>	(90,414)
			<b>(447,743)</b>	(1,283,915)
<b>Total comprehensive income for the year attributable to:</b>	以下人士應佔本年度全面總收入：			
Owners of the Company	本公司擁有人		<b>(515,683)</b>	(1,210,195)
Non-controlling interests	非控股股東權益		<b>(52,655)</b>	(91,808)
			<b>(568,338)</b>	(1,302,003)
<b>Loss per share for loss for the year attributable to owners of the Company</b>	本公司擁有人應佔本年度虧損之每股虧損			(restated) (經重列)
Basic (HK\$)	基本(港元)	14	<b>(0.449)</b>	(1.357)
Diluted (HK\$)	攤薄(港元)		<b>(0.449)</b>	(restated) (經重列) (1.357)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

As at 31 December 2019 於二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	15	1,516	105,245
Land use rights	土地使用權	16	-	4,091
Right-of-use assets	使用權資產	17	-	-
Goodwill	商譽	18	-	-
Other intangible assets	其他無形資產	20	16,345	111,844
Deposits for acquisition of subsidiaries	收購附屬公司之按金	37	146,512	145,457
Pledged bank deposits	已抵押銀行存款	25	-	28,200
Financial assets at fair value through other comprehensive income	按公平值於全面收益列賬之金融資產	21	31,522	161,445
Non-current rental deposit	非流動租賃按金	23	14,044	-
			<b>209,939</b>	556,282
<b>Current assets</b>	<b>流動資產</b>			
Contingent consideration receivables	應收或然代價	19	-	4,587
Inventories	存貨	22	6,738	32,375
Trade receivables	應收貿易賬項	23	4,012	4,128
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	23	14,514	117,825
Financial assets at fair value through profit or loss	按公平值於損益列賬之金融資產	24	299,520	298,296
Pledged bank deposits	已抵押銀行存款	25	-	389,368
Cash and bank balances	現金及銀行結餘	25	19,210	20,062
			<b>343,994</b>	866,641
<b>Current liabilities</b>	<b>流動負債</b>			
Trade payables	應付貿易賬項	26	19,638	24,210
Accrued charges and other payables	應計費用及其他應付賬項	27	181,153	143,959
Contract liabilities	合約負債	28	21,169	28,676
Lease liabilities	租賃負債	17	24,094	-
Shareholder loans	股東貸款	29	-	58,334
Bank borrowings	銀行借款	31	-	366,400
Other borrowing	其他借款	30	55,172	-
Current tax liabilities	當期稅項負債		-	1,520
			<b>301,226</b>	623,099
<b>Net current assets</b>	<b>淨流動資產</b>		<b>42,768</b>	243,542

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

As at 31 December 2019 於二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>ASSETS AND LIABILITIES</b>	<b>資產及負債</b>			
<b>Total assets less current liabilities</b>	<b>總資產減流動負債</b>		<b>252,707</b>	799,824
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Shareholder loans	股東貸款	29	<b>207,298</b>	200,000
Bank borrowings	銀行借款	31	-	22,900
Lease liabilities	租賃負債	17	<b>25,425</b>	-
Deferred taxation	遞延稅項	32	<b>2,351</b>	9,661
			<b>235,074</b>	232,561
<b>NET ASSETS</b>	<b>淨資產</b>		<b>17,633</b>	567,263
<b>CAPITAL AND RESERVES</b>	<b>資本及儲備</b>			
Share capital	股本	33	<b>175,858</b>	175,858
Reserves	儲備		<b>(83,032)</b>	429,921
<b>Equity attributable to owners of the Company</b>	<b>本公司擁有人應佔權益</b>		<b>92,826</b>	605,779
<b>Non-controlling interests</b>	<b>非控股股東權益</b>		<b>(75,193)</b>	(38,516)
<b>Total equity</b>	<b>總權益</b>		<b>17,633</b>	567,263

On behalf of the directors

代表董事

**Wang Chuang**  
王闖  
Director  
董事

**Qiu Bin**  
邱斌  
Director  
董事

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

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

		Attributable to owners of the Company								Non-controlling interests 非控股股東權益	Total equity 權益合計	
		本公司擁有人應佔										
		Share capital	Share premium	Translation reserve	Special reserve	Other reserve	Share option reserve	FVOCI reserve	Accumulated losses	Sub-total		
		股本	股份溢價	換算儲備	特殊儲備	其他儲備	購股權儲備	按公平值於其他全面收入列賬的儲備	累計虧損	小計		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(note 33)										
		(附註33)										
<b>Balance as at 1 January 2018</b>	於二零一八年一月一日之結餘	175,858	3,196,996	(20,078)	(200)	(410,463)	52,929	52,294	(1,230,813)	1,816,523	53,292	1,869,815
Loss for the year	年內虧損	-	-	-	-	-	-	-	(1,193,501)	(1,193,501)	(90,414)	(1,283,915)
<b>Other comprehensive income</b>	<b>其他全面收入</b>											
Exchange loss on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌虧損	-	-	(12,917)	-	-	-	-	-	(12,197)	(1,394)	(14,311)
Fair value change of FVOCI	按公平值於其他全面收入列賬之公平值變動	-	-	-	-	-	-	(3,777)	-	(3,777)	-	(3,777)
<b>Total comprehensive income for the year</b>	<b>年內全面收益總額</b>	-	-	(12,917)	-	-	-	(3,777)	(1,193,501)	(1,210,195)	(91,808)	(1,302,003)
Equity-settled share-based payments (note 38)	以股權結算的以股份為基礎的付款(附註38)	-	-	-	-	-	(549)	-	-	(549)	-	(549)
Lapse of share options (note 38)	購股權失效(附註38)	-	-	-	-	-	(10,224)	-	10,224	-	-	-
<b>Balance at 31 December 2018</b>	於二零一八年十二月三十一日之結餘	175,858	3,196,996	(32,995)	(200)	(410,463)	42,156	48,517	(2,414,090)	605,779	(38,516)	567,263



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

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

		Attributable to owners of the Company								Non-controlling interests 非控股股東權益	Total equity 權益合計	
		本公司擁有人應佔										
		Share capital	Share premium	Translation reserve	Special reserve	Other reserve	Share option reserve	FVOCI reserve	Accumulated losses	Sub-total		
		股本	股份溢價	換算儲備	特殊儲備	其他儲備	購股權儲備	按公平值於其他全面收入列賬的儲備	累計虧損	小計		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(note 33)										
		(附註33)										
Balance at 31 December 2018	於二零一八年十二月三十一日之結餘	175,858	3,196,996	(32,995)	(200)	(410,463)	42,156	48,517	(2,414,090)	605,779	(38,516)	567,263
Loss for the year	年內虧損	-	-	-	-	-	-	-	(395,006)	(395,006)	(52,737)	(447,743)
Other comprehensive income	其他全面收入											
Exchange gain on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌收益	-	-	13,491	-	-	-	-	-	13,491	82	13,573
Release of translation reserve upon disposal of a subsidiary	因出售一附屬公司而解除之折算儲備	-	-	(4,245)	-	-	-	-	-	(4,245)	-	(4,245)
Fair value change of FVOCI	按公平值於其他全面收入列賬之公平值變動	-	-	-	-	-	-	(129,923)	-	(129,923)	-	(129,923)
Total comprehensive income for the year	年內全面收益總額	-	-	9,246	-	-	-	(129,923)	(395,006)	(515,683)	(52,655)	(568,338)
Deemed capital contribution from shareholder	視作來自股東的注資	-	-	-	-	13,341	-	-	-	13,341	-	13,341
Equity-settled share-based payments (note 38)	以股權結算的以股份為基礎的付款(附註38)	-	-	-	-	-	5,367	-	-	5,367	-	5,367
Lapse of share options (note 38)	購股權失效(附註38)	-	-	-	-	-	(7,224)	-	7,224	-	-	-
Acquisition of non-controlling interest	收購非控股股東權益	-	-	-	-	(15,978)	-	-	-	(15,978)	15,978	-
Balance at 31 December 2019	於二零一九年十二月三十一日之結餘	175,858	3,196,996	(23,749)	(200)	(413,100)	40,299	(81,406)	(2,801,872)	92,826	(75,193)	17,633

The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for their acquisition at the time of the Group's reorganisation in 2001.

特殊儲備指本集團於二零零一年重組時，被收購附屬公司股份面值與本公司就收購該等附屬公司而予以發行之本公司股份面值之差額。

The other reserve represents (1) the difference between the fair value of consideration paid to increase the shareholding in subsidiaries and the amount of adjustment to non-controlling interest; and (2) deemed capital contribution from shareholders, represented the difference between the principal amount of the shareholder's loan and its fair value. The fair value is determined by discounting the estimate future cash flows throughout the expected life of the repayment.

其他儲備指(1)就增加於附屬公司之股權所付代價之公平值與非控股股東權益調整金額之差額及(2)視作股東注資指股東貸款本金額與其公平值之間的差額。公平值按整個預期償還期間貼現估計未來現金流釐定。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

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

		Year ended 31 December 2019 截至 二零一九年 十二月三十一日 止年度 HK\$'000 千港元	Year ended 31 December 2018 截至 二零一八年 十二月三十一日 止年度 HK\$'000 千港元
	Notes 附註		
<b>Cash flows from operating activities</b>	<b>經營活動之現金流量</b>		
Loss before income tax	除所得稅前虧損	(456,644)	(1,352,799)
Adjustments for:	經調整：		
Amortisation of land use rights	土地使用權攤銷	-	106
Amortisation of other intangible assets	其他無形資產攤銷	22,845	43,386
Depreciation of right-of-use assets	使用權資產折舊	20,154	-
Depreciation of owned property, plant and equipment	自有物業、廠房及設備折舊	8,692	26,210
Interest income	利息收入	(415)	(7,026)
Gain on disposal of a subsidiary	出售附屬公司之收益	(8,676)	-
Gain on disposals of property, plant and equipment, net	出售物業、廠房及設備之收益(淨額)	(587)	-
Fair value change on financial assets at fair value through profit or loss	按公平值於損益列賬之金融資產之公平值變動	(1,224)	113,803
Fair value loss on contingent consideration receivables	應收或然代價之公平值虧損	4,587	26,271
Equity-settled share-based payment expenses	以權益結算之股權支付費用	5,367	(549)
Interest expenses	利息費用	5,343	21,654
Impairment loss on goodwill	商譽減值虧損	-	202,292
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	94,118	168,486
Impairment loss on intangible assets	無形資產之減值虧損	70,697	275,896
Impairment loss on right-of-use assets	使用權資產減值虧損	52,049	-
Recognition of expected credit loss on trade receivables	確認貿易應收款項預期信貸虧損	1,149	139,006
Recognition/(Reversal) of expected credit loss on other receivables	確認/(撥回)其他應收款項預期信貸虧損	19,636	(2,458)
Inventory written off	存貨撤銷	22,598	-
<b>Operating loss before working capital changes</b>	<b>營運資金變動前之經營虧損</b>	<b>(140,311)</b>	<b>(345,722)</b>
Decrease/(increase) in inventories	存貨減少/(增加)	1,859	(5,079)
Decrease in trade receivables	應收貿易賬項減少	1,730	117,654
Decrease in deposits, prepayments and other receivables	按金、預付款項及其他應收款項減少	88,117	347,636
Change in financial assets at fair value through profit or loss	按公平值於損益列賬之金融資產變動	-	74,097
(Decrease)/increase in trade payables	應付貿易賬項(減少)/增加	(3,965)	(202,080)
(Decrease)/increase in contract liabilities	合約負債(減少)/增加	(7,507)	5,107
Increase in accrued charges and other payables	應計費用及其他應付賬項增加	36,745	27,138
<b>Cash (used in)/generated from operations</b>	<b>經營業務(耗用)/所得之現金</b>	<b>(23,332)</b>	<b>18,751</b>
Income taxes paid	已付所得稅	-	-
<b>Net cash (used in)/generated from operating activities</b>	<b>經營活動(耗用)/所得現金淨額</b>	<b>(23,332)</b>	<b>18,751</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

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

		Year ended 31 December 2019 截至 二零一九年 十二月三十一日 止年度 HK\$'000 千港元	Year ended 31 December 2018 截至 二零一八年 十二月三十一日 止年度 HK\$'000 千港元
	Notes 附註		
<b>Cash flows from investing activities</b>	<b>投資活動之現金流量</b>		
Interest received	已收利息	415	7,026
Decrease in pledged and restricted deposits deposits	已抵押存款及受限制存款減少	407,647	400,494
Payment of deposits for acquisition of subsidiaries	收購附屬公司按金付款	(2,195)	(45,457)
Purchase of property, plant and equipment	購置物業、廠房及設備	(2,190)	(13,221)
Purchase of other intangible assets	購置其他無形資產	(3,549)	-
Net cash inflow from disposal of subsidiary	出售附屬公司之現金流入淨額	4,998	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	1,666	1,315
<b>Net cash generated from investing activities</b>	<b>投資活動所得現金淨額</b>	<b>406,792</b>	<b>350,157</b>
<b>Cash flows from financing activities</b>	<b>融資活動之現金流量</b>		
Repayment of shareholder's loan	償還股東貸款	(37,695)	(214,208)
Repayment of bank borrowings	償還銀行借款	(389,300)	(343,500)
Repayment of principal elements of lease liabilities	償還租賃負債本金部分	(18,235)	-
Interest on lease liabilities paid	已付租賃負債利息	(2,285)	-
Proceed from other borrowings	其他借款所得款項	55,172	-
Interest paid on bank borrowings	已付銀行借款之利息	(1,405)	(21,654)
<b>Net cash used in financing activities</b>	<b>融資活動耗用現金淨額</b>	<b>(393,748)</b>	<b>(579,362)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>現金及現金等值項目之減少淨額</b>	<b>(10,288)</b>	<b>(210,454)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>年初之現金及現金等值項目</b>	<b>20,062</b>	<b>244,373</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>匯率變動對現金及現金等值項目之影響</b>	<b>(485)</b>	<b>(13,857)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>年末之現金及現金等值項目</b>	<b>9,289</b>	<b>20,062</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 1. GENERAL INFORMATION

China Regenerative Medicine International Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Revision 2001) of Cayman Islands on 20 April 2001. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is Rooms 3006-10, 30/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. Details of the activities of its principal subsidiaries are set out in note 40 to the financial statements. The Company and its subsidiaries are collectively referred to as the “Group” hereafter.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

The financial statements for the year ended 31 December 2019 were approved for issue by the board of directors on 30 June 2020.

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3 Business Combinations, HKFRS 11 Joint Arrangements, HKAS 12 Income Taxes and HKAS 23 Borrowing Costs

Except as explained below, the adoption of these new and amended HKFRSs did not result in significant changes to the Group’s accounting policies and had no material impact on how the results and financial positions for the current and prior periods have been prepared and presented.

### 1. 一般資料

中國再生醫學國際有限公司(「本公司」)於二零零一年四月二十日根據開曼群島公司法(二零零一年修訂版)在開曼群島註冊成立為獲豁免有限公司。其註冊辦事處及主要營業地點之地址分別為P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands及香港灣仔港灣道26號華潤大廈30樓3006-10室。本公司股份於香港聯合交易所有限公司(「聯交所」)GEM上市。

本公司乃一間投資控股公司，其主要附屬公司之業務詳情載於財務報表附註40。本公司及其附屬公司下文統稱為「本集團」。

綜合財務報表以港元(「港元」)呈列，除另有訂明者外。

截至二零一九年十二月三十一日止年度的財務報表已於二零二零年六月三十日獲董事會批准刊發。

### 2. 採納香港財務報告準則(「香港財務報告準則」)

#### 2.1 採納新訂／經修訂香港財務報告準則—自二零一九年一月一日起生效

香港財務報告準則第16號	租賃
香港(國際財務報告詮釋委員會)詮釋第23號	所得稅處理的不確定性
香港財務報告準則第9號修訂本	具負補償之提前還款特性
香港會計準則第19號修訂本	計劃修訂、縮減或清償
香港會計準則第28號修訂本	於聯營公司及合營企業之長期權益
香港財務報告準則二零一五年至二零一七年週期之年度改進	香港財務報告準則第3號修訂本，業務合併；香港財務報告準則第11號修訂本，合營安排；香港會計準則第12號修訂本，所得稅；香港會計準則第23號修訂本，借貸成本

除下文所述者外，採納該等新訂及經修訂香港財務報告準則並無導致本集團會計政策的重大變動，對本期間及過往期間業績及財務狀況的編製及呈列方式並無重大影響。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT'D)

#### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2019 (Cont'd)

##### (i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases (“HKAS 17”), 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. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.1 採納新訂／經修訂香港財務報告準則－自二零一九年一月一日起生效（續）

##### (i) 採納香港財務報告準則第16號的影響

香港財務報告準則第16號為租賃會計（主要為承租人之會計）之會計處理帶來重大變動。其取代香港會計準則第17號租賃（「香港會計準則第17號」）、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的內容。在承租人之角度，幾乎所有租賃均於財務狀況表內確認為使用權資產及租賃負債，該原則中少數例外情況為租賃之相關資產為低價值或釐定為短期租賃。在出租人之角度，會計處理大致上與香港會計準則第17號維持不變。有關香港財務報告準則第16號對租賃的新定義、對本集團會計政策的影響以及香港財務報告準則第16號項下允許本集團採納之過渡方法之詳情，請參閱本附註第(ii)至(iv)節。

本集團採用修訂追溯方法應用香港財務報告準則第16號。根據香港財務報告準則第16號過渡條文的許可，二零一八年所呈列比較資料並未重列，並繼續根據香港會計準則第17號及相關詮釋呈報。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT’D)

#### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2019 (Cont’d)

##### (i) Impact of the adoption of HKFRS 16 (Cont’d)

The following tables summarised the impact of transition to HKFRS 16 on statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

		HK\$'000 千港元
<b>Statement of financial position as at 1 January 2019</b>	<b>於二零一九年一月一日的財務狀況表</b>	
Right-of-use assets	使用權資產	106,858
Land use rights	土地使用權	(4,091)
Lease liabilities (non-current)	租賃負債(非流動)	81,534
Lease liabilities (current)	租賃負債(流動)	21,233

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 January 2019:

##### Reconciliation of operating lease commitment to lease liabilities

		HK\$'000 千港元
Operating lease commitment as of 31 December 2018	於二零一八年十二月三十一日的經營租賃承擔	118,731
Less: short term leases for which lease terms end within 31 December 2019	減：租賃期間於二零一九年十二月三十一日內結束之短期租賃	(4,465)
Less: leases of low-value assets	減：低價值資產租賃	(177)
Less: future interest expenses	減：未來利息開支	(11,322)
<b>Total lease liabilities as of 1 January 2019</b>	<b>於二零一九年一月一日的租賃負債總額</b>	<b>102,767</b>

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 January 2019 was 4.93%.

### 2. 採納香港財務報告準則(「香港財務報告準則」)(續)

#### 2.1 採納新訂/經修訂香港財務報告準則—自二零一九年一月一日起生效(續)

##### (i) 採納香港財務報告準則第16號的影響(續)

下表概述過渡至香港財務報告準則第16號對於二零一八年十二月三十一日至二零一九年一月一日的財務狀況表之影響(增加/減少)：

		HK\$'000 千港元
<b>Statement of financial position as at 1 January 2019</b>	<b>於二零一九年一月一日的財務狀況表</b>	
Right-of-use assets	使用權資產	106,858
Land use rights	土地使用權	(4,091)
Lease liabilities (non-current)	租賃負債(非流動)	81,534
Lease liabilities (current)	租賃負債(流動)	21,233

以下對賬說明截至二零一八年十二月三十一日應用香港會計準則第17號披露之經營租賃承擔如何可與於二零一九年一月一日之務狀況表中確認於首次應用日期租賃負債進行對賬：

##### 經營租賃承擔與租賃負債之對賬

		HK\$'000 千港元
Operating lease commitment as of 31 December 2018	於二零一八年十二月三十一日的經營租賃承擔	118,731
Less: short term leases for which lease terms end within 31 December 2019	減：租賃期間於二零一九年十二月三十一日內結束之短期租賃	(4,465)
Less: leases of low-value assets	減：低價值資產租賃	(177)
Less: future interest expenses	減：未來利息開支	(11,322)
<b>Total lease liabilities as of 1 January 2019</b>	<b>於二零一九年一月一日的租賃負債總額</b>	<b>102,767</b>

於二零一九年一月一日之財務狀況表內確認之租賃負債所應用之加權平均承租人增量借款利率為4.93%。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT'D)

#### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2019 (Cont'd)

##### (ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

##### (iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.1 採納新訂／經修訂香港財務報告準則－自二零一九年一月一日起生效（續）

##### (ii) 租賃之新定義

根據香港財務報告準則第16號，租賃界定為賦予權利於一段時間內使用一項資產（相關資產）以換取代價之合約或合約之一部分。當客戶於整段使用期間內擁有：(a) 從使用已識別資產中取得絕大部分經濟利益的權利及(b) 指示已識別資產之用途的權利，則合約賦予權利於一段時間控制使用已識別資產。

##### (iii) 作為承租人之會計處理

根據香港會計準則第17號，承租人須根據租賃資產擁有權隨附風險及回報與出租人或承租人之相關程度將租賃分類為經營租賃或融資租賃。倘租賃釐定為經營租賃，承租人將於租賃期內將經營租賃項下之租賃付款確認為一項開支。租賃項下之資產將不會於承租人之財務狀況表內確認。

根據香港財務報告準則第16號，所有租賃（不論為經營租賃或融資租賃）須於財務狀況表資本化為使用權資產及租賃負債，惟香港財務報告準則第16號為實體提供會計政策選擇，可選擇不將(i)屬短期租賃的租賃及／或(ii)相關資產為低價值之租賃進行資本化。本集團已選擇不就低價值資產及於開始日期租賃期少於12個月之租賃確認使用權資產及租賃負債。與該等租賃相關之租賃付款已於租賃期內按直線法支銷。

本集團於租賃開始日期確認使用權資產及租賃負債。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT’D)

#### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2019 (Cont’d)

##### (iii) Accounting as a leasee (Cont’d)

###### *Right-of-use asset*

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.1 採納新訂／經修訂香港財務報告準則－自二零一九年一月一日起生效（續）

##### (iii) 作為承租人之會計處理（續）

###### *使用權資產*

使用權資產應按成本確認並將包括：(i)租賃負債的初步計量金額（見下文有關租賃負債入賬的會計政策）；(ii)於開始日期或之前作出的任何租賃款項減任何已收取的租賃優惠；(iii)承租人產生的任何初步直接成本；及(iv)承租人根據租賃條款及條件規定的情況下拆除及移除相關資產時將產生的估計成本，為生產存貨而產生的該等成本則除外。本集團應用成本模式計量使用權資產。根據成本模式，本集團按成本減任何累計折舊及任何減值虧損計量使用權資產，並就租賃負債的任何重新計量作出調整。

本集團亦已根據租賃協議租賃多項物業，而本集團行使判斷並釐定其為持作自用之租賃土地及樓宇以外的獨立類別資產。因此，租賃協議項下物業產生的使用權資產按折舊成本列賬。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT’D)

#### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2019 (Cont’d)

##### (iii) Accounting as a leasee (Cont’d)

###### Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group’s incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.1 採納新訂／經修訂香港財務報告準則—自二零一九年一月一日起生效（續）

##### (iii) 作為承租人之會計處理（續）

###### 租賃負債

租賃負債應按於租賃開始日期未付之租賃付款之現值確認。租賃付款將按租賃隱含利率（倘該利率可輕易釐定）貼現。倘該利率無法輕易釐定，本集團將採用本集團之增量借款利率。

下列於租賃期內就並非於租賃開始日期支付之相關資產使用權所作付款被視為租賃付款：(i) 固定付款減任何應收租賃優惠；(ii) 初步按於開始日期之指數或利率計量之可變租賃付款（其取決於指數或利率）；(iii) 承租人根據剩餘價值擔保預期應支付之款項；(iv) 承租人有合理確定的理由行使購買選擇權之行使價及(v) 於承租人行使終止租賃之選擇權之租賃期內支付之終止租賃罰款。

於開始日期後，承租人將透過下列方式計量租賃負債：(i) 增加賬面值以反映租賃負債之利息；(ii) 減少賬面值以反映作出之租賃付款；及(iii) 重新計量賬面值以反映任何重估或租賃修改，如指數或利率變動導致日後租賃付款變動、租賃期變動、實質固定租賃付款變動或購買相關資產之評估變動。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT’D)

#### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2019 (Cont’d)

##### (iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.1 採納新訂／經修訂香港財務報告準則－自二零一九年一月一日起生效（續）

##### (iv) 過渡

如上文所述，本集團採用修訂追溯方法應用香港財務報告準則第16號。根據香港財務報告準則第16號過渡條文的許可，二零一八年所呈列比較資料並未重列，並繼續根據香港會計準則第17號及相關詮釋呈報。

本集團已於二零一九年一月一日就先前應用香港會計準則第17號分類為經營租賃之租賃確認租賃負債，並按餘下租賃付款之現值（按於二零一九年一月一日之承租人增量借款利率貼現）計量該等租賃負債。

本集團已選擇於二零一九年一月一日就先前應用香港會計準則第17號分類為經營租賃之租賃確認所有使用權資產，其金額等於租賃負債，並經緊接初步應用日期前於財務狀況表確認的租賃相關的任何預付或應計租賃付款金額調整。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT’D)

#### 2.1 Adoption of new/revised HKFRSs – effective on 1 January 2019 (Cont’d)

##### (iv) Transition (Cont’d)

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group’s lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.1 採納新訂／經修訂香港財務報告準則－自二零一九年一月一日起生效（續）

##### (iv) 過渡（續）

本集團亦已應用下列實際權宜方法：(i) 就具有合理相似特徵之租賃組合應用單一貼現率；(ii) 就租賃期將自首次應用日期（二零一九年一月一日）起12個月內結束之租賃應用不確認使用權資產及租賃負債之豁免，並將該等租賃以短期租賃入賬；(iii) 於二零一九年一月一日計量使用權資產時撇除初步直接成本及(iv) 倘合約載有延長或終止租賃的選擇權，則於事後釐定租賃期。

此外，本集團亦已應用實際權宜方法以便：(i) 將香港財務報告準則第16號應用於本集團先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）－詮釋第4號釐定安排是否包含租賃識別為租賃的所有租賃合約及(ii) 並無將香港財務報告準則第16號應用於先前並無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）－詮釋第4號識別為含有租賃之合約。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT'D)

#### 2.2 New or amended HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

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

- <sup>1</sup> Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2020.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.
- <sup>4</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.2 已頒佈但尚未生效的新訂或經修訂香港財務報告準則

以下與本集團財務報表潛在相關之新訂／經修訂香港財務報告準則已經頒佈，但尚未生效，且未獲本集團提早採納。本集團目前計劃於該等準則生效日期應用該等變動。

香港財務報告準則第3號 修訂本	業務之定義 <sup>1</sup>
香港會計準則第1號及 香港會計準則第8號 修訂本	重大之定義 <sup>2</sup>
香港財務報告準則第9號、 香港會計準則第39號及 香港財務報告準則 第7號修訂本	利率基準改革 <sup>2</sup>
香港財務報告準則第17號	保險合約 <sup>3</sup>
香港財務報告準則第10號及 香港會計準則第28號 修訂本	投資者與其聯營公司或合營企 業之間的資產出售或注資 <sup>4</sup>

- <sup>1</sup> 於收購日期為二零二零年一月一日或之後開始的首個年度期間開始時或之後的業務合併及資產收購生效。
- <sup>2</sup> 於二零二零年一月一日或之後開始之年度期間生效。
- <sup>3</sup> 於二零二一年一月一日或之後開始之年度期間生效。
- <sup>4</sup> 修訂本原擬於二零一八年一月一日或之後開始之期間生效。生效日期現已延後／取消。修訂本仍可予提早應用。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT’D)

#### 2.2 *New or amended HKFRSs that have been issued but are not yet effective (Cont’d)*

##### **Amendments to HKFRS 3 – Definition of a Business**

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”.

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

##### **Amendments to HKAS 1 and HKAS 8 – Definition of Material**

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

##### **Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform**

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.2 已頒佈但尚未生效的新訂或經修訂香港財務報告準則（續）

##### **香港財務報告準則第3號修訂本－業務之定義**

修訂澄清業務必須包括至少一項投入及一個實質性過程，而兩者對創造產出之能力有重大貢獻，並對「實質性過程」之定義提供廣泛指引。

此外，修訂取消市場參與者是否有能力取代任何缺失之投入或過程及持續產出之評估，同時收窄「產出」及「業務」之定義範圍，重點關注向客戶銷售商品及服務所得之回報而非降低成本。

該等修訂亦加入選擇性之集中度測試，允許簡化所收購之一組活動及資產是否並非業務之評估。

##### **香港會計準則第1號及香港會計準則第8號修訂本－重大之定義**

修訂澄清「重大」之定義及解釋，與所有香港財務報告準則及概念框架之定義相同，且將香港會計準則第1號之支持性規定納入定義。

##### **香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號修訂本－利率基準改革**

修訂修改若干特定的對沖會計規定，以減輕利率基準改革所帶來的不確定因素的潛在影響。此外，修訂要求公司向投資者提供有關直接受該等不確定因素影響的對沖關係的更多信息。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – (CONT’D)

#### 2.2 *New or amended HKFRSs that have been issued but are not yet effective (Cont’d)*

##### **HKFRS 17 – Insurance Contracts**

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

##### **Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies and financial statements.

### 2. 採納香港財務報告準則（「香港財務報告準則」）（續）

#### 2.2 已頒佈但尚未生效的新訂或經修訂香港財務報告準則（續）

##### **香港財務報告準則第17號 – 保險合約**

香港財務報告準則第17號將取代香港財務報告準則第4號，作為在有關合約發行人財務報表中確認、計量、呈列及披露保險合約的單一原則準則。

##### **香港財務報告準則第10號及香港會計準則第28號修訂本 – 投資者與其聯營公司或合營企業之間的資產出售或注資**

該等修訂澄清實體向其聯營公司或合營企業資產出售或注資時應確認之收益或虧損之程度。當交易涉及業務時，收益或虧損獲悉數確認，相反，當交易涉及不構成業務之資產時，收益或虧損僅在無關投資者在合營企業或聯營公司中之權益範圍內確認。

本集團尚未能說明該等新公佈會否導致本集團的會計政策及財務報表出現重大變動。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 3. BASIS OF PREPARATION

#### (a) *Statement of compliance*

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

#### (b) *Basis of measurement and going concern assumption*

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value as explained in the accounting policies set out below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

For the year ended 31 December 2019, the Group had incurred a loss of approximately HK\$447,743,000 and operating cash outflow of approximately HK\$23,332,000. These situations indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

### 3. 編製基準

#### (a) 合規聲明

財務報表乃遵照所有適用香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋（統稱「香港財務報告準則」）以及香港公司條例之披露規定而編製。此外，財務報表包括香港聯合交易所有限公司GEM證券上市規則規定之適用披露事項。

#### (b) 計量基準及持續經營假設

財務報表乃按歷史成本基準編製，惟下列所載會計政策所闡釋的按公平值列賬的若干金融工具除外。

務請注意，編製財務報表時會採用會計估計及假設。儘管此等估計乃基於管理層對現時事件及行動之最深切了解及判斷而作出，惟實際結果最終或會有別於估計之情況。涉及高度判斷或複雜性之範疇或涉及對財務報表有重大影響之假設及估計之範疇披露於附註5。

截至二零一九年十二月三十一日止年度，本集團產生虧損約447,743,000港元及經營流出現金淨額約23,332,000港元。該等情況表明存在可能會對本集團的持續經營能力嚴重存疑的重大不確定性，因此，本集團可能無法在正常業務過程中變現其資產並清償其負債。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 3. BASIS OF PREPARATION (CONT'D)

#### (b) *Basis of measurement and going concern assumption (Cont'd)*

The directors of the Company have prepared a cash flow forecast of the Group for a period up to 30 June 2021 taking into account the impact arising from the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020 and the expected results of the followings arrangements and measures:

- (i) Disposal of its financial assets at fair value through profit or loss (the "Investment") to Mr. Xiong Qiangen ("Mr. Xiong"), an independent third party.

On 6 January 2020, the Group entered into an agreement with Mr. Xiong to dispose of 15% of the Investment (the "First Disposal") for a consideration of US\$5.8 million (equivalent to HK\$45.2 million) and Mr. Xiong is obligated to settle the consideration in full on or before 30 June 2020. Details please refer to the Company's announcement dated 6 January 2020. The First Disposal is completed on 29 May 2020.

On 21 February 2020, the Group entered into another agreement with Mr. Xiong to dispose of the remaining 85% of the Investment (the "Second Disposal") for a consideration of US\$32.9 million (equivalent to HK\$256.6 million). Mr. Xiong shall pay first instalment of US\$3.9 million (equivalent to HK\$30.4 million) on or before 31 May 2020 to complete the Second Disposal. Mr. Xiong shall pay the remaining consideration of US\$9 million (equivalent to HK\$70.2 million), US\$10 million (equivalent to HK\$78.0 million and US\$10 million (equivalent to HK\$78.0 million) on 30 June 2020, 30 September 2020 and 30 December 2020 respectively (the "Further Payments"). Details please refer to the Company's circular dated 20 April 2020. The Second Disposal is approved by the shareholders of the Company on 7 May 2020 and completed on 29 May 2020.

### 3. 編製基準(續)

#### (b) 計量基準及持續經營假設(續)

本公司董事已編製本集團截至二零二一年六月三十日止期間的現金流量預測，經計及二零二零年初爆發2019冠狀病毒病(「COVID-19爆發」)產生的影響，以下安排及措施的預期結果：

- (i) 向獨立第三方熊千根先生(「熊先生」)出售其按公平值於損益列賬之金融資產(「投資」)。

於二零二零年一月六日，本集團與熊先生訂立協議以代價5,800,000美元(「相當於45,200,000港元」)出售投資的15%(「第一出售事項」)及熊先生須於二零二零年六月三十日或之前全數結付代價。有關詳情請參閱本公司日期為二零二零年一月六日的公告。第一出售事項於二零二零年五月二十九日完成。

於二零二零年二月二十一日，本集團與熊先生訂立另一份協議，以代價32,900,000美元(相當於256,600,000港元)出售投資的餘下85%(「第二出售事項」)。熊先生須於二零二零年五月三十一日或之前支付首期款項3,900,000美元(相當於30,400,000港元)以完成第二出售事項。熊先生須分別於二零二零年六月三十日、二零二零年九月三十日及二零二零年十二月三十日前支付餘下代價9,000,000美元(相當於70,200,000港元)、10,000,000美元(相當於78,000,000港元)及10,000,000美元(相當於78,000,000港元)(「進一步付款」)。有關詳情請參閱本公司日期為二零二零年四月二十日的通函。第二出售事項於二零二零年五月七日獲本公司股東批准並於二零二零年五月二十九日完成。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 3. BASIS OF PREPARATION (CONT'D)

#### (b) Basis of measurement and going concern assumption (Cont'd)

##### (i) (Cont'd)

During the year, Mr. Xiong granted loan facilities amounted to HK\$100 million to the Group. As at 31 December 2019, the amount due to Mr. Xiong by the Group amounted to HK\$55 million and recognised as other borrowing and repayable on or before 31 March 2020. On 17 March 2020, the Group signed a supplementary agreement with Mr. Xiong to increase the facility amount from HK\$100 million to HK\$180 million and extend the repayment date from 31 March 2020 to 30 June 2021. On 2 April 2020, another supplementary agreement was signed to increase the facilities amount from HK\$180 million to HK\$200 million.

According to the supplementary agreement dated 2 April 2020, the considerations of the First and Second Disposals shall first offset the amount due by the Group to Mr. Xiong on respective settlement dates (the "Offsetting Arrangement"). In case of delay by and/or failure of Mr. Xiong in settling the Further Payments, the Group has the right to unwind the transfer of the Investment for which the consideration is not received proportionately. Details please refer to the Company's circular dated 20 April 2020.

On 30 June 2020, the consideration for (i) the First Disposal; (ii) the first instalment of the Second Disposal; and (iii) the instalment due on 30 June 2020 of the Second Disposal amounting to HK\$145.8 million in total have been offset with the amount due to Mr. Xiong by the Group. After the offsetting, on 30 June 2020, the amount due to Mr. Xiong by the Group is amounted to HK\$70.6 million and the outstanding consideration for the Second Disposal is of HK\$156 million which will be due on 30 September 2020 and 30 December 2020. Taking into account the Offsetting Arrangement, the remaining consideration payable by Mr. Xiong is amounted to HK\$85.4 million (the "Remaining Consideration") on 30 June 2020;

### 3. 編製基準(續)

#### (b) 計量基準及持續經營假設(續)

##### (i) (續)

年內，熊先生向本集團授出貸款融資100,000,000港元。於二零一九年十二月三十一日，本集團應付熊先生款項為55,000,000港元，並確認為其他借款並須於二零二零年三月三十一日或之前償還。於二零二零年三月十七日，本集團與熊先生簽署補充協議，將融資金額由100,000,000港元增至180,000,000港元，並將還款日期由二零二零年三月三十一日延長至二零二一年六月三十日。於二零二零年四月二日，簽署另一補充協議，將融資金額由180,000,000港元增加至200,000,000港元。

根據日期為二零二零年四月二日的補充協議，第一出售事項及第二出售事項之代價可首先於有關結算日期以本集團應付熊先生的款項抵銷(「抵銷安排」)。倘熊先生遞延支付及/或未能結算進一步付款，本集團有權解除轉讓未按比例收取代價的投資。有關詳情，請參閱本公司日期為二零二零年四月二十日的通函。

於二零二零年六月三十日，(i)第一出售事項；(ii)第二出售事項首期付款；及(iii)第二出售事項於二零二零年六月三十日到期的付款的總代價145,800,000港元已與本集團應付熊先生款項抵銷。於抵銷後，於二零二零年六月三十日，本集團應付熊先生款項為70,600,000港元，而第二出售事項的未結付代價為156,000,000港元(將於二零二零年九月三十日及二零二零年十二月三十日到期)。經計及抵銷安排，於二零二零年六月三十日，熊先生應付餘下代價達85,400,000港元(「餘下代價」)；

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 3. BASIS OF PREPARATION (CONT'D)

#### (b) Basis of measurement and going concern assumption (Cont'd)

- (ii) On 2 March 2020, the Company entered into the placing agreement with joint placing agents to procure not less than six placees to subscribe for up to 500 million ordinary shares of the Company at the placing price of HK\$0.20 per share. The placing was approved by the shareholders on 15 April 2020 and completed on 15 May 2020. The net proceeds from the share placing of HK\$98 million was received in cash on 15 May 2020. Details of the placing are included in the Company's circular dated 27 March 2020;
- (iii) The substantial shareholder, All Favour Holdings Limited, undertakes that no repayment on the shareholder's loans of HK\$221 million as at 31 December 2019 will be demanded until 30 June 2021 (the "Undertaking"). The beneficial controlling party of All Favour Holdings Limited also undertake to provide sufficient financial resources to the Group so as to enable the Group to meet its liabilities as they fall due and to carrying on its business without a significant curtailment of operations; and
- (iv) The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group, including close monitoring of general administrative expenses and operating costs and soliciting more potential customers.

### 3. 編製基準(續)

#### (b) 計量基準及持續經營假設(續)

- (ii) 於二零二零年三月二日，本公司與聯席配售代理訂立配售協議，促使不少於六名承配人以每股0.20港元之配售價認購最多500,000,000股本公司普通股。配售於二零二零年四月十五日獲董事批准並於二零二零年五月十五日完成。股份配售的所得款項淨額98,000,000港元於二零二零年五月十五日以現金方式收取。有關配售詳情已載入本公司日期為二零二零年三月二十七日的通函；
- (iii) 主要股東全輝控股有限公司承諾直至二零二一年六月三十日止，將不要求償還於二零一九年十二月三十一日的221,000,000港元股東貸款（「承諾」）。全輝控股有限公司的實益控股方亦承諾向本集團提供充足的財務資源，以使本集團既能償還到期債務又能在不大幅度縮減經營規模的情況下繼續經營業務；及
- (iv) 本公司董事將繼續採取旨在改善本集團營運資金及現金流量的措施，包括嚴密監控一般行政開支及營運成本，並招攬更多潛在客戶。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 3. BASIS OF PREPARATION (CONT'D)

#### (b) *Basis of measurement and going concern assumption (Cont'd)*

Taking into account the expected results of the above arrangements and measures, the directors of the Company believe that the Group will have sufficient working capital to meet its operating and financing needs as and when they fall due for a period up to 30 June 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, a material uncertainty exists depending on the outcomes of the arrangements and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the settlement of the Remaining Consideration as scheduled by Mr. Xiong, the successful implementation of the Group's cost control measurements so as to improve working capital and cash flow position; and the financial ability of the beneficial controlling party of the substantial shareholder of the Company to provide sufficient financial support to the Group to meet its operating and financing needs in foreseeable future.

The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the Group's assets to their net realisable amounts, to provide for any liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

### 3. 編製基準(續)

#### (b) 計量基準及持續經營假設(續)

考慮到上述安排及措施的預期結果，本公司董事認為，本集團將有足夠的營運資金來滿足其於二零二一年六月三十日期間到期的運營及融資需求。因此，綜合財務報表已按持續經營基準編製。

儘管上文所述，視乎上述安排及措施的結果，仍然存在重大不確定性。本集團能否持續經營將取決於熊先生能否按計劃結算餘下代價，能否成功實施本集團的成本控制措施以改善營運資金及現金流狀況；及本公司主要股東的實益控制方的財務能力能否於可預見將來向本集團提供足夠的財務支持，以滿足其經營及融資需求。

綜合財務報表不包含倘釐定持續經營編製基準並不適當所作出之任何必需調整，這可能包括撇減本集團資產至可變動淨值、就因終止經營業務可能產生之任何負債計提撥備，以及將非流動資產及非流動負債分別重新分類為流動資產及流動負債等任何調整。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### (a) *Business combination and basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

### 4. 主要會計政策

#### (a) 業務合併及綜合基準

綜合財務報表包括本公司及其附屬公司（「本集團」）之財務報表。集團公司之間的公司間交易及結餘以及未變現之溢利乃於編製綜合財務報表時全部對銷。除非交易顯示所轉讓之資產出現減值，該虧損會於損益中確認，否則未變現虧損亦須對銷。

年內收購或出售之附屬公司，其業績由收購生效日期起計或直至出售生效日期止（如適用）列入綜合損益及其他全面收入表內。當需要時，附屬公司之財務報表會被調整，使其會計政策與本集團其他成員公司所採用者一致。

收購附屬公司或業務按收購法入賬。收購成本乃按收購日期所轉讓之資產、所產生之負債及本集團（作為收購方）發行之股權之公平值總額計量。被收購之可識別資產及所承擔負債主要按收購日期之公平值計量。本集團先前所持被收購方之股權以收購日期的公平值重新計量，而所產生之收益或虧損則於損益中確認。本集團可按每宗交易選擇按公平值或按應佔被收購方可識別資產淨值之比例計量相當於目前於附屬公司擁有權之非控股股東權益。所有其他非控股股東權益均按公平值計量，除非香港財務報告準則要求另一種計量基準，則作別論。與收購相關的成本在發生時支銷，除非其在發行權益工具時發生，在該情況下，有關成本從權益中扣除。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Business combination and basis of consolidation (Cont'd)

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

### 4. 主要會計政策(續)

#### (a) 業務合併及綜合基準(續)

收購方將予轉讓之任何或然代價均按收購日期的公平值確認。其後代價調整僅於計算期間(最長為收購日期起計12個月)內所取得有關於收購日期的公平值之新資料時,方可於商譽中確認。分類為資產或負債之或然代價的所有其他其後調整均於損益中確認。

倘本集團於附屬公司之權益變動並無導致喪失控制權,則列作權益交易入賬。本集團之權益與非控股權益之賬面值均予以調整,以反映其於附屬公司相關權益之變動。非控股權益之調整數額與已付或已收代價公平值之間之任何差額,均直接於權益確認,且歸屬於本公司擁有人。

倘本集團失去附屬公司之控制權,出售之損益乃按下列兩者之差額計算:(i)已收代價之公平值與任何保留權益之公平值總額,與(ii)該附屬公司之資產(包括商譽)及負債與任何非控股股東權益先前之賬面值。先前就該附屬公司於其他全面收入確認之金額按出售相關資產或負債所規定之相同方式入賬。

收購後,相當於目前於附屬公司擁有權益之非控股股東權益之賬面值為該等權益於初始確認時之金額加上非控股股東權益應佔權益其後變動之部份。即使會導致非控股股東權益出現虧絀結餘,全面總收入乃歸屬於該等非控股股東權益。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Subsidiaries

A subsidiary is an investee over which the Group is able to exercise control. The Group controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

#### (c) Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### 4. 主要會計政策(續)

#### (b) 附屬公司

附屬公司是本集團能夠對其行使控制權之接受投資方。如果符合下列全部三個因素，則本集團控制接受投資方：可對接受投資方行使權力，承擔來自接受投資方之風險或有權獲得來自接受投資方之可變動回報，及能夠運用其權力來影響有關可變動回報。每當事實及情況顯示任何該等控制權因素可能出現變動時，則會重新評估是否擁有控制權。

於本公司之財務狀況表內，於附屬公司之投資按成本減去減值虧損(如有)列賬。本公司將附屬公司業績入賬時以已收和應收股息為基礎。

#### (c) 外幣換算

本財務報表乃以港元(「港元」)呈列，港元亦為本公司之功能貨幣。

於綜合實體之個別財務報表中，外幣交易按照交易當日通行之匯率換算為個別實體之功能貨幣。於報告日，以外幣計值之貨幣資產及負債按報告當日通行之匯率換算。因結算該等交易及於報告日重新換算貨幣資產及負債而產生之匯兌收益及虧損均於損益中確認。按歷史成本以外幣計值的非貨幣項目並無重新換算。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Foreign currency translation (Cont'd)

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates, or at the average rate over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

#### (d) Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease, and other items of property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation on property, plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	over 50 years or the terms of the leases, whichever is shorter
Leasehold improvements	33%
Furniture, fixtures and equipment	5%–25%
Computer equipment	33%
Motor vehicles	20%–25%

### 4. 主要會計政策(續)

#### (c) 外幣換算(續)

於綜合財務報表中，海外業務所有原先以不同於本集團呈報貨幣呈列之個別財務報表，均已折算為港元。資產及負債均以報告日之收市匯率換算為港元。收入與開支則按交易當日之匯率或報告期之平均匯率（倘匯率並無大幅波動）折算為港元。該程序產生之任何差額均已於其他全面收入中確認及於權益內之換算儲備中分開累計處理。

於海外業務出售時，該等匯兌差額乃重新由權益劃分為損益，作為銷售收益或虧損之一部份。

#### (d) 物業、廠房及設備

建於租賃土地上之持作自用樓宇，其公平值可於租賃開始時與租賃土地之公平值分開計量，其他物業、廠房及設備項目（在建工程除外）乃按成本減累計折舊及累計減值虧損列值。資產成本包括收購價及將資產帶至其運營狀況及地點作預定用途的任何直接應佔成本。

物業、廠房及設備乃按下列年利率，於估計可使用年期內以直線法計提折舊，以撇減其成本減去其殘值：

樓宇	以五十年或租賃期（以較短者為準）計算
租賃物業裝修	33%
傢俬、裝置及設備	5%–25%
電腦設備	33%
汽車	20%–25%

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Property, plant and equipment (Cont'd)

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

#### (e) Land use rights (accounting policies applied until 31 December 2018)

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

#### (f) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (note 4(o)).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

### 4. 主要會計政策(續)

#### (d) 物業、廠房及設備(續)

於各報告日會審閱資產之殘值、減值方法及可使用年期，並於適當時進行調整。

報廢或出售產生之收益或虧損會按銷售所得款項與資產賬面值間之差額釐定，並於損益中確認。

僅當與該項目有關之未來經濟利益有可能流入本集團時，項目成本能可靠地計量方會將其後成本列入資產賬面值或確認為獨立資產(如適用)。所有其他成本(如維修及保養)會於產生之財政期間內從損益中扣除。

#### (e) 土地使用權(於二零一八年十二月三十一日前應用的會計政策)

收購經營租賃項下所持有土地之預付款項乃按成本減累計攤銷及任何累計減值虧損列賬。攤銷乃於租賃/使用權期間按直線法計算，惟倘有另一種基準更能反映本集團透過使用有關土地可產生收益之時間模式除外。

#### (f) 商譽

商譽初步以成本確認，指所轉讓之代價及確認為非控股股東權益之金額的總和超出所收購可識別資產、負債及或有負債公平值之差額。

倘可識別資產、負債及或有負債公平值超出已付代價之公平值，則有關差額於重估後於收購日期於損益中確認。

商譽乃按成本減去累計減值虧損後計量。商譽會分配至現金產生單位，並且每年接受減值檢測(附註4(o))。

其後出售附屬公司時，釐定出售之收益或虧損金額時應計入已資本化商譽之應佔金額。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (g) Intangible assets (other than goodwill) and research and development activities

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

Trademark	15 years
Patents	7–15 years
Capitalised development costs	10 years
Licensing agreement	7 years

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Group is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

### 4. 主要會計政策(續)

#### (g) 無形資產(商譽除外)及研發活動

收購之無形資產初步按成本確認。初步確認後，有限可使用年期之無形資產按成本減累計攤銷及任何累計減值虧損列值。有限可使用年期之無形資產按直線法於其估計可使用年期內攤銷。無形資產一旦可供使用即開始攤銷。有關無形資產適用以下可使用年期：

商標	15年
專利	7–15年
資本化之開發成本	10年
特許權協議	7年

內部開發產品的費用於可證明下列情況下予以資本化：

- 開發產品，以致其可供出售在技術上可行；
- 擁有可供完成開發之充足資源；
- 有完成及銷售該產品之意向；
- 本集團有能力銷售該產品；
- 銷售該產品將產生未來經濟利益；及
- 該項目開支能可靠計量。

資本化之開發成本乃於本集團預期將從銷售已開發產品獲利之期間攤銷。攤銷費用於損益中確認。

不符合上述標準之開發費用及內部項目在研究階段之費用乃於產生時於損益中確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h)A Leasing (accounting policies applied from 1 January 2019)

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

#### **Right-of-use asset**

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

### 4. 主要會計政策 (續)

#### (h)A 租賃 (自二零一九年一月一日起應用的會計政策)

所有租賃 (不論為經營租賃或融資租賃) 須於財務狀況表資本化為使用權資產及租賃負債，惟實體擁有會計政策選擇，可選擇不將(i)屬短期租賃的租賃及／或(ii)相關資產為低價值的租賃進行資本化。本集團已選擇不就低價值資產以及於開始日期租賃期少於12個月的租賃確認使用權資產及租賃負債。與該等租賃相關的租賃付款已於租賃期內按直線法支銷。

#### **使用權資產**

使用權資產應按成本確認並將包括：(i) 租賃負債的初步計量金額 (見下文有關租賃負債入賬的會計政策)；(ii) 於開始日期或之前作出的任何租賃款項減任何已收取的租賃優惠；(iii) 承租人產生的任何初步直接成本；及(iv) 承租人根據租賃條款及條件規定的情況下拆除及移除相關資產時將產生的估計成本。本集團應用成本模式計量使用權資產。根據成本模式，本集團按成本減任何累計折舊及任何減值虧損計量使用權資產，並就租賃負債的任何重新計量作出調整。

本集團已根據租賃協議租賃多項物業，而本集團行使判斷並釐定其為持作自用之租賃土地及樓宇以外的獨立類別資產。因此，租賃協議項下物業產生的使用權資產按折舊成本列賬。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h)A *Leasing (accounting policies applied from 1 January 2019) (Cont'd)*

#### **Lease liability**

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

### 4. 主要會計政策 (續)

(h)A *租賃 (自二零一九年一月一日起應用的會計政策) (續)*

#### **租賃負債**

租賃負債按於租賃開始日期未付之租賃付款之現值確認。租賃付款按租賃隱含利率(倘該利率可輕易釐定)貼現。倘該利率無法輕易釐定,本集團將採用本集團之增量借款利率。

下列於租賃期內就並非於租賃開始日期支付之相關資產使用權所作付款被視為租賃付款:(i)固定付款減任何應收租賃優惠;(ii)初步按於開始日期之指數或利率計量之可變租賃付款(其取決於指數或利率);(iii)承租人根據剩餘價值擔保預期應支付之款項;(iv)倘承租人合理確定行使購買選擇權,該選擇權之行使價及(v)於承租人行使終止租賃之選擇權之租賃期內支付之終止租賃罰款。

於開始日期後,本集團將透過下列方式計量租賃負債:(i)增加賬面值以反映租賃負債之利息;(ii)減少賬面值以反映作出之租賃付款;及(iii)重新計量賬面值以反映任何重估或租賃修改,如指數或利率變動導致日後租賃付款變動、租賃期變動、實質固定租賃付款變動或購買相關資產之評估變動。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h)B Leasing (accounting policies applied until 31 December 2018)

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

##### (i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exception:

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease (see note 4(h)B). For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

##### (ii) Operating lease charges

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

### 4. 主要會計政策(續)

#### (h)B 租賃(直至二零一八年十二月三十一日應用的會計政策)

倘本集團釐定一項安排(包括一項交易或一系列交易)乃賦予在一段協定期間使用一項或多項特定資產的權利,以換取一筆或一連串付款,則此項安排為屬於或包含租賃。釐定時以對有關安排的實質內容所作評估為準,而不管有關安排是否具備租賃的法律形式。

##### (i) 租賃予本集團的資產分類

本集團根據租賃持有的資產如會將絕大部分所有權風險及回報轉移至本集團,乃分類為根據融資租賃持有的資產。而不會向本集團轉移絕大部分所有權風險及回報的租賃則分類為經營租賃,惟以下情況除外:

- 於租賃開始時,根據經營租賃持作自用且其公平值無法與建於其上之樓宇之公平值分開計量的土地,入賬列作根據融資租賃持有,除非有關樓宇亦明確根據經營租賃持有(見附註4(h)B)。就此而言,租賃開始是指本集團首次訂立租賃或從先前的承租人手中接手的時間。

##### (ii) 經營租賃費用

倘本集團有權使用經營租賃所持有之資產,則根據租賃所支付之款項會按租賃年期以直線法計入損益,惟替代方式更能代表來自租賃資產之受益時間模式則除外。已收租賃優惠在損益中確認為已付租賃付款淨額總額的一部分。或然租金於產生的會計期間自損益表中扣除。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) *Financial Instruments*

##### (i) **Financial assets**

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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 market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as following measurement category:

Financial assets at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

### 4. 主要會計政策(續)

#### (i) 金融工具

##### (i) 金融資產

金融資產(除非其為並無重大融資部分的貿易應收款項)初步按公平值計量加上(就並非按公平值計入損益的項目而言)與其收購或發行直接相關的交易所成本。並無重大融資部分的貿易應收款項初步按交易價格計量。

所有常規買賣的金融資產乃於交易日(即本集團承諾購買或出售該資產之日)確認。常規買賣乃指按市場規定或慣例普遍確立的期間內交收資產的金融資產買賣。

附帶嵌入衍生工具的金融資產於釐定其現金流量是否純粹為支付本金及利息時以整體作出考慮。

##### **債務工具**

其後計量債務工具視乎本集團管理資產的業務模式及資產的現金流量特徵。本集團將其債務工具分類為以下計算分類：

按攤銷成本計的金融資產：持作收取合約現金流量的資產按攤銷成本計量，其中有關現金流量純粹指本金及利息付款。按攤銷成本入賬的金融資產其後使用實際利息法計量。利息收入、外匯收益及虧損以及減值於損益確認。終止確認的任何收益乃於損益確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) Financial Instruments (Cont'd)

##### (i) Financial assets (Cont'd)

###### Debt instruments (Cont'd)

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

### 4. 主要會計政策(續)

#### (i) 金融工具(續)

##### (i) 金融資產(續)

###### 債務工具(續)

按公平值於其他全面收入列賬：倘持有資產目的為收取合約現金流量及銷售金融資產，且資產的現金流量純粹為本金及利息付款，則按公平值於其他全面收入列賬計量。按公平值於其他全面收入列賬的債務投資其後按公平值計量。採用實際利息法計算的利息收入、匯兌收益及虧損以及減值於損益確認。其他收益及虧損淨額於其他全面收入確認。於其他全面收入累計的收入及虧損在終止確認時重新分類至損益。

按公平值於損益列賬：按公平值於損益列賬之金融資產包括持作買賣的金融資產、於初步確認時指定按公平值於損益列賬之金融資產或強制要求按公平值計量的金融資產。倘為於近期出售或購回而收購金融資產，則該等金融資產分類為持作買賣。衍生工具(包括獨立嵌入式衍生工具)亦分類為持作買賣，除非彼等被指定為有效對沖工具則除外。現金流量並非純粹本息付款的金融資產，不論其業務模式如何，均按公平值於損益列賬分類及計量。儘管如上文所述債務工具可按攤銷成本或按公平值於其他全面收入列賬分類，但於初步確認時，倘能夠消除或顯著減少會計錯配，則債務工具可指定為按公平值於損益列賬。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) Financial Instruments (Cont'd)

##### (i) Financial assets (Cont'd)

###### Equity instruments

On initial recognition of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

##### (ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

### 4. 主要會計政策(續)

#### (i) 金融工具(續)

##### (i) 金融資產(續)

###### 股本工具

於初次確認的股本投資並非為持作買賣，亦非香港財務報告準則第3號所適用之業務合併收購方確認的或然代價，本集團可不可撤回地選擇於其他全面收入中呈列投資公平值的後續變動。該選擇乃按投資逐項作出。按公平值於其他全面收入列賬的股本投資按公平值計量，股息收入於損益內確認，除非股息收入明確表示收回部分投資成本。其他收益及虧損淨額於其他全面收入確認且不會重新分類至損益。所有其他股本工具乃分類為按公平值於損益列賬，而公平值、股息及利息收入的變動乃於損益確認。

##### (ii) 金融資產減值虧損

本集團就按攤銷成本計量的貿易應收款項及其他金融資產確認預期信貸虧損（「預期信貸虧損」）。預期信貸虧損乃按以下任一基準計量：(1)12個月預期信貸虧損：指報告日期後12個月內發生可能違約事件而產生的預期信貸虧損；及(2)全期預期信貸虧損：指金融工具預期賬齡內發生所有可能違約事件而產生的預期信貸虧損。於估計預期信貸虧損時所考慮的最長期間為本集團面臨信貸風險的最長合約期間。

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損乃按根據合約應付本集團的所有合約現金流量與本集團預期收取的現金流量之間的差額計量。其後差額按資產原實際利率的相若金額貼現。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) Financial Instruments (Cont'd)

#### (ii) Impairment loss on financial assets (Cont'd)

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12 months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is aged more than 90 days.

The Group considers a financial asset to be credit-impaired or default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is aged more than 90 days.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

### 4. 主要會計政策(續)

#### (i) 金融工具(續)

#### (ii) 金融資產減值虧損(續)

本集團已選擇使用香港財務報告準則第9號簡化法計量貿易應收款項及合約資產的虧損撥備，並已根據全期預期信貸虧損計算預期信貸虧損。本集團已設立基於本集團過往信貸虧損經驗的撥備矩陣，並按有關債務人的特定前瞻性因素及經濟環境調整。

就其他債務金融資產而言，預期信貸虧損按12個月預期信貸虧損釐定。倘自發生以來信貸風險顯著增加，則撥備將以全期預期信貸虧損為基準。

於釐定金融資產信貸風險是否自初步確認以來大幅增加及估計預期信貸虧損時，本集團在避免不當成本或努力的前提下考慮相關可得的合理可靠資料，包括根據本集團過往經驗及已知信貸評估得出的定量及定性資料分析，以及前瞻性資料。

本集團假設，倘一項金融資產賬齡逾期超過90日，則其信貸風險會大幅增加。

本集團於下列情況下將金融資產視為信用減值或違約：(1) 借款人不可能在本集團對如變現抵押(如持有)等行為無追索權的情況下向本集團悉數支付其信貸義務；或(2) 該金融資產賬齡逾期超過90日。

信用減值金融資產的利息收入乃按金融資產的攤銷成本(即賬面總額減虧損撥備)計算。非信用減值金融資產的利息收入乃按賬面總額計算。

若無合理預期的回收時，金融資產會予以撇銷，例如債務人未能與本公司訂立還款計劃。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) *Financial Instruments (Cont'd)*

##### (iii) **Financial liabilities**

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

##### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

##### (iv) **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

##### (v) **Equity instruments**

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

### 4. 主要會計政策(續)

#### (i) **金融工具(續)**

##### (iii) **金融負債**

本集團視乎負債產生之目的，將其金融負債分類。按攤銷成本入賬之金融負債初步按公平值扣除直接應佔所產生之成本計量。

##### **按攤銷成本入賬之金融負債**

按攤銷成本入賬之金融負債(包括貿易及其他應付款項及隨後按攤銷成本計量之借貸)，採用實際利息法計量。相關利息開支於損益中確認。

當負債終止確認時，以及在攤銷過程中，收益或虧損於損益中確認。

##### (iv) **實際利息法**

實際利息法乃計算金融資產或金融負債及按有關期間分配利息收入或利息開支之攤銷成本計算方法。實際利率乃透過金融資產或負債之預期年期或(如適用)較短期間準確貼現估計未來現金收款或付款之利率。

##### (v) **股本工具**

普通股被分類為權益。股本乃採用已發行股份的面值釐定。

任何發行股份相關交易成本自股份溢價賬扣除(扣除任何相關所得稅收益)，以其屬直接歸屬股權交易的增加成本為限。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) *Financial Instruments (Cont'd)*

#### (vi) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4(i)(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

### 4. 主要會計政策(續)

#### (i) 金融工具(續)

#### (vi) 財務擔保合約

財務擔保合約乃規定發行人向持有人支付指定金額，以補償持有人由於指定債務人未能根據債務工具原始或經修訂條款於到期時付款而蒙受損失的合約。由本集團發行並非指定為按公平值於損益列賬的財務擔保合約初步按公平值減發行財務擔保合約的直接應佔交易成本予以確認。初步確認後，本集團按以下各項較高者計量財務擔保合約：(i) 虧損撥備金額，即根據附註4(i)(ii)所載會計政策的原則計量的預期信貸虧損撥備；及(ii) 初步確認金額減(如適當)根據香港財務報告準則第15號原則確認的累計攤銷。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) *Financial Instruments (Cont'd)*

##### (vii) **Derecognition**

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

#### (i) *Inventories*

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. In the case of work in progress and finished goods, cost also comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

### 4. 主要會計政策(續)

#### (i) **金融工具(續)**

##### (vii) **終止確認**

當與金融資產相關之未來現金流量合約權利屆滿，或當金融資產已按照符合香港財務報告準則第9號終止確認之條件轉讓，則本集團終止確認該項金融資產。

當於相關合約之特定責任被解除、取消或屆滿時，即終止確認金融負債。

倘本集團因重新磋商負債條款而向債權人發行本身的權益工具以償付全部或部分金融負債，所發行的權益工具即所付代價，乃初步按有關金融負債(或當中部分)註銷當日的公平值確認及計量。倘已發行權益工具的公平值無法可靠計量，則權益工具按已註銷金融負債的公平值計量。已註銷金融負債(或當中部分)的賬面值與所付代價間的差額乃於年內在損益內確認。

#### (i) **存貨**

存貨按成本及可變現淨值兩者之較低者列賬。成本按加權平均法釐定。在製品及製成品之成本亦包括直接材料、直接勞工及按適當比例計算之生產成本。可變現淨值乃按照日常業務過程中之估計售價減估計完成成本及適當銷售開支計算。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (k) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, time deposits with banks within original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (l) Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Sales of goods are recognised at a point in time when the goods are transferred and the customer has received the goods, since only by the time the Group has a present right to payment for the goods delivered. For the provision of service, revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

### 4. 主要會計政策(續)

#### (k) 現金及現金等值項目

現金及現金等值項目包括銀行及手頭現金，以及原到期日為三個月或以下可隨時轉換為已知數額現金且價值變動風險較少之銀行定期存款。

#### (l) 收益確認

客戶合約收益於貨品或服務控制權轉讓至客戶時按反映本集團預期交換該等貨品或服務所得代價金額確認，代表第三方所收取的金額除外。收益不包括增值稅或其他銷售稅，且為扣除任何交易折扣後所得。

視乎合約條款及適用於該合約之法律規定，承諾貨品或服務之控制權可經過一段時間或於某一時間點轉移。倘本集團在履約過程中滿足下列條件，承諾商品或服務之控制權乃經過一段時間轉移：

- 提供全部利益，而客戶亦同步收到並消耗有關利益；
- 隨著本集團履約而創建並提升客戶所控制之資產；或
- 並無創建對本集團而言有其他用途之資產，而本集團具有可強制執行權利收回迄今已完成履約部分之款項。

倘貨品或服務之控制權經過一段時間轉移，收益乃參考已完成履約責任之進度而在合約期間內確認。否則，收益於客戶獲得貨品或服務之控制權之時間點確認。

貨品銷售產生的收益於貨品轉讓及客戶收到貨品的時間點予以確認，原因為只有在那個時候本集團方有權就所交付貨品獲得付款。提供服務時，收益乃按時間段確認，原因是客戶乃於實體履約的同時獲取及消耗該實體所提供的利益。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (l) Revenue recognition (Cont'd)

In determining the transaction price, the Group measured at the fair value of the consideration received or receivable. There is no right of return, volume rebate and warranty arrangement for the sales of goods and provision for services.

There is no significant financing components for the contracts and the consideration is not variable.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### (m) Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract asset is recognised when the Group completes the delivery under such sales contracts but yet certified by customers. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

### 4. 主要會計政策(續)

#### (l) 收益確認(續)

於釐定交易價時，本集團計量已收取或應收取的代價公平值。貨品銷售及提供服務並無設立退貨權、量大折扣及擔保安排。

合約並無重大融資組成部分且代價不可變。

利息收入乃按時間基準，並參照未償還本金及按所適用之實際利率應計入賬，而該利率為可將金融資產於預期年內預計未來現金收入精確折現至該資產於初次確認時之賬面淨值之比率。

#### (m) 合約資產及合約負債

合約資產指本集團就向客戶換取本集團已轉讓的服務收取代價的權利(尚未成為無條件)。相反，應收款項指本集團收取代價的無條件權利，即只需待時間過去代價即須到期支付。

合約負債指本集團因已自客戶收取代價(或到期收取的代價)，而須向客戶轉讓服務的責任。

合約資產於本集團根據該等銷售合約完成交付但尚未由客戶認證時確認。先前確認為合約資產的任何金額在向客戶出具發票時重新分類為應收貿易款項。如有關代價(包括向客戶收取的預付款項)超出產量法確認的收益，則本集團會就有關差額確認合約負債。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (n) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in profit or loss on a straight line basis over the expected lives of the related assets.

#### (o) Impairment of non-financial assets

Goodwill arising on an acquisition of subsidiaries, other intangible assets, property, plant and equipment, right of use assets, land use rights and interests in subsidiaries are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

### 4. 主要會計政策(續)

#### (n) 政府補貼

當能夠合理地保證本集團會符合所有附帶條件以及補貼將可收取時，政府補貼按其公平值確認。與成本有關之政府補貼遞延及按擬補償之成本配合所需期間在損益中確認。與購置物業、廠房及設備有關之政府補貼列作遞延政府補貼計入非流動負債，並按有關資產之預期可使用年期以直線法於損益中確認。

#### (o) 非金融資產減值

收購附屬公司所產生之商譽、其他無形資產、物業、廠房及設備、使用權資產、土地使用權及於附屬公司之權益須進行減值檢測。

不論是否出現任何減值跡象，商譽須至少每年進行一次減值檢測。所有其他資產則在出現未必能收回有關資產賬面值之跡象時進行減值檢測。

減值虧損按資產之賬面值超出其可收回金額之差額，即時確認為開支。可收回金額為公平值減銷售成本與使用價值兩者中之較高者。

評估使用價值時，估計未來現金流量採用稅前折現率折現至其現值，以反映現時市場對金錢之時間價值及有關資產特有風險之評估。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Impairment of non-financial assets (Cont'd)

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

### 4. 主要會計政策(續)

#### (o) 非金融資產減值(續)

就評估減值而言，倘資產產生之現金流入大致上並不獨立於其他資產，可收回金額則按可獨立產生現金流入之最少資產組合(即現金產生單位)釐定。因此，部份資產個別進行減值檢測，另有部份按現金產生單位檢測。商譽分配至該等預期可受惠於相關業務合併協同效應之現金產生單位，即本集團內就內部管理目的而監控商譽之最小單位。

就已分配商譽之現金產生單位確認之減值虧損，初步計入商譽賬面值。除資產賬面值將不會調減至低於其個別公平值減銷售成本或使用價值(如可釐定)外，任何剩餘減值虧損將按比例自該現金產生單位之其他資產扣除。

商譽減值虧損(包括中期確認之減值虧損)不會於其後期間撥回。就其他資產而言，倘用於釐定資產可收回款額之估計出現有利變動時，則撥回減值虧損，惟以資產賬面值不得高於倘並無確認減值虧損時原應釐定之賬面值(扣除任何折舊或攤銷)為限。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (p) *Employee benefits*

##### (i) **Retirement benefits**

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions 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 MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer's contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

##### (ii) **Short-term employee benefits**

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

### 4. 主要會計政策 (續)

#### (p) *僱員福利*

##### (i) **退休福利**

本集團遵照強制性公積金計劃條例設立一項定額供款強制性公積金退休福利計劃(「強積金計劃」)，對象為合資格參與強積金計劃之僱員。供款按僱員基本薪金之百分比作出，並於按照強積金計劃之規則應付時於損益中扣除。強積金計劃之資產與本集團之資產分開，並由獨立管理基金持有。本集團為強積金計劃作出之僱主供款在作出時全數歸僱員所有。

本集團於中國大陸營運之附屬公司所聘僱員，須參與由地方政府籌辦之中央退休金計劃。該等附屬公司須撥備薪金成本之某一百分比作為中央退休金計劃供款。有關供款根據中央退休金計劃之規定於應支付時在損益中扣除。

##### (ii) **短期僱員福利**

僱員有權享有年假，且於僱員支取年假時確認入賬。本集團已為截至報告日止因僱員提供服務而享有之年假之估計負債作出撥備。

非累計賠償缺席(如病假及產假)於僱員支取有關假期時確認入賬。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (q) *Share-based payments*

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in share-based payment reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

All employee services received in exchange for the grant of any share-based compensation are measured at fair values. These are indirectly determined by reference to the equity instruments awarded. The value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss with a corresponding credit to share-based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

### 4. 主要會計政策(續)

#### (q) 以股份為基礎之付款

凡向僱員及提供類似服務之其他人士授出購股權，購股權於授出當日之公平值於歸屬期間在損益內確認，並於權益內之以股份為基礎之付款儲備中作相應增加。非市場歸屬條件會一併考慮，方法為調整於各報告期末預期歸屬之權益工具數目，使於歸屬期間確認之累積數額，最終根據最後歸屬之購股權數目確認。市場歸屬條件為授出購股權之公平值計算因素之一。只要符合所有其他歸屬條件，不論是否符合市場歸屬條件，均會作出扣除。累積開支不會因市場歸屬條件未能達成而調整。

以提供任何以股份為基礎之補償而換取之所有僱員服務按公平值計量。此乃參考所授出之權益工具而間接釐定。價值乃於授出日期評估，且並不包括任何非市場歸屬條件之影響。

所有以股份為基礎之補償均於損益確認為開支，並在除去遞延稅項(倘適用)後相應增加以股份為基礎之付款儲備。倘歸屬期或其他歸屬條件適用，則開支會於歸屬期內按照對預期歸屬之購股權數目作出之最佳可得估計確認。非市場歸屬條件包括在預期可行使之購股權數目之假設內。倘有任何跡象顯示預期歸屬之購股權數目與過往之估計不同，則會於其後修訂估計。倘最終行使之購股權較原先歸屬者少，則毋須對過往期間已確認之開支進行調整。

若購股權歸屬前其條款及條件被修改，緊接修改前後計量之購股權公平值增加亦會於餘下歸屬期在損益確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (q) *Share-based payments (Cont'd)*

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the vested share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

#### (r) *Borrowing costs*

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualified asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### 4. 主要會計政策(續)

#### (q) 以股份為基礎之付款(續)

凡權益工具授予僱員及其他提供相似服務之人士以外之人士，所收取貨品或服務之公平值於損益確認，除非貨品或服務合資格確認為資產則作別論。權益亦會確認相應增加。至於以現金結算之股份為基礎之付款，負債乃按所收取貨品或服務之公平值確認。

行使購股權時，過往於以股份為基礎之付款儲備確認之金額將轉撥至股份溢價。倘已歸屬之購股權失效、被沒收或於到期時尚未行使，則過往於以股份為基礎之付款儲備確認之金額將轉撥至累計虧損。

#### (r) 借款成本

借款成本就收購、建造或生產任何合資格資產所產生之借款成本，於完成及準備資產作擬定用途的期間內撥充資本。合資格資產是指必須要一段長時間方可達致擬定用途或出售的資產。其他借款成本於產生時支銷。

在產生資產開支、借款成本及使資產投入擬定用途或銷售所必須的準備工作進行期間，借款成本乃撥充資本，作為合資格資產成本的一部份。在使合資格資產投入擬定用途或銷售所必須的絕大部份準備工作完成時，借款成本便會停止資本化。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (s) Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary difference arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

### 4. 主要會計政策(續)

#### (s) 所得稅之會計方法

所得稅包括當期稅項及遞延稅項。

當期所得稅資產及／或負債包括本期或以往報告期(且於報告日尚未支付)·向稅務當局繳納稅金之責任或來自稅務當局之索償·其乃根據年內應課稅溢利·按有關財政期間之適用稅率及稅法計算。當期稅項資產或負債之一切變動均於損益中確認為稅項開支之一部份。

遞延稅項乃按於資產及負債在報告日於財務報表之賬面值與其各自之稅基之暫時差異以負債法計算。遞延稅項負債一般就所有應課稅暫時差異確認。倘可能出現應課稅溢利(包括現有應課稅暫時差異)以動用可扣減暫時差異·未動用稅項虧損及未動用稅務抵免·則就所有可扣減暫時差異·可結轉之稅項虧損以及其他未動用稅務抵免確認遞延稅項資產。

倘因商譽或初步確認(業務合併除外)某交易之資產及負債產生之暫時差異對應課稅及會計損益均無影響·則不確認遞延稅項資產及負債。

於附屬公司之投資產生之應課稅暫時差異會確認遞延稅項負債·惟倘本集團可控制暫時差異之撥回及暫時差異將不會於可見將來撥回則作別論。

遞延稅項乃按預期於負債清償或資產變賣期間適用之稅率計算(不作貼現)·惟有關稅率必須為於報告日已實施或大致上實施之稅率。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (s) Accounting for income taxes (Cont'd)

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) The Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 4. 主要會計政策(續)

#### (s) 所得稅之會計方法(續)

遞延稅項資產或負債變動乃於損益中獲確認，而倘與其他全面收入或直接扣除自或直接計入權益之項目有關，則於其他全面收入或直接於權益中確認。

當期稅項資產與當期稅項負債只會於以下情況以淨額呈列：

- (a) 本集團依法有強制執行權可以將已確認金額對銷；及
- (b) 計劃以淨額基準結算或同時實現資產及結清負債。

本集團只會在以下情況下以淨額呈列遞延稅項資產及遞延稅項負債：

- (a) 該實體依法有強制執行權可以將當期稅項資產與當期稅項負債對銷；及
- (b) 遞延稅項資產與遞延稅項負債是關於同一稅務機關就以下任何一項所徵收的所得稅：
  - (i) 同一應課稅實體；或
  - (ii) 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）以淨額基準結算當期稅項負債與資產或同時變現資產及結清負債的不同應課稅實體。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (t) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors, being the chief operating decision makers of the Group, for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following operating and reportable segments:

- (i) Dermatology, cosmetic products and others – production and sale of dermatology, cosmetic products and others;
- (ii) Cell and healthcare products and services – production and sales of cell and healthcare products and services;
- (iii) Ophthalmology products – production and sales of ophthalmology products;
- (iv) Stomatology products and others – production and sale of stomatology products and others; and
- (v) Medical equipment – trading of medical equipment.

### 4. 主要會計政策(續)

#### (t) 分部報告

根據向執行董事(即本集團首席經營決策者)呈報以供彼等決定本集團各業務成分的資源分配及評核該等成分表現的定期內部財務資料,本集團確認經營分部及編製分部資料。向執行董事呈報的內部財務資料內的業務成分乃依據本集團主要產品及服務種類確定。

本集團已識別下列經營及可呈報分部:

- (i) 皮膚科產品、化妝品及其他—生產及銷售皮膚科產品、化妝品及其他;
- (ii) 細胞及保健產品與服務—生產及銷售細胞及保健產品與服務;
- (iii) 眼科產品—生產及銷售眼科產品;
- (iv) 口腔科產品及其他—生產及銷售口腔科產品及其他;及
- (v) 醫療設備—買賣醫療設備。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (t) Segment reporting (Cont'd)

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- fair value changes on contingent consideration receivables
- finance costs
- income tax
- corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets except contingent consideration receivable, FVOCI, FVTPL and corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include deferred tax liabilities and liabilities incurred for financing rather than operating purposes.

### 4. 主要會計政策(續)

#### (t) 分部報告(續)

本集團根據香港財務報告準則第8號就報告分部業績所採用的計量政策，與根據香港財務報告準則於財務報表所採用的相同，惟以下所述者除外：

- 應收或然代價公平值變動
- 財務費用
- 所得稅
- 並非直接歸屬於任何經營分部之業務活動的企業收入及開支

於計算經營分部的經營業績時並不包括在內。

除未直接歸屬於任何經營分部之業務活動之應收或然代價、按公平值於其他全面收入列賬、按公平值於損益列賬及企業資產並不歸類於某一分部(即其主要為本集團總部所用)外，分部資產包括所有資產。

分部負債不包括未直接歸屬於任何經營分部之業務活動且並不歸類於某一分部之企業負債。該等分部負債包括遞延稅項負債及因融資(而非營運目的)而產生之負債。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (u) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of 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 key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

### 4. 主要會計政策(續)

#### (u) 關連人士

- (a) 倘屬以下人士，即該人士或該人士之近親家族成員與本集團有關連：
- (i) 控制或共同控制本集團；
  - (ii) 對本集團有重大影響；或
  - (iii) 為本集團或本公司母公司的主要管理層成員。
- (b) 倘符合下列任何條件，即實體與本集團有關連：
- (i) 該實體與本集團屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
  - (ii) 一間實體為另一實體的聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)。
  - (iii) 兩間實體均為同一第三方的合營企業。
  - (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司。
  - (v) 實體為本集團或與本集團有關連之實體就僱員利益設立的離職福利計劃。
  - (vi) 實體受(a)所識別人士控制或受共同控制。
  - (vii) 於(a)(i)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
  - (viii) 向本集團或向本集團母公司提供主要管理層人員服務的實體或集團任何成員公司。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (u) *Related parties (Cont'd)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

#### (v) *Provision and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 4. 主要會計政策 (續)

#### (u) *關連人士 (續)*

有關人士之近親家族成員為預期於買賣實體時將影響該人士或受該人士影響之該等家族成員，包括：

- (i) 該人士之子女及配偶或家庭伴侶；
- (ii) 該人士配偶或家庭伴侶之子女；及
- (iii) 該人士或其配偶或家庭伴侶之受養人。

#### (v) *撥備及或有負債*

當本集團因過往事項須承擔法律或推定責任，而該責任可能導致可靠估計的經濟利益流出時，該等未確定時間或金額之負債則確認為撥備。

當不大可能有經濟利益流出，或未能可靠地估計該金額，則該責任披露為或有負債，除非經濟利益流出之可能性極微則作別論。可能須承擔的責任，(其存在僅由一項或多項未來事項是否發生而確定)亦會披露為或有負債，除非經濟利益流出之可能性極微則作別論。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) *Provision for expected credit losses of trade and other receivables*

The Group uses a provision of matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis for groupings of various debtors that have similar loss patterns. The provision matrix is based on management's estimate of the lifetime ECLs to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. The information about the ECLs and the Group's trade receivables are disclosed in note 43. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated. The Group's management determines the impairment of trade and other receivables on a regular basis. This estimate is based on the credit history of its customers or debtors and current market conditions. Management reassesses the impairment of trade and other receivables at the reporting date.

For other receivables relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group recognised the provision for expected credit losses by assessing the credit risk characteristics of debtors, discount rate and the likelihood of recovery and considering the prevailing economic conditions.

### 5. 關鍵會計估計及判斷

本集團根據過往經驗及其他因素，包括對當前情況相信屬合理的未來事件的預期，持續就估計及判斷進行評估。

本集團就未來作出估計及判斷。所達致的會計估計（按照定義）甚少與有關實際結果一致。具有可引致於下個財政年度對資產及負債賬面值作出重大調整的重大風險的估計及假設論述如下：

(i) *貿易及其他應收款項的預期信貸虧損撥備*

本集團應用撥備矩陣為貿易應收款項計算預期信貸虧損。計算撥備率基準為具有相同虧損模式的各類債項分組進行的賬齡分析。撥備矩陣乃根據管理層對產生全期預期信貸虧損作出的估計，估計時考慮信貸虧損記錄、貿易應收款項賬齡、客戶償還記錄及客戶財務狀況以及現行及預期整體經濟狀況的評估，而此各項估計需要管理層作出重大判斷。

預期信貸虧損的撥備易受環境變動及預期整體經濟狀況的影響。有關預期信貸虧損及本集團貿易應收款項的資料於附註43披露。若客戶財務狀況或預期經濟狀況惡化，實際虧損撥備將可能高於估計。本集團的管理層定期釐定貿易及其他應收款項的減值。此估計乃基於其客戶或債務人的信貸記錄及現行市況進行。管理層於報告日期重新評估貿易及其他應收款項的減值。

就其他應收款項涉及屬長期逾期未付且金額重大、已知無力償債或對追討款項活動未予回應的賬目而言，彼等乃逐個評估減值撥備。本集團透過評估債務人的信貸風險特點、貼現率及收回可能性並考慮當前經濟狀況後確認預期信貸虧損撥備。

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

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

- (ii) *Estimated impairment of goodwill, other intangible assets, right-of-use assets and property, plant and equipment related to cash-generating units*

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 4(o). The carrying values of other intangible assets, right-of-use assets and property, plant and equipment are reviewed for impairment when there are any indications that the carrying value of other intangible assets, right-of-use assets and property, plant and equipment may not be recoverable. The recoverable amounts of cash-generating units have been determined based on value-in-use/fair value less costs of disposal calculations. These calculations require the use of estimates about future cash flows and discount rates.

In the process of estimating expected future cash flows, management makes assumptions about future revenues and profits. The assumptions about future revenues are mainly based on the actual financial performance of the Group's revenue from respective cash generating unit for the year, the current market demand of the products in the PRC, the current supply of the similar products in the market, the estimated utilisation of the Group's production capacity and the management's current assessment of the economic outlook. The unit selling price is assumed to remain constant throughout the forecasted period. The assumptions about future profits are mainly based on the available market data of the profit margin ratio of companies engaged in respective cash generating unit in the PRC and global market. As these assumptions relate to future events and circumstances, the actual results may vary and may cause a material adjustment to the carrying amount of goodwill, other intangible assets, right-of-use assets and property, plant and equipment within the next financial year.

Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. The management has taken consideration of risk-free rate (reference to the yield of the long term bond issued in the PRC), the cost of equity and debt of the companies in respective industry and other possible risk factors such as the market capitalisation of the Group in estimating the discount rate. Details of the estimates of the recoverable amounts of cash generating units are disclosed in note 18.

### 5. 關鍵會計估計及判斷(續)

- (ii) *有關現金產生單位之商譽、其他無形資產、使用權資產以及物業、廠房及設備之估計減值*

本集團根據附註4(o)所述會計政策每年測試商譽是否已有所減值。其他無形資產、使用權資產以及物業、廠房及設備之賬面值乃於存在跡象表明其他無形資產、使用權資產以及物業、廠房及設備之賬面值可能無法收回時進行減值評核。現金產生單位的可收回數額已按使用價值／公平值減銷售成本釐定。該等計算法需就未來現金流及折現率作出估計。

於估計預期未來現金流的過程中，管理層就未來收益及溢利作出假設。有關未來收益的假設乃主要基於本集團年內來自相關現金產生單位的收益的實際財務表現、產品於中國的目前市場需求、於市場類似產品的目前供應、估計利用本集團的生產能力及管理層對目前經濟前景的評估。假設單位售價於整個預測期間維持不變。有關未來溢利的假設乃主要基於在中國及全球市場涉及相關現金產生單位的市盈率的可用市場數據。由於該等假設乃關乎未來事件及情況，實際結果可能有所偏差，並可能導致於下一財政年度對商譽、其他無形資產、使用權資產以及物業、廠房及設備賬面值作出重大調整。

釐定適當折現率涉及對市場風險及資產特定風險因素之適當調整作出估計。管理層已考慮無風險率(參考中國已發行長期債券的收益率)、於相關行業的公司之股本及債務成本及其他可能風險因素，例如本集團於估計折現率時的市場資本。現金產生單位的可收回金額的估計詳情乃於附註18披露。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### (iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees/consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 38.

#### (iv) Fair value measurement

A number of financial assets included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs;

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the financial instruments (note 21 and 24) at fair value. For more detailed information in relation to the fair value of measurement of the items above, please refer to the applicable notes.

### 5. 關鍵會計估計及判斷(續)

#### (iii) 以股份為基礎之付款交易

本集團參考僱員／顧問獲授權權益工具當日之公平值估量與彼等進行股權結算交易之成本。估計以股份為基礎之付款交易的公平值須根據授權條款及條件釐定最為適當的估值模型。該估計亦須釐定估值模型最為合適的數據(包括購股權預期年限、波幅及股息回報率)並就此作出假設。用於估計以股份為基礎之付款交易的公平值之假設及模型於附註38披露。

#### (iv) 公平值計量

本集團財務報表中包含多項須按公平值計量及／或披露的金融資產。

本集團金融及非金融資產及負債的公平值計量盡量利用市場可觀察的輸入值及數據。於釐定公平值計量時使用之輸入值，乃根據所利用估值技術中使用的輸入值之可觀察程度而分類為不同級別(「公平值層級」)：

第一級：相同項目於活躍市場之報價(未經調整)；

第二級：除第一級輸入值外之可直接或間接觀察之輸入值；

第三級：無法觀察之輸入值(即並非源自市場之數據)。

分類為上述等級的項目乃基於所使用對該項目公平值計量產生重大影響之最低等級輸入值確定。等級之間項目轉撥於其產生期間確認。

本集團按公平值計量金融工具(附註21及24)。有關上述項目的公平值計量的更多詳情請參閱適用附註。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 6. REVENUE AND OTHER INCOME, GAIN AND LOSS

The Group's turnover represents revenue from its principal activities, measured at the net invoiced value of goods sold or service provided during the years presented.

### 6. 收益及其他收入、收益及虧損

本集團之營業額指於呈報年度內來自其主要活動，按已售貨品或已提供服務發票淨值計算之收益。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales of goods (point at time)	出售貨品(時間點)	41,549	72,241
Services income (point over time)	服務收入(時間段)	6,422	711
		<b>47,971</b>	72,952

Other income, gain and loss recognised during the year is as follows:

本年度內已確認其他收入、收益及虧損如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Bank interest income	銀行利息收入	415	7,026
Gain on disposals of property, plant and equipment	出售物業、廠房及設備之收益	587	-
Gain on disposal of a subsidiary (note 44)	出售附屬公司之收益(附註44)	8,676	-
Government grant income (note)	政府補貼收入(附註)	7,193	12,830
Others	其他	1,240	4,001
		<b>18,111</b>	23,857

Note: These government grant income refers to the government subsidy received by the PRC subsidiaries for the research and development project or upon satisfaction of specific conditions. They were received and complied with all attached conditions and therefore recognised in profit or loss during the year.

附註：該等政府補助收入指中國附屬公司為研發項目或在滿足一定條件下收取的政府補助。彼等已收取該等政府補貼並符合所有附加條件，因此於年內在損益中確認。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 7. SEGMENT INFORMATION

The executive directors of the Company have identified the Group's five business lines as operating segments as further described in note 4(t). The operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. Revenue is disaggregated by major products (recognised at a point in time) and services (recognised over time).

### 7. 分部資料

本公司執行董事已確認本集團五條業務線為經營分部(詳情載於附註4(t))。根據經調整分部經營業績就該等經營分部實施監控及作出策略決策。收益按主要產品(於時間點確認)及服務(隨時間確認)分類。

		Dermatology, cosmetic products and others 皮膚科產品、化妝品及其他		Cell, healthcare products and services 細胞、大健康產品和服務		Ophthalmology products 眼科產品		Stomatology products and others 口腔科產品及其他		Medical equipment 醫療設備		Total 總計	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Revenue from contracts with customers within the scope of HKFRS 15: - From external customers	屬於香港財務報告準則第15號範圍內的客戶合約收益:- 來自外來客戶	9,464	12,494	12,533	6,867	4,407	5,341	21,504	19,386	63	28,864	47,971	72,962
Reportable segment revenue	須予呈報分部收益	9,464	12,494	12,533	6,867	4,407	5,341	21,504	19,386	63	28,864	47,971	72,962
Reportable segment loss	須予呈報分部虧損	(140,947)	(410,129)	(125,761)	(289,877)	(28,861)	(36,624)	(61,202)	(232,100)	(30,142)	(7,039)	(406,913)	(975,769)
Amortisation of land use rights	土地使用權攤銷	-	106	-	-	-	-	-	-	-	-	-	106
Amortisation of other intangible assets	其他無形資產攤銷	14,368	16,595	2,381	7,663	-	-	6,096	19,128	-	-	22,845	43,386
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,313	6,954	4,650	14,968	1,385	3,054	344	1,196	-	38	8,692	26,210
Depreciation of right-of-use assets	使用權折舊	6,908	-	11,529	-	1,717	-	-	-	-	-	20,154	-
Impairment of goodwill	商譽減值	-	146,619	-	55,673	-	-	-	-	-	-	-	202,292
Impairment of other intangible assets	其他無形資產減值	8,072	73,048	21,630	67,102	-	-	40,995	135,746	-	25,352	70,697	275,896
Impairment of property, plant and equipment	物業、廠房及設備減值	56,448	55,286	26,385	95,304	7,484	6,136	3,801	11,760	-	-	94,118	168,896
Written off inventories	撇銷存貨	19,434	-	-	-	3,164	-	-	-	-	-	22,598	-
Impairment of right-of-use assets	使用權資產折舊	6,873	-	36,035	-	2,289	-	-	-	-	-	45,197	-
Interest income	利息收入	377	31	3	6	31	36	3	338	1	8	415	419
Reportable segment assets	須予呈報分部資產	8,755	74,570	25,381	53,325	13,470	53,381	24,136	103,836	625	97,863	72,367	383,175
Additions to non-current segment assets during the year	年內非流動分部資產之添置	348	3,288	1,790	8,601	3	9	49	626	-	-	2,190	12,474
Reportable segment liabilities	須予呈報分部負債	101,502	76,517	77,757	77,004	24,385	25,765	4,012	7,990	3,321	4,882	210,977	192,168

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 7. SEGMENT INFORMATION (CONT'D)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

### 7. 分部資料(續)

本集團經營分部列示的總額與本集團於財務報表列示的關鍵財務數據對賬如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Reportable segment revenue	須予呈報分部收益	<b>47,971</b>	72,952
Group revenue	集團收益	<b>47,971</b>	72,952
Reportable segment interest income	可報告分部利息收入	<b>415</b>	419
Interest income from corporate assets	公司資產利息收入	-	6,607
Group's interest income	本集團的利息收入	<b>415</b>	7,026
Total of reportable segments' loss	須予呈報分部虧損總額	<b>(406,913)</b>	(975,769)
Gain on disposal of a subsidiary	出售附屬公司之收益	<b>8,676</b>	-
Unallocated corporate income	未分配企業收入	<b>2,961</b>	8,631
Unallocated corporate expenses	未分配企業開支	<b>(56,283)</b>	(223,933)
Fair value gain/(loss) on FVTPL	按公平值於損益列賬的 公平值溢利/(虧損)	<b>1,224</b>	(113,803)
Fair value loss on contingent consideration receivables	應收或然代價之公平值虧損	<b>(4,587)</b>	(26,271)
Finance costs	財務費用	<b>(1,722)</b>	(21,654)
Loss before income tax	除所得稅前虧損	<b>(456,644)</b>	(1,352,799)

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 7. SEGMENT INFORMATION (CONT'D)

### 7. 分部資料(續)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Assets</b>	<b>資產</b>		
Reportable segment assets	須予呈報分部資產	<b>72,367</b>	383,175
Financial assets at fair value through profit or loss	按公平值於損益列賬之金融資產	<b>299,520</b>	298,296
Deposit for acquisition of subsidiaries	收購附屬公司之按金	<b>146,512</b>	145,457
Financial assets at fair value through other comprehensive income	按公平值於其他全面收入列賬的金融資產	<b>31,522</b>	161,445
Contingent consideration receivables	應收或然代價	-	4,587
Cash and bank balances	現金及銀行結餘	<b>1,948</b>	2,828
Pledged bank deposits	已抵押銀行存款	-	417,568
Other corporate assets	其他企業資產	<b>2,064</b>	9,567
Group assets	集團資產	<b>553,933</b>	1,422,923
<b>Liabilities</b>	<b>負債</b>		
Reportable segment liabilities	須予呈報分部負債	<b>210,977</b>	192,168
Bank borrowings	銀行借款	-	389,300
Shareholder's loans	股東貸款	<b>207,298</b>	258,334
Deferred taxation	遞延稅項	<b>2,351</b>	9,661
Other borrowing	其他借款	<b>55,172</b>	-
Lease liabilities	租賃負債	<b>7,023</b>	-
Other corporate liabilities	其他企業負債	<b>53,479</b>	6,197
Group liabilities	集團負債	<b>536,300</b>	855,660

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 7. SEGMENT INFORMATION (CONT'D)

Unallocated corporate expenses mainly included staff costs, exchange loss, equity-settled share-based payments, rental and other expenses not directly attributable to the business activities of any operating segments.

The Group's revenue from external customers and its non-current assets other than FVOCI, non-current rental deposits and pledged deposits ("Specified non-current assets") are divided into the following geographical areas:

### 7. 分部資料(續)

未分配企業開支主要包括非直接由任何經營分部之業務活動產生的員工成本、匯兌虧損、以權益結算之股權支付費用、租金及其他開支。

本集團來自外界客戶的收益及其非流動資產(按公平值於其他全面收入列賬之非流動金融資產、非流動租金按金及已抵押存款除外)(「特定非流動資產」)按地區分析如下：

		Revenue from external customers		Specified non-current assets	
		來自外界客戶的收益		特定非流動資產	
		2019	2018	2019	2018
		二零一九年	二零一八年	二零一九年	二零一八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Hong Kong	香港	6,737	2,054	102,651	125,392
The PRC (domicile)	中國(主體所在地)	41,234	70,898	61,722	241,245
		<b>47,971</b>	72,952	<b>164,373</b>	366,637

During the year ended 31 December 2019, the Group's revenue derived from various customers. None of which contributed more than 5% of the Group's revenue.

During the year ended 31 December 2018, 14% and 12% of the Group's revenue depended on two customers in medical equipment segment. As at 31 December 2018, none of the Group's trade receivables were due from these two customers.

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on (1) the physical location of the assets (for property, plant and equipment and land use rights) and (2) location of operations (for goodwill and other intangible assets). The Company is an investment holding company where the Group has majority of its operation and workforce in the PRC, and therefore, the PRC is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segment".

截至二零一九年十二月三十一日止年度，本集團收益來自多名客戶。概無客戶貢獻超過本集團收益的5%。

截至二零一八年十二月三十一日止年度，本集團收益的14%及12%分別來自於醫療設備分部之兩名客戶。於二零一八年十二月三十一日，本集團沒有應收貿易賬項來自該兩名客戶。

客戶所在地點乃根據所提供之服務或交付貨品之地點劃分。特定非流動資產之地點乃根據(1)資產實際所在地(適用於物業、廠房及設備和土地使用權)及(2)經營所在地(適用於商譽及其他無形資產)劃分。本公司為一間投資控股公司，而本集團大多數營運及勞動力均在中國，因此，中國被認為是根據香港財務報告準則第8號「經營分部」規定而披露之本集團之主體所在地。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 8. FINANCE COSTS

### 8. 財務費用

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest on	利息：		
– Bank borrowings	– 銀行借款	1,405	21,654
– Other borrowing	– 其他借款	1,653	–
– Lease liabilities	– 租賃負債	2,285	–
		<b>5,343</b>	21,654

### 9. LOSS BEFORE INCOME TAX

### 9. 除所得稅前虧損

Loss before income tax expense is arrived at after charging/  
(crediting):

除所得稅開支前虧損已扣除／(計入)下列  
各項：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Amortisation of land use rights	土地使用權攤銷	–	106
Amortisation of other intangible assets, included in administrative expenses	其他無形資產攤銷 (已包括在行政開支中)	22,845	43,386
Auditor's remuneration	核數師酬金	1,665	1,780
Depreciation of owned property, plant and equipment	自有物業、廠房及設備折舊	8,692	26,210
Depreciation of right-of-use assets	使用權資產折舊	20,154	–
Advertising and marketing, included in selling and distribution expenses	廣告及市場推廣開支 (已包括在銷售及分銷開支中)	37,896	102,181
Equity-settled share-based payments	以權益結算之股權支付費用	5,367	(549)
Exchange difference, net	匯兌差額(淨額)	(404)	21,122
Inventories written off	撇銷存貨	22,598	–
Short term lease expense	短期租賃開支	4,465	–
Low value lease expense	低價值租賃開支	177	–
Operating lease rentals in respect of office premises	辦公室物業之經營租賃租金	–	42,060
Research and development costs	研發成本	16,331	32,443
Employee benefit expense (including directors' emoluments (note 10) (note 11))	僱員福利開支(包括董事酬金) (附註10)(附註11)	70,264	110,072
Less: Employee benefit expenses included in research and development costs	減：包括在研發成本內之 僱員福利開支	(2,937)	(2,012)
		<b>67,327</b>	108,060

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 10. DIRECTORS' EMOLUMENTS

The aggregate amounts of the emoluments paid or payable to the directors are as follows:

### 10. 董事酬金

已付或應付董事的酬金總額如下：

		Fees 袍金 HK\$'000 千港元	Salaries and allowances 薪金及津貼 HK\$'000 千港元	Defined contribution scheme 定額供款計劃 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>Year ended 31 December 2019</b>	<b>截至二零一九年 十二月三十一日止年度</b>				
<b>Executive directors</b>	<b>執行董事</b>				
Mr. Wang Xuejun	王學軍先生	-	2,300	-	2,300
Mr. Wang Chuang (appointed on 18 October 2019)	王闡先生 (於二零一九年十月十八日獲委任)	-	245	-	245
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>				
Mr. Chan Bing Woon (resigned on 15 August 2019)	陳炳煥先生 (於二零一九年八月十五日辭任)	149	-	-	149
Mr. Wong Yiu Kit, Ernest (resigned on 21 August 2019)	黃耀傑先生 (於二零一九年八月二十一日辭任)	153	-	-	153
Dr. Fang Jun	方俊博士	210	-	-	210
Ms. Wong Danjuan (appointed on 10 October 2019)	王丹娟女士 (於二零一九年十月十日獲委任)	27	-	-	27
Ms. Yang Ying (appointed on 14 October 2019)	楊滢女士 (於二零一九年十月十四日獲委任)	25	-	-	25
<b>Non-executive directors</b>	<b>非執行董事</b>				
Mr. Ray Yip (re-designated from executive director to non-executive director on 18 October 2019)	葉雷先生 (於二零一九年十月十八日自 執行董事調任非執行董事)	600	570	-	1,170
Dr. Zhang Bin (appointed on 2 July 2019 and resigned on 15 November 2019)	張斌博士 (於二零一九年七月二日獲委任及 於二零一九年十一月十五日辭任)	397	-	-	397
Mr. Wu Wei Liang (appointed on 15 November 2019)	吳偉良先生 (於二零一九年十一月十五日獲委任)	32	-	-	32
		<b>1,593</b>	<b>3,115</b>	<b>-</b>	<b>4,708</b>

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

### 10. DIRECTORS' EMOLUMENTS (CONT'D)

### 10. 董事酬金 (續)

		Fees 袍金 HK\$'000 千港元	Salaries and allowances 薪金及津貼 HK\$'000 千港元	Define contribution scheme 定額供款計劃 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>Year ended 31 December 2018</b>	<b>截至二零一八年 十二月三十一日止年度</b>				
<b>Executive directors</b>	<b>執行董事</b>				
Mr. Ray Yip	葉雷先生	647	897	-	1,544
Mr. Wang Xuejun (appointed on 3 September 2018)	王學軍先生 (於二零一八年九月三日獲委任)	-	1,500	-	1,500
Mr. Chen Chunguo (resigned on 6 July 2018)	陳春國先生 (於二零一八年七月六日辭任)	2,099	455	14	2,568
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>				
Mr. Chan Bing Woon	陳炳煥先生	240	-	-	240
Mr. Wong Yiu Kit, Ernest	黃耀傑先生	240	-	-	240
Dr. Fang Jun	方俊博士	242	-	-	242
Mr. Pang Chung Fai, Benny (resigned on 1 June 2018)	彭中輝先生 (於二零一八年六月一日辭任)	100	-	-	100
<b>Non-executive directors</b>	<b>非執行董事</b>				
Professor Cui Zhanfeng (resigned on 1 June 2018)	崔占峰教授 (於二零一八年六月一日辭任)	500	-	-	500
Mr. Xiong Chengyu (resigned on 1 June 2018)	熊澄宇先生 (於二零一八年六月一日辭任)	250	500	-	750
		4,318	3,352	14	7,684

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2019 and 2018.

截至二零一九年及二零一八年十二月三十一日止年度概無董事放棄或同意放棄任何酬金之安排。

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

本集團並無向董事支付任何酬金，作為加入本集團或於加入本集團時之獎勵或離職補償。

Salaries, allowances and other benefits paid to or for the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

支付予執行董事之袍金、薪金及津貼通常為就該等人士有關管理本公司及其附屬公司事務的其他服務支付之酬金。

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### 10. DIRECTORS' EMOLUMENTS (CONT'D)

#### *Employees' emoluments*

The five individuals whose emoluments including share-based payment expenses were the highest in the Group for the year included two (2018: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three individuals (2018: 2 individuals) were as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	4,484	4,390
Retirement benefits scheme contributions	退休福利計劃供款	33	36
		<b>4,517</b>	4,426

The emoluments of the highest paid non-director individuals fell within the following band:

		Number of individual 人數	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Nil to HK\$1,000,000	零至1,000,000港元	1	-
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	2	-
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	-	2
		<b>3</b>	2

### 10. 董事酬金 (續)

#### *僱員酬金*

本集團年內五名最高薪人士(其酬金包括以股份為基礎之付款開支)包括兩名(二零一八年:三名)董事,其酬金反映於上述分析內。餘下三名(二零一八年:兩名)人士的酬金如下:

非董事的最高薪人士的酬金介乎以下範圍以內:

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### 11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) 11. 僱員福利開支(包括董事酬金)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Wages and salaries	工資及薪金	58,406	98,824
Equity-settled share-based payments	以權益結算之股權支付費用	5,367	(549)
Pension costs – defined contribution plans	退休金成本—定額供款計劃	4,749	9,795
Other staff benefits	其他員工福利	1,742	2,002
		<b>70,264</b>	110,072

### 12. INCOME TAX CREDIT

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year. The PRC enterprise income tax of 25% is applicable to the Group's PRC subsidiaries. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

### 12. 所得稅抵免

香港利得稅乃按本年度估計應課稅溢利的16.5%計算。本集團中國附屬公司適用25%之中國企業所得稅。海外利得稅乃根據本年度估計應課稅溢利按本集團經營所在地之現行稅率計算。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Profits tax (Over)/under-provision in respect of prior years	利得稅 過往年度(超額撥備)/ 撥備不足	(1,633)	35
Deferred taxation (note 32) Income tax credit	遞延稅項(附註32) 所得稅抵免	(7,268)	(68,919)
		<b>(8,901)</b>	(68,884)

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 12. INCOME TAX CREDIT (CONT'D)

Reconciliation between income tax credit and accounting loss at applicable tax rates:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Loss before income tax expense</b>	<b>除所得稅開支前虧損</b>	<b>(456,644)</b>	<b>(1,352,799)</b>
Notional tax calculated at the rates applicable to the loss in the tax jurisdictions concerned	按有關稅項司法權區之虧損適用之稅率計算的名義稅項	<b>(98,140)</b>	(289,355)
Tax effect of expenses not deductible for tax purposes	不可用作扣稅之開支的稅務影響	<b>85,996</b>	212,199
Tax effect of income not taxable for tax purposes	毋須課稅收入的稅務影響	<b>(2,449)</b>	(5,171)
Tax effect of tax losses not recognised (Over)/under-provision in respect of prior years	尚未確認稅項虧損的稅務影響 過往年度(超額撥備)/撥備不足	<b>7,325</b> <b>(1,633)</b>	13,408 35
<b>Income tax expense</b>	<b>所得稅開支</b>	<b>(8,901)</b>	<b>(68,884)</b>

### 13. DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2018: nil).

### 14. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company of HK\$395,006,000 (2018: HK\$1,193,501,000) divided by 879,289,500 (2018: 879,289,500 (restated)) ordinary shares in issue during the year.

During the reporting period, a share consolidation of twenty existing ordinary shares for one new share was completed thereby reducing the number of shares in issue. The comparative numbers for the prior year have been restated as though that share consolidation had taken place on 1 January 2018 to enable direct comparison. The basic loss per ordinary share and number of shares in issue of the Company without the share consolidation as reported at 31 December 2018 was HK cents 6.787 per ordinary share and 17,585,790,000 shares respectively.

Diluted loss per share for the years ended 31 December 2019 and 2018 is the same as basic loss per share because the impact of the exercise of share options was anti-dilutive.

### 12. 所得稅抵免(續)

按適用稅率計算之所得稅抵免及會計虧損之對賬如下：

### 13. 股息

董事並不建議派付本年度股息(二零一八年：無)。

### 14. 每股虧損

每股基本虧損乃根據本公司擁有人應佔虧損395,006,000港元(二零一八年：1,193,501,000港元)除以年內已發行普通股879,289,500股(二零一八年：879,289,500股)(經重列)計算。

報告期內，本公司完成以20股現有普通股換1股新股的合併，從而減少已發行股份數目。上一年度的比較數字已經重述，猶如股份合併已於二零一八年一月一日進行，以便進行直接比較。於二零一八年十二月三十一日，本公司每股普通股的基本虧損為每股普通股6.787港仙及未計股份合併的已發行股份數目為17,585,790,000股。

截至二零一九年及二零一八年十二月三十一日止年度的每股攤薄虧損與每股基本虧損相同，原因為行使購股權的影響具反攤薄作用。

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## 財務報表附註

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

### 15. PROPERTY, PLANT AND EQUIPMENT

### 15. 物業、廠房及設備

		Buildings	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Motor vehicles	Total
		樓宇 HK\$'000 千港元	租賃物業裝修 HK\$'000 千港元	傢俬、裝置及設備 HK\$'000 千港元	電腦設備 HK\$'000 千港元	汽車 HK\$'000 千港元	合計 HK\$'000 千港元
<b>At 1 January 2018</b>	於二零一八年一月一日						
Cost	成本	108,847	104,096	134,582	5,086	4,825	357,436
Accumulated depreciation	累計折舊	(9,855)	(13,548)	(33,743)	(2,446)	(3,191)	(62,783)
<b>Net book amount</b>	賬面淨值	98,992	90,548	100,839	2,640	1,634	294,653
<b>Year ended 31 December 2018</b>	截至二零一八年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	98,992	90,548	100,839	2,640	1,634	294,653
Exchange difference	匯兌差額	(4,958)	(376)	(1,775)	-	-	(7,109)
Disposals	出售	-	(23)	(1,225)	(52)	(15)	(1,315)
Additions	添置	-	4,875	5,114	2,860	863	13,712
Depreciation	折舊	(1,872)	(11,018)	(12,187)	(817)	(316)	(26,210)
Impairment losses	減值虧損	(41,499)	(83,265)	(39,324)	(2,367)	(2,031)	(168,486)
<b>Closing net book amount</b>	期末賬面淨值	50,663	741	51,442	2,264	135	105,245
<b>At 31 December 2018</b>	於二零一八年十二月三十一日						
Cost	成本	103,341	108,368	133,146	9,323	5,710	359,888
Accumulated depreciation and impairment losses	累計折舊及減值虧損	(52,678)	(107,627)	(81,704)	(7,059)	(5,575)	(254,643)
<b>Net book amount</b>	賬面淨值	50,663	741	51,442	2,264	135	105,245
<b>Year ended 31 December 2019</b>	截至二零一九年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	50,663	741	51,442	2,264	135	105,245
Exchange difference	匯兌差額	(1,032)	(2)	(349)	(405)	-	(1,788)
Disposals	出售	-	-	(1,076)	(3)	-	(1,079)
Disposal of a subsidiary	出售附屬公司	-	-	(242)	-	-	(242)
Additions	添置	503	576	521	590	-	2,190
Depreciation	折舊	(1,079)	(973)	(6,152)	(477)	(11)	(8,692)
Impairment losses	減值虧損	(47,686)	(342)	(44,019)	(1,954)	(117)	(94,118)
<b>Closing net book amount</b>	期末賬面淨值	1,369	-	125	15	7	1,516
<b>At 31 December 2019</b>	於二零一九年十二月三十一日						
Cost	成本	101,095	107,257	129,500	7,820	5,197	350,869
Accumulated depreciation and impairment losses	累計攤銷及減值虧損	(99,726)	(107,257)	(129,375)	(7,805)	(5,190)	(349,353)
<b>Net book amount</b>	賬面淨值	1,369	-	125	15	7	1,516

As at 31 December 2019 and 2018, all the Group's buildings are situated in the PRC and are held under medium term leases.

During the year, the directors of the Company reviewed the carrying amount of property, plant and equipment. The details of the impairment assessment are stated in note 18.

於二零一九年及二零一八年十二月三十一日，本集團所有樓宇均位於中國且以中期租賃形式持有。

年內，本公司董事已審查物業、廠房及設備之賬面值。減值評估之詳情載於附註18。

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## 財務報表附註

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

### 16. LAND USE RIGHTS

The Group's land use rights represent payments to acquire interests in the usage of lands situated in the PRC, which are held under medium-term leases.

### 16. 土地使用權

本集團之土地使用權指收購位於中國之土地之使用權益(以中期租賃形式持有)之支付款項。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
As at 1 January, previously reported	於一月一日，先前呈列	4,091	4,416
Adoption of HKFRS 16 (Note)	採納香港財務報告準則第16號 (附註)	(4,091)	-
As at 1 January, as restated	於一月一日，經重列	-	4,416
Exchange differences	匯兌差額	-	(219)
Amortisation	攤銷	-	(106)
As at 31 December	於十二月三十一日	-	4,091

Note: As at 31 December 2018, the Group's land use rights represent payments to acquire interests in the usage of lands situated in the PRC, which are held under medium-term leases. Upon the adoption of HKFRS 16, land use rights were reclassified as right-of-use assets on 1 January 2019.

附註：於二零一八年十二月三十一日，本集團之土地使用權指收購位於中國之土地之使用權益(以中期租賃形式持有)之支付款項。於採納香港財務報告準則第16號後，土地使用權於二零一九年一月一日重新分類為使用權資產。

### 17. LEASES

HKFRS 16 was adopted on 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see note 2.1. The accounting policies applied subsequent to the date of initial application, 1 January 2019, as disclosed in note 4(h)A.

### 17. 租賃

香港財務報告準則第16號於二零一九年一月一日獲採納，未重列比較數字。有關截至二零一九年一月一日前適用的過渡性要求的說明，請參閱附註2.1。於二零一九年一月一日首次應用日期後所應用的會計政策如附註4(h)A所披露。



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## 財務報表附註

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

### 17. LEASES (CONT'D)

#### (a) Right-of-use assets

		<b>Land use rights 土地使用權</b>	<b>Offices 辦公室</b>	<b>Total 總計</b>
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2019	於二零一九年一月一日	4,091	102,767	106,858
Additions	添置	–	34,106	34,106
Modification	修改	–	(67,500)	(67,500)
Depreciation	折舊	(99)	(20,055)	(20,154)
Impairment loss	減值虧損	(3,888)	(48,161)	(52,049)
Disposal of a subsidiary (note 44)	出售附屬公司(附註44)	–	(1,065)	(1,065)
Foreign exchange movement	匯率變動	(104)	(92)	(196)
At 31 December 2019	於二零一九年 十二月三十一日	–	–	–

	<b>2019 二零一九年 HK\$'000 千港元</b>
– Short term lease expense	<b>4,465</b>
– Low value lease expense	<b>177</b>
– Total cash outflow for leases	<b>20,520</b>

In 2019 and 2018, the Group leases a number of properties and offices for its operations. The leases run for an initial period ranged from one to five years (2018: one to seven years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year, the Group entered into new leases and recognised addition of right-of-use assets of HK\$34,106,000 and lease liabilities of HK\$34,106,000. The Group also early terminate certain leases with the deduction of right-of-use assets and lease liabilities of HK\$67,500,000 and HK\$67,500,000 respectively.

於二零一九年及二零一八年，本集團就其業務租賃若干物業及辦公室。租賃的初步期限介乎一至五年（二零一八年：一至七年）。條款乃在個別基礎上磋商，包括各種不同條款及條件。於釐定租期及評估不可撤回的時限時，本集團應用合約的定義並釐定合約可強制執行的期間。

年內，本集團訂立新租約並確認新增使用權資產34,106,000港元及租賃負債34,106,000港元。本集團亦提前終止若干租約，分別減少使用權資產及租賃負債67,500,000港元及67,500,000港元。

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

### 17. LEASES (CONT'D)

#### (b) Lease liabilities

		2019 二零一九年 HK\$'000 千港元
Lease liabilities:	租賃負債：	
- Current portion	- 流動部分	24,094
- Non-current portion	- 非流動部分	25,425
		<b>49,519</b>

Future lease payments are due as follows:

未來租賃付款到期情況如下：

		Minimum lease payments 最低租賃付款 HK\$'000 千港元	Interest 利息 HK\$'000 千港元	Present value 現值 HK\$'000 千港元
<b>As at 31 December 2019</b>	於二零一九年 十二月三十一日			
Not later than one year	一年內	25,913	(1,819)	24,094
Later than one year and not later than two years	一年以上及兩年內	19,124	(708)	18,416
Later than two years and not later than five years	兩年以上及五年內	7,094	(85)	7,009
		<b>52,131</b>	<b>(2,612)</b>	<b>49,519</b>
<b>As at 1 January 2019</b>	於二零一九年 一月一日			
Not later than one year	一年內	24,790	(3,557)	21,233
Later than one year and not later than two years	一年以上及兩年內	34,060	(2,935)	31,125
Later than two years and not later than five years	兩年以上及五年內	38,813	(4,034)	34,779
Later than five years	五年以上	16,426	(796)	15,630
		114,089	(11,322)	102,767

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. No comparative information as at 31 December 2018 has been restated. See note 2.1 for further details about transition.

附註：本集團採用追溯修訂方法初步應用香港財務報告準則第16號，並調整二零一九年一月一日的期初結餘以確認與根據香港會計準則第17號先前分類為經營租賃的租賃相關的租賃負債。二零一八年十二月三十一日的比較資料並無重列。有關過渡的進一步詳情，請參閱附註2.1。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 18. GOODWILL

The goodwill arose from (1) the acquisition of FD(H) Investments Limited and its subsidiaries, which are engaged in the production and sales of tissue engineering products, in 2008 and the acquisition of Shenzhen Kechuang Guangtai Technology Co., Ltd (“Kechuang”), which is engaged in development and sales of information technology software related to lamellar keratoplasty recording in 2017 (“Aierfu Business”); (2) the acquisition of Maylion Management Limited and its subsidiary (“Reshine Business”), which is engaged in bio-medical engineering, research and development of regenerative medical products in relation to tissue engineering technology in December 2013; (3) the acquisition of Passion Stream Limited and its subsidiaries (“Weikai Business”), which is engaged in the design and manufacturing of pre-clinical cell and stem cell related equipment, especially in 3D cell culture bio-reactors and their related consumables, as well as provision of CRO services in April 2015; and (4) the acquisition of Frame Sharp Limited and its subsidiaries (“AK Business”), which is principally engaged in providing service and equipment for human cell and stem cell related clinical applications in August 2015.

### 18. 商譽

商譽乃產生自(1)二零零八年收購FD(H) Investments Limited及其附屬公司，其從事生產及銷售組織工程產品；及於二零一七年收購深圳科創廣泰技術有限公司（「科創」），其從事開發及銷售與板層角膜移植記錄相關之信息技術軟件（「艾爾膚業務」）；(2)二零一三年十二月收購美倫管理有限公司及其附屬公司（「瑞盛業務」），其從事生物醫學工程、有關組織工程技術的再生醫療產品的研發；(3)二零一五年四月收購Passion Stream Limited及其附屬公司（「衛凱業務」），其從事臨床前細胞和幹細胞相關設備之設計和製造（特別是在三維細胞灌培養物反應器和彼等相關的耗材）以及提供合同式技術研究服務；及(4)二零一五年八月收購Frame Sharp Limited及其附屬公司（「奧凱業務」），其主要從事為人體細胞及幹細胞相關臨床應用提供服務及設備。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 18. GOODWILL (CONT'D)

The net carrying amount of goodwill can be analysed as follows:

### 18. 商譽(續)

商譽之賬面淨值之分析如下：

		Aierfu Business 艾爾膚業務 HK\$'000 千港元	Reshine Business 瑞盛業務 HK\$'000 千港元	Weikai Business 衛凱業務 HK\$'000 千港元	AK Business 奧凱業務 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>At 1 January 2018</b>	於二零一八年一月一日					
Gross carrying amount	賬面總值	146,619	152,615	96,213	8,902	404,349
Accumulated impairment	累計減值	-	(152,615)	(49,442)	-	(202,057)
Net carrying amount	賬面淨值	146,619	-	46,771	8,902	202,292
<b>Year ended 31 December 2018</b>	截至二零一八年 十二月三十一日止年度					
Opening net carrying amount	期初賬面淨值	146,619	-	46,771	8,902	202,292
Impairment losses	減值虧損	(146,619)	-	(46,771)	(8,902)	(202,292)
Closing net carrying amount	期末賬面淨值	-	-	-	-	-
<b>At 31 December 2018</b>	於二零一八年十二月三十一日					
Gross carrying amount	賬面總值	146,619	152,615	96,213	8,902	404,349
Accumulated impairment	累計減值	(146,619)	(152,615)	(96,213)	(8,902)	(404,349)
Net carrying amount	賬面淨值	-	-	-	-	-
<b>At 31 December 2019</b>	於二零一九年十二月三十一日					
Gross carrying amount	賬面總值	142,943	148,790	93,801	8,679	394,213
Accumulated impairment	累計減值	(142,943)	(148,790)	(93,801)	(8,679)	(394,213)
Net carrying amount	賬面淨值	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 18. GOODWILL (CONT'D)

For the purpose of impairment testing, goodwill is allocated to four cash generating units, Aierfu Business, Reshine Business, Weikai Business and AK Business.

The recoverable amounts for these cash-generating units have been determined based on value-in-use ("VIU") calculation using discounted cash flow technique, covering detailed five-year budget plans. Cash flows beyond the five-year period are extrapolated using the estimated growth rates as stated below. The discount rates used for VIU are pre-tax and reflect specific risks relating to the relevant cash-generating unit.

The key assumptions used for recoverable amounts are as follows:

		Basis 基準		Growth rate 增長率		Discount rate 折現率	
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年
Aierfu Business	艾爾膚業務	VIU 使用價值	VIU 使用價值	3%	3%	18%	24%
Reshine Business	瑞盛業務	VIU 使用價值	VIU 使用價值	3%	3%	20%	28%
Weikai Business	衛凱業務	VIU 使用價值	VIU 使用價值	3%	3%	22%	26%
AK Business	奧凱業務	VIU 使用價值	VIU 使用價值	3%	3%	19%	25%

The key assumptions are those regarding the discount rate, growth rate and budgeted gross margin, which had been determined based on the market comparables and budgeted revenue, which had been determined based on the management's expectation for the market development and the production capacity of relevant cash generating units.

Apart from the considerations described above in determining the recoverable amount of the cash-generating unit, the Group's management is not currently aware of any other probable changes that would necessitate changes in their key assumptions. However, the estimate of recoverable amount of the Group's cash generating units is particularly sensitive to the discount rate applied.

### 18. 商譽(續)

為進行減值檢測，商譽會分配至四個現金產生單位，艾爾膚業務、瑞盛業務、衛凱業務及奧凱業務。

該等現金產生單位的可收回金額已根據使用貼現現金流量法(按詳盡五年預算計劃)計算之使用價值(「使用價值」)釐定。五年期以後之現金流量乃按以下所列估計增長率推算。用於使用價值折現率為除稅前，並反映相關現金產生單位之特定風險。

可收回金額所使用的主要假設如下：

主要假設為有關折現率、增長率及預算毛利率，彼等根據市場可比較值及預算收益(其根據管理層對市場的發展和相關現金產生單位的生產能力之預期釐定)釐定。

除上述釐定現金產生單位可收回金額之考慮因素外，本集團之管理層現時並不知悉任何其他可能之變化，令其需要修改主要假設。然而，本集團現金產生單位的估計可收回金額對所採用之折現率尤為敏感。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 18. GOODWILL (CONT'D)

The recoverable amount has been determined by an independent professional valuer, Roma Appraisal Limited (2018: Roma Appraisal Limited) with the discounted cash flow approach. The total recoverable amounts of these cash generating units are amounted to HK\$17,860,000 as at 31 December 2019.

As at 31 December 2019, based on the results of the reviews of the recoverable amount of the cash generating units containing goodwill, the carrying amounts exceeded the recoverable amounts of the relevant assets less liabilities of the cash generating units, the management considered that impairment loss on property, plant and equipment, other intangible assets and right of use assets of HK\$94,118,000, HK\$70,697,000 and HK\$52,049,000 respectively were recognised in profit or loss for the year. The impairment loss is mainly due to the poor financial performance of these cash generating units during the year and the change of the Group's operating strategies.

As at 31 December 2018, based on the results of the reviews of the recoverable amount of the cash generating units containing goodwill, the carrying amounts exceeded the recoverable amounts of the relevant assets less liabilities of the cash generating units, the management considered that impairment loss on goodwill, property, plant and equipment and other intangible assets of HK\$202,292,000, HK\$168,486,000 and HK\$275,896,000 respectively were recognised in profit or loss for the year. The impairment loss is mainly due to the poor financial performance of these cash generating units during the year and the change of the Group's operating, marketing and sales strategies.

### 18. 商譽(續)

可收回金額乃由獨立專業估值師羅馬國際評估有限公司(二零一八年：羅馬國際評估有限公司)使用貼現現金流量法釐定。該等現金產生單位的總可收回金額於二零一九年十二月三十一日為17,860,000港元。

於二零一九年十二月三十一日，根據現金產生單位可回收金額(含商譽)的檢討結果，有關資產賬面值超過可回收金額減現金產生單位的負債，管理層考慮於年度損益確認物業、廠房及設備、其他無形資產及使用權資產減值虧損分別為94,118,000港元、70,697,000港元及52,049,000港元。減值虧損主要由於年內該等現金產生單位的財務表現不佳及本集團運營策略變化。

於二零一八年十二月三十一日，根據現金產生單位可回收金額(含商譽)的檢討結果，有關資產賬面值超過可回收金額減現金產生單位的負債，管理層考慮於年度損益確認商譽、物業、廠房及設備以及其他無形資產減值虧損分別為202,292,000港元、168,486,000港元及275,896,000港元。減值虧損主要由於年內該等現金產生單位的財務表現不佳及本集團運營、市場推廣及銷售策略變化。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 19. CONTINGENT CONSIDERATION RECEIVABLES 19. 應收或然代價

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	4,587	32,502
Fair value loss	公平值虧損	(4,587)	(26,271)
Exchange differences	匯兌差額	-	(1,644)
At 31 December	於十二月三十一日	-	4,587

There are profit guarantees for the acquisitions of Weikai Business and AK Business.

For Weikai Business, the vendor guaranteed to the Group that cumulative total net profits for the years ended 31 December 2015 to 2018 will not be less than RMB25,000,000, or he will transfer part of the shares of Passion Stream Limited (a 70% indirectly owned subsidiary of the Company) held by him and classified as non-controlling interests in the consolidated financial statements, based on the percentage of the shortfall in total net profit over the guaranteed total net profit. The adjustment will be settled after the end of the four-year period.

For AK Business, the vendor guaranteed to the Group that cumulative total net profits for the years ended 31 December 2015 to 2018 will not be less than RMB8,000,000, or he will transfer part of the shares of Frame Sharp Limited (a 70% indirectly owned subsidiary of the Company) held by him and classified as non-controlling interests in the consolidated financial statement, based on the percentage of the shortfall in total net profit over the guaranteed total net profit. The adjustment will be settled after the end of the four-year period.

收購衛凱業務及奧凱業務均有溢利保證。

有關衛凱業務，賣方向本集團保證，截至二零一五年至二零一八年十二月三十一日止年度之累計總溢利淨額將不少於人民幣25,000,000元，否則其將轉讓所持Passion Stream Limited（本公司間接擁有70%附屬公司）之部份股份（根據總溢利淨額與保證總溢利淨額間之差額百分比，於綜合財務報表內分類為非控股股東權益）。有關調整將於四年期結束後結算。

有關奧凱業務，賣方向本集團保證，截至二零一五年至二零一八年十二月三十一日止年度之累計總溢利淨額將不少於人民幣8,000,000元，否則其將轉讓其所持部份Frame Sharp Limited（本公司間接擁有70%附屬公司）之股份（根據總溢利淨額與保證總溢利淨額間之差額百分比，於綜合財務報表內分類為非控股股東權益）。有關調整將於四年期結束後結算。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 19. CONTINGENT CONSIDERATION RECEIVABLES (CONT'D)

As both profit guarantees of AK Business and Weikai Business were not met, pursuant to the Group's rights under the Profit Guarantees, the vendor transferred to the Group respective equity interest of Frame Sharp Limited and Passion Stream Limited, which represents the Group's effective interest in 20% of the entire of equity interest of AK Business and Weikai Business respectively. Since then, the Group's effective interest in each AK Business and Weikai Business has increased from 70% to 90%. Upon the enforcement of the rights under the Profit Guarantees, in the opinion of the directors, the fair value of contingent consideration receivables on the date of the enforcement is zero in view of the significant loss incurred by AK Business and Weikai Business and fair value loss on contingent consideration receivables of HK\$4,587,000 was recognised in profit or loss during the year.

As at 31 December 2018, the management expected that the contingent consideration receivables will be realised within 12 months from the reporting date, accordingly, it is classified as current assets.

As at 31 December 2018, the contingent consideration receivables represented the fair value of the profit guarantees in accordance with the share purchase agreements for the acquisition of Weikai Business and AK Business and were estimated by an independent professional valuers, Roma Appraisal Limited. The fair value of the contingent consideration receivables were estimated by applying probability weighted discounted cash flow approach based on the estimated total profits expected by management of the Group to be earned by the Weikai Business and AK Business for the four years ended 31 December 2018 and the estimated fair values of the shares of Passion Stream Limited and Frame Sharp Limited held by the non-controlling interests.

As at 31 December 2018, the fair value of contingent consideration represented was a level 3 recurring fair value measurement. Significant unobservable input for the valuation approach is the marketability discount of 20.70%. Higher marketability discount on the fair value of shares of Passion Stream Limited and Frame Sharp Limited will result in corresponding lower fair values. As at 31 December 2018, it is estimated that with all other variables held constant, the 5% increase in marketability discount will decrease the fair value of the contingent consideration receivables by 5%.

### 19. 應收或然代價(續)

奧凱業務及衛凱業務的溢利保證均未能達成。根據本集團於溢利保證項下的權利，賣方將Frame Sharp Limited及Passion Stream Limited各自的股本轉讓予本集團，該等股本相當於本集團分別於奧凱業務及衛凱業務全部股權的20%的實際權益。自此，本集團於奧凱業務及衛凱業務各自的實際權益已由70%增加至90%。在執行溢利保證下的權利後，鑒於奧凱業務及衛凱業務產生的重大虧損，董事認為執行之日應收或然代價公平值為零而應收或然代價的公平值虧損4,587,000港元已於年內於損益中確認。

於二零一八年十二月三十一日，管理層預期應收或然代價自報告日期起計十二個月內變現，因此，其分類作流動資產。

於二零一八年十二月三十一日，應收或然代價指根據收購衛凱業務及奧凱業務之股份購買協議的溢利保證之公平值，乃由獨立專業估值師羅馬國際評估有限公司估計。應收或然代價之公平值乃使用概率加權貼現現金流量法根據本集團管理層預期截至二零一八年十二月三十一日止四個年度衛凱業務及奧凱業務賺取之估計溢利總額以及非控股股東權益所持Passion Stream Limited及Frame Sharp Limited股份之估計公平值而估計得出。

於二零一八年十二月三十一日，或然代價之公平值為第三級經常性公平值計量。估值法之重大非可觀察輸入數據為市場流動折現率20.70%：Passion Stream Limited及Frame Sharp Limited之股份公平值之市場流動折現率升高將導致公平值相應減少。於二零一八年十二月三十一日，預計所有其他變數保持不變，市場流動折現率增加5%將令應收或然代價公平值減少5%。



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 20. OTHER INTANGIBLE ASSETS

### 20. 其他無形資產

		Trademark 商標 HK\$'000 千港元	Patents 專利 HK\$'000 千港元	Development costs 發展成本 HK\$'000 千港元	Licensing agreement 特許權協議 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>At 1 January 2018</b>	<b>於二零一八年一月一日</b>					
Cost	成本	79,984	493,470	123,216	23,393	720,063
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(48,897)	(217,773)	(6,027)	(2,621)	(275,318)
Net book amount	賬面淨值	31,087	275,697	117,189	20,772	444,745
<b>Year ended 31 December 2018</b>	<b>截至二零一八年十二月三十一日止年度</b>					
Opening net book amount	期初賬面淨值	31,087	275,697	117,189	20,772	444,745
Exchange difference	匯兌差額	-	(12,433)	(123)	(1,063)	(13,619)
Amortisation	攤銷	(5,330)	(30,618)	(4,145)	(3,293)	(43,386)
Impairment loss	減值虧損	(21,827)	(168,013)	(78,195)	(7,861)	(275,896)
Closing net book amount	期末賬面淨值	3,930	64,633	34,726	8,555	111,844
<b>At 31 December 2018</b>	<b>於二零一八年十二月三十一日</b>					
Cost	成本	79,984	493,470	125,222	23,393	722,069
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(76,054)	(428,837)	(90,496)	(14,838)	(610,225)
Net book amount	賬面淨值	3,930	64,633	34,726	8,555	111,844
<b>Year ended 31 December 2019</b>	<b>截至二零一九年十二月三十一日止年度</b>					
Opening net book amount	期初賬面淨值	3,930	64,633	34,726	8,555	111,844
Addition	添置	-	-	3,549	-	3,549
Exchange difference	匯兌差額	-	(4,307)	(696)	(503)	(5,506)
Amortisation	攤銷	(3,874)	(14,675)	(1,619)	(2,677)	(22,845)
Impairment loss	減值虧損	(56)	(39,355)	(25,911)	(5,375)	(70,697)
Closing net book amount	期末賬面淨值	-	6,296	10,049	-	16,345
<b>At 31 December 2019</b>	<b>於二零一九年十二月三十一日</b>					
Cost	成本	77,979	481,101	125,632	22,018	706,730
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(77,979)	(474,805)	(115,583)	(22,018)	(690,385)
Net book amount	賬面淨值	-	6,296	10,049	-	16,345

As at 31 December 2019 and 2018, all other intangible assets are related to four cash generating units, Aierfu Business, Reshine Business, Weikai Business and AK Business respectively. These other intangible assets were mainly arising from the business combinations as stated in note 18. During the year, the directors reviewed the carrying amounts of the other intangible assets. The details of the impairment assessment are stated in note 18.

於二零一九年及二零一八年十二月三十一日，所有其他無形資產與四個現金產生單位（分別為艾爾膚業務、瑞盛業務、衛凱業務及奧凱業務）有關。該等其他無形資產主要產生自附註18所述業務合併。年內，董事檢討其他無形資產的賬面值。減值評估詳情載於附註18。

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

### 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Non-current</b>	<b>非流動</b>		
Unlisted equity securities – PRC, measured at FVOCI	非上市股本證券—中國 按公平值於其他全面收入 列賬計量	<b>31,522</b>	161,445

This equity investment was irrevocably designated at FVOCI as the Group considered this investment to be strategic in nature. This represented 2% equity investment in a private company incorporated in the PRC namely 中新(黑龍江)互聯網小額貸款有限公司(“中新小額貸”).

During the year ended 31 December 2019 and 2018, the Group did not receive dividend from this investment. 中新小額貸 with its registered capital of RMB5,000 million was one of the top 10 in terms of registered capital base of online lenders in the PRC according to 2018 publication of The People's Bank of China. On the other hand, the online lending industry in the PRC was adversely affected by more stringent regulatory restrictions and exits of smaller players, aggravated by the COVID-19 outbreak in early 2020 and lead to significant deterioration of quality of outstanding lending by 中新小額貸 and hence valuation of the Group's investment. The Board will maintain close monitor on business development of 中新小額貸.

### 21. 按公平值於其他全面收入列賬的金融資產

由於本集團認為該投資屬於策略性質，因此該股權投資已不可撤銷地指定為按公平值於其他全面收入列賬。此乃指向於中國註冊成立的私人公司中新(黑龍江)互聯網小額貸款有限公司(「中新小額貸」)作出的2%股權投資。

截至二零一九年及二零一八年十二月三十一日止年度，本集團並無自該投資收取股息。根據中國人民銀行二零一八年公佈，中新小額貸的註冊資本為人民幣50億元，為中國網絡貸方註冊資本基礎前十名之一。另一方面，中國網絡借貸行業受到更嚴格的監管限制以及規模較小參與者退出的不利影響，加上二零二零年初COVID-19爆發加劇前述影響，導致中新小額貸未償還貸款的質量顯著下降，進而令本集團投資的估值欠佳。董事會將密切監察中新小額貸的業務發展。

### 22. INVENTORIES

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Raw materials	原材料	<b>3,853</b>	12,508
Work-in progress	在製品	<b>881</b>	2,690
Finished goods	製成品	<b>2,004</b>	17,177
		<b>6,738</b>	32,375

### 22. 存貨

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 23. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

### 23. 應收貿易賬項、按金、預付款項及其他應收款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current assets:	流動資產：		
Trade receivables	應收貿易賬項	<b>142,074</b>	143,805
Less: Impairment losses	減：減值虧損	<b>(138,062)</b>	(139,677)
		<b>4,012</b>	4,128
Rental deposit	租賃按金	<b>14,044</b>	-
Other deposits	其他按金	<b>3,946</b>	22,667
Prepayments	預付款項	<b>7,274</b>	79,829
Bank interest receivables	應收銀行利息	<b>73</b>	7,234
Other receivables	其他應收款項	<b>23,250</b>	8,488
		<b>48,587</b>	118,218
Less: Impairment losses of other receivables	減：其他應收款項減值虧損	<b>(20,029)</b>	(393)
		<b>28,558</b>	117,825
Represented by:	以下列項目列示：		
Non-current assets	非流動資產	<b>14,044</b>	-
Current assets	流動資產	<b>14,514</b>	117,825
		<b>28,558</b>	117,825

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 23. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONT'D)

Movements in the impairment losses in respect of trade receivables and other receivables during the year are as follows:

### 23. 應收貿易賬項、按金、預付款項及其他應收款項(續)

年內貿易應收款項及其他應收款項的減值虧損變動如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Trade receivables (lifetime expected credit losses collectively assessed)</b>		<b>應收貿易賬項(共同評估的全期預期信貸虧損)</b>	
At 1 January	於一月一日	<b>139,677</b>	4,866
Impairment losses recognised during the year	年內確認的減值虧損	<b>1,149</b>	139,006
Exchange alignment	匯兌調整	<b>(2,764)</b>	(4,195)
At 31 December	於十二月三十一日	<b>138,062</b>	139,677
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Other receivables (lifetime expected credit losses individually assessed)</b>		<b>其他應收款項(個別評估的全期預期信貸虧損)</b>	
At 1 January	於一月一日	<b>393</b>	2,851
Impairment losses recognised/(reversed) during the year	年內確認/(撥回)的減值虧損	<b>19,636</b>	(2,458)
At 31 December	於十二月三十一日	<b>20,029</b>	393

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 23. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONT'D)

The changes in the gross carrying amount of trade and other receivables are mainly due to new financial assets originated or purchased during the year. The impairment losses of trade receivables recognised during the year were mainly due to the long aged outstanding receivables without any settlement from debtors and no sales transactions with these debtors during the year. The impairment losses of other receivables recognised during the year were mainly due to the long aged outstanding receivables without any settlement from debtors without any repayment plan agreed. Management identified that these debtors are in financial difficulty and the recoverability of these receivables was remote.

As at year end date, ageing analysis of trade receivables based on sales invoice date and net of provisions, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0–90 days	0至90天	2,353	3,519
Over 90 days but less than 1 year	超過90天但少於1年	1,659	609
		<b>4,012</b>	4,128

The Group allows an average credit period of 60–180 days (2018: 60–180 days) to its customers.

The Group recognised impairment loss based on the accounting policy stated in note 4(i). Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in note 43.

### 23. 應收貿易賬項、按金、預付款項及其他應收款項(續)

貿易及其他應收款項的賬面總值變動主要由於年內產生或購買的新金融資產所致。年內確認的貿易應收款項減值虧損乃由於年內債務人長期未結清尚未償還的應收款項且並無與該等債務人進行銷售交易所致。年內確認其他應收款項的減值虧損主要是由於未與債務人清算且未商定任何還款計劃的長期未償還的應收款項所致。管理層確認此等債務人面臨財政困難，而該等應收款項的可收回性較微。

於年結日，應收貿易賬項按銷售發票日期及扣除撥備後之賬齡分析如下：

本集團給予其客戶之平均信貸期為60至180天(二零一八年：60至180天)。

本集團根據附註4(i)所述會計政策確認減值虧損。有關本集團信貸政策以及貿易及其他應收款項產生信貸風險的進一步詳情載於附註43。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS 24. 按公平值於損益列賬之金融資產

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Unlisted private investment funds – Overseas 非上市私募投資基金—海外	<b>299,520</b>	298,296

As at 31 December 2019 and 2018, the Group invested HK\$273.3 million into an overseas private equity fund, namely ZhongHua Finance Acquisition Fund I, L.P. (the "Fund"). During the years ended 31 December 2019 and 2018, the Group did not receive any dividend from the Fund. The Fund principally invested in companies in the skin care and medical products industries which continues to exhibit growth in turnover and profitability. In response to the changes in general economic conditions and competition within the industry, the Group disposed all of its interest in the Fund subsequent to 31 December 2019 to Mr. Xiong so that the Group can use the proceeds to focus on other investments, acquisitions and organic growth opportunities in the market.

The fair value of unlisted private investment funds as at 31 December 2019 was determined by an independent professional valuer, Roma Appraisal Limited with the market approach, based on the investee's financial performance and the multiples of comparable companies. The key unobservable assumptions used in the valuation included price to earnings ratio ("PE ratio") of 14.55 (2018: 13.48) and marketability discount of 20.6% (2018: 20.7%).

As at 31 December 2019, if the PE ratio and marketability discount shifted upward by 1 and 1% respectively (2018: 1 and 1%), the fair value of the unlisted private investment funds would be increased by 9% (2018: 1%) and decreased by 1.3% (2018: 0.7%) respectively. The higher the PE ratio, the higher the fair value. The higher the marketability discount, the lower the fair value.

於二零一九年及二零一八年十二月三十一日，本集團投資273,300,000港元於海外私募股權基金，即ZhongHua Finance Acquisition Fund I, L.P.（「基金」）。截至二零一九年及二零一八年十二月三十一日止年度，本集團並無自基金收取任何股息。該基金主要投資於皮膚護理及醫療產品行業的公司。該等公司在營業額及盈利能力持續增長。為應對一般經濟狀況變化及行業競爭影響，本集團於二零一九年十二月三十一日後將其於基金的全部權益出售予熊先生，以便本集團可以將所得款項專注於其他投資、收購事項及市場有機增長的機會。

於二零一九年十二月三十一日，非上市私募投資基金乃由獨立專業估值師羅馬國際評估有限公司使用市場法釐定，並以投資對象的財務表現及可資比較公司的倍數為基準。估值中使用的主要不可觀察假設包括市盈率（「市盈率」）14.55（二零一八年：13.48）及市場流動折現率20.6%（二零一八年：20.7%）。

於二零一九年十二月三十一日，倘市盈率及市場流動折現率分別上調1及1%（二零一八年：1及1%），非上市私募投資基金的公平值將分別上升9%（二零一八年：1%）及下降1.3%（二零一八年：0.7%）。市盈率越高，公平值越高。市場流動折現率越高，公平值越低。

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## 財務報表附註

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

### 25. CASH AND BANK BALANCES/PLEDGED BANK DEPOSITS

### 25. 現金及銀行結餘／已抵押銀行存款

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Pledged deposits (note (a))	已抵押存款(附註(a))	-	417,568
Restricted bank balances (note (b))	受限制銀行結餘(附註(b))	9,921	-
Cash and cash equivalents	現金及現金等值項目	9,289	20,062
Cash and bank balance	現金及銀行結餘	19,210	20,062

Notes:

- (a) As at 31 December 2018, the deposits were pledged to banks to secure bank loans (as detailed in note 31 to the financial statements). These deposits earned interests from 1.50% to 2.10% per annum. As at 31 December 2018, the pledged deposits of HK\$28,200,000 was classified as non-current assets as it was pledged to secure non-current bank borrowings and HK\$389,368,000 was classified as current assets as it was pledged to secure current bank borrowings. During the year, all bank borrowings were repaid and there is no pledged deposits as at 31 December 2019.
- (b) Bank balances of HK\$9,912,000 were frozen by Shanghai Municipal Public Security Bureau in relation to the source of fund from an independent third party who involved in a criminal case. The Bureau also restricted the sales of all buildings of Aierfu, a subsidiary of the Group. The management obtained legal advices and in the opinion of the directors, the transactions and source of funds received by Aierfu were under commercial substance and the Group did not involve in the case. The management actively applied to the Bureau to unfreeze these assets. For the remaining balance of restricted bank balances, these are due to several minor litigations from staff, suppliers and creditors to claim for the outstanding payables.
- (c) Included in cash and bank balances, short-term deposits and pledged bank deposits of the Group are HK\$9,192,000 (2018: HK\$434,797,000) of bank balances denominated in Renminbi ("RMB") placed with banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are recognised to conduct foreign exchange business.

附註：

- (a) 於二零一八年十二月三十一日，存款已抵押予銀行以擔保銀行貸款（詳述於財務報表附註31）。該等存款按每年1.50%至2.10%賺取利息。於二零一八年十二月三十一日，已抵押存款28,200,000港元分類為非流動資產，因為其已抵押以擔保非即期銀行借款，而389,368,000港元分類為流動資產，因為其已抵押以擔保即期銀行借款。年內，所有銀行借款均已償還及於二零一九年十二月三十一日並無已抵押存款。
- (b) 銀行結餘9,912,000港元遭上海市公安局凍結，與涉及刑事案件的獨立第三方資金來源有關。該局亦限制本集團附屬公司艾爾膚的所有樓宇銷售。管理層獲得法律意見且董事認為，艾爾膚獲得的交易及資金來源屬商業性質，本集團並未涉及案件。管理層積極向該局申請解凍有關資產。至於受限制銀行結餘的餘額，是由於員工、供應商及債權人進行數項小規模訴訟以追討未清償的應付款項。
- (c) 本集團之現金及銀行結餘、短期存款及已抵押銀行存款包括存放於中國之銀行並以人民幣（「人民幣」）計值之銀行結餘9,192,000港元（二零一八年：434,797,000港元）。人民幣並非可自由兌換之貨幣。根據中國內地之外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務之銀行將人民幣兌換為外幣。

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### 26. TRADE PAYABLES

		<b>2019</b>	2018
		<b>二零一九年</b>	二零一八年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
0-30 days	0至30天	<b>111</b>	4,229
31-60 days	31至60天	<b>166</b>	-
Over 60 days but less than 1 year	超過60天但少於1年	<b>322</b>	593
1 year or over 1 year	1年或1年以上	<b>19,039</b>	19,388
		<b>19,638</b>	24,210

General credit terms granted by suppliers are 30 days to 60 days.

### 26. 應付貿易賬項

	<b>2019</b>	2018
	<b>二零一九年</b>	二零一八年
	<b>HK\$'000</b>	HK\$'000
	千港元	千港元
	<b>111</b>	4,229
	<b>166</b>	-
	<b>322</b>	593
	<b>19,039</b>	19,388
	<b>19,638</b>	24,210

供應商授出之一般信貸期介乎30天至60天。

### 27. ACCRUED CHARGES AND OTHER PAYABLES

		<b>2019</b>	2018
		<b>二零一九年</b>	二零一八年
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Accrued charges	應計費用	<b>59,124</b>	43,988
Interest payables on other borrowing	其他借款應付利息	<b>1,653</b>	-
Other payables	其他應付賬項	<b>90,255</b>	71,546
Government assistances	政府補貼	<b>30,121</b>	28,425
		<b>181,153</b>	143,959

Government assistances represent payments granted by the local governments in the PRC in relation to the research and development of tissue engineering and stem cell projects carried out in the PRC. These payments will be recognised as income upon the approval from the local government on the output of the relevant projects.

### 27. 應計費用及其他應付賬項

	<b>2019</b>	2018
	<b>二零一九年</b>	二零一八年
	<b>HK\$'000</b>	HK\$'000
	千港元	千港元
	<b>59,124</b>	43,988
	<b>1,653</b>	-
	<b>90,255</b>	71,546
	<b>30,121</b>	28,425
	<b>181,153</b>	143,959

政府補貼指中國當地政府就於中國進行之組織工程及幹細胞項目研究及開發授出之款項。該等款項將於當地政府對相關項目成果作出批准後確認為收入。



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## 財務報表附註

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### 28. CONTRACT LIABILITIES

The contract liabilities mainly relate to advance considerations received from customers and arose from sale of goods. The Group may take certain deposits from customers on acceptance of the order, with the remainder of the consideration payable at the earlier of delivery of the finished goods.

#### Movements in contract liabilities

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Balance at 1 January	於一月一日結餘	28,676	23,569
Decrease in contract liabilities as a result of recognising revenue during the year	年內確認收益導致合約負債減少	(6,788)	(23,569)
Increase in contract liabilities as a result of billing in advance of sales of goods	銷售貨品預收款項導致合約負債增加	-	28,676
Exchange differences	匯兌差額	(719)	-
Balance at 31 December	於十二月三十一日結餘	21,169	28,676

### 29. SHAREHOLDER'S LOANS

As at 31 December 2019, shareholder's loans were unsecured and interest-free in which an amount of HK\$100 million was for the potential acquisition of Lung Hang Investments Limited (note 37) and repayable on or before the third anniversary date of the advancement date of the shareholder's loans (i.e. 19 December 2020). The whole amount of shareholder's loans were classified as non-current liabilities as the shareholder undertakes that it will not demand repayment of the shareholder's loans within 15 months from 19 December 2019 until the Company is in a position to repay.

As at 31 December 2019, the fair value of shareholder's loans were calculated using cash flows discounted at market interest rate of 5% per annum. Difference between the fair value and the nominal value of the loans, amounting to HK\$13,341,000 is included in other reserve in equity.

As at 31 December 2018, shareholder's loans were unsecured, interest-free and repayable within one year except for (1) the amount of HK\$100 million, which was for the potential acquisition of Lung Hang Investments Limited (note 37) and repayable on or before the third anniversary date of the advancement date of the shareholder's loans; and (2) the amount of HK\$100 million, which was repayable on 30 June 2020.

### 28. 合約負債

合約負債主要與收取客戶及銷售貨品產生的預收代價有關。本集團接納訂單時自客戶收取若干按金，餘下代價於成品交付時支付（以較早者為準）。

#### 合約負債變動

### 29. 股東貸款

於二零一九年十二月三十一日，股東貸款為無抵押及免息，其中金額100,000,000港元乃用於可能收購Lung Hang Investments Limited（附註37），並須於股東貸款墊付日期起屆滿三週年之日或之前（即二零二零年十二月十九日）償還。由於股東承諾自二零一九年十二月十九日起15個月內其將不會要求償還股東貸款直至本公司能夠償還為止，故將全部股東貸款分類為非流動負債。

於二零一九年十二月三十一日，股東貸款公平值採用按每年5%的市場利率貼現的現金流量計算。貸款公平值與名義值之間的差額為數13,341,000港元計入權益的其他儲備。

於二零一八年十二月三十一日，股東貸款為無抵押、免息及須於一年內償還，惟(1)金額100,000,000港元除外，該筆款項乃用於可能收購Lung Hang Investments Limited（附註37），並須於股東貸款墊付日期起屆滿三週年之日或之前償還；及(2)金額100,000,000港元須於二零二零年六月三十日償還。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 30. OTHER BORROWINGS

As at 31 December 2019, Mr. Xiong Qianguen granted a facility of HK\$100 million to the Group. The borrowing is bearing 8% interest per annum and repayable on or before 31 March 2020. The Group provided a guarantee and indemnity for the account of Mr. Xiong Qianguen in favour of a third party financial institution with financial exposure capped at HK\$8 million.

On 17 March 2020, the Group signed a supplementary agreement with Mr. Xiong Qianguen to increase the facility amount from HK\$100 million to HK\$180 million and extend the repayment date from 31 March 2020 to 30 June 2021. The Group also entered into a deed of charge with Mr. Xiong Qianguen to charge the Group's remaining 85% interest of financial assets at fair value through profit or loss in favour of Mr. Xiong Qianguen as the security for repayment and discharge of the other borrowing and all interest accrued and to be accrued thereon. On 2 April 2020, another supplementary agreement was signed to increase the facilities amount from HK\$180 million to HK\$200 million.

### 31. BANK BORROWINGS

As at 31 December 2019, the Group's bank borrowings are repayable as follows:

### 30. 其他借款

於二零一九年十二月三十一日，熊千根先生向本集團授出貸款融資100,000,000港元。借款為無抵押，按年利率8%計息並須於二零二零年三月三十一日或之前償還。本集團為熊千根先生向一家第三方金融機構提供擔保及彌償，財務風險上限為8,000,000港元。

於二零二零年三月十七日，本集團與熊千根先生簽署補充協議，將融資金額由100,000,000港元增至180,000,000港元，並將還款日期由二零二零年三月三十一日延長至二零二一年六月三十日。本集團亦與熊千根先生訂立抵押契據，將本集團餘下85%於按公平值於損益列賬之金融資產的權益以熊千根先生為受益人進行抵押，作為還款及償還其他借款以及所有已產生及將產生利息的擔保。於二零二零年四月二日，另一份補充協議已獲簽署以將融資金額由180,000,000港元增加至200,000,000港元。

### 31. 銀行借款

於二零一九年十二月三十一日，本集團之應償還銀行借款如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Current</b>	<b>即期</b>		
Bank loans, secured – repayable within one year (i)	銀行貸款，有抵押 – 一年內償還 (i)	–	366,400
<b>Non-Current</b>	<b>非即期</b>		
Bank loans, secured – repayable over one year but less than five years (ii)	銀行貸款，有抵押 – 一年後但五年內償還 (ii)	–	22,900
		–	389,300

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## 財務報表附註

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

### 31. BANK BORROWINGS (CONT'D)

The interest-bearing bank borrowings were carried at amortised cost.

- (i) As at 31 December 2018, the current bank borrowings represented bank loans with principal amounts of RMB340,000,000, which are repayable within one year and secured by the Group's deposits with carrying amounts of HK\$389,368,000.
- (ii) As at 31 December 2018, the non-current bank borrowings represented bank loans with principal amounts of RMB20,000,000, which was repayable over one year but less than five years and secured by the Group's pledged bank deposits with carrying amounts of HK\$28,200,000.

Interest rate of the bank borrowings was 4.750% per annum for the year ended 31 December 2018.

During the year, all bank borrowings were fully repaid.

### 32. DEFERRED TAXATION

Deferred taxation is calculated on temporary difference under the liability method using the rates of taxation prevailing in the countries in which the Group operates.

The movement on deferred tax liabilities is as follows:

		<b>Fair value adjustments arising from other intangible assets</b>	
		其他無形資產所產生之公平值調整	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At the beginning of the year	年初	9,661	81,076
Credited to profit or loss for the year (note 12)	已計入本年度損益(附註12)	(7,268)	(68,919)
Exchange differences	匯兌差額	(42)	(2,496)
		<b>2,351</b>	<b>9,661</b>

As at 31 December 2019, the Group has unused tax losses of HK\$92,295,000 (2018: HK\$86,494,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Tax losses will expire after 5 years from the year in which the tax losses were incurred.

### 31. 銀行借款(續)

計息銀行借款乃按攤銷成本列賬。

- (i) 於二零一八年十二月三十一日，即期銀行借款指本金金額為人民幣340,000,000元，須於一年內償還且以本集團賬面值389,368,000港元的存款作抵押的銀行貸款。
- (ii) 於二零一八年十二月三十一日，非即期銀行借款指須於一年後但五年內償還之本金金額為人民幣20,000,000元之銀行貸款，並以本集團賬面值為28,200,000港元之已抵押銀行存款作抵押。

截至二零一八年十二月三十一日止年度銀行借款年利率為4.750%。

於本年度內，所有銀行借款已悉數償還。

### 32. 遞延稅項

遞延稅項乃根據負債法以本集團經營所在國家之現行稅率按暫時差額計算。

遞延稅項負債之變動如下：

於二零一九年十二月三十一日，本集團有未動用稅項虧損92,295,000港元(二零一八年：86,494,000港元)，可用於抵扣未來溢利。由於未來溢利來源的不可預測性，故並無就稅項虧損確認遞延稅項資產。稅項虧損將於其產生當年起計5年後到期。

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## 財務報表附註

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

### 33. SHARE CAPITAL

### 33. 股本

		Number of shares 股份數目	Nominal value 面值 HK\$'000 千港元
Authorised:	法定：		
At 1 January 2018, 31 December 2018 and 1 January 2019, ordinary shares of HK\$0.01 each	於二零一八年一月一日、 二零一八年十二月三十一日及 二零一九年一月一日， 每股面值0.01港元的普通股	100,000,000,000	1,000,000
Share consolidation (note(ii))	股份合併(附註(ii))	(95,000,000,000)	-
At 31 December 2019, ordinary shares of HK\$0.2 each	於二零一九年十二月三十一日， 每股面值0.2港元的普通股	5,000,000,000	1,000,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2018, 31 December 2018 and 1 January 2019, ordinary shares of HK\$0.01 each	於二零一八年一月一日、 二零一八年十二月三十一日及 二零一九年一月一日， 每股面值0.01港元的普通股	17,585,790,000	175,858
Share consolidation (note(ii))	股份合併(附註(ii))	(16,706,500,500)	-
At 31 December 2019, ordinary shares of HK\$0.2 each	於二零一九年十二月三十一日， 每股面值0.2港元的普通股	879,289,500	175,858

#### Notes:

- (i) All these ordinary shares issued by the Company during the years rank pari passu with the then existing ordinary shares in all respects.
- (ii) On 16 May 2019, the Company completed the share consolidation by every twenty existing shares of HK\$0.01 each consolidated into one consolidated share of HK\$0.2 each.

In May 2020, upon the completion of share placing, 500,000,000 new shares of the Company were issued at HK\$0.2 per share. The Company also allotted and issued 200,000,000 ordinary shares to the holder of convertible bonds as the Company received conversion notices in respect of the conversion of the convertible bonds with principal amount of HK\$40,000,000 at the conversion price of HK\$0.2 per share.

#### 附註：

- (i) 本公司於各年度發行之所有普通股於各方面均與當時之現有普通股享有同等權益。
- (ii) 於二零一九年五月十六日，本公司以每二十股每股面值0.01港元的現有股份合併為一股每股面值0.2港元的合併股份的方式完成股份合併。

於二零二零年五月，股份配售完成後，本公司按每股0.2港元發行500,000,000股新股份。由於本公司已收到與以每股0.2港元的換股價轉換本金額為40,000,000港元的可換股債券有關的轉換通知，故本公司亦已向可換股債券持有人配發及發行200,000,000股普通股。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

### 34. 本公司之財務狀況表

	Notes 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		-	75
Deposits for acquisition of subsidiaries		100,000	100,000
Investments in subsidiaries		42,278	209,888
		<b>142,278</b>	309,963
<b>Current assets</b>			
Deposits and prepayments		6,105	12,803
Amounts due from subsidiaries		316,041	447,793
Cash and cash equivalents		76	115
		<b>322,222</b>	460,711
<b>Current liabilities</b>			
Accrued charges and other payables		21,665	13,364
Amounts due to subsidiaries		237,641	167,725
Shareholder's loans		-	41,584
Lease liabilities		3,519	-
Other borrowings		22,218	-
Current tax liabilities		-	1,326
		<b>285,043</b>	223,999
<b>Net current assets</b>		<b>37,179</b>	236,712
<b>Total assets less current liabilities</b>		<b>179,457</b>	546,675
<b>Non-current assets</b>			
Shareholder's loans		191,561	200,000
Lease liabilities		2,135	-
		<b>(193,696)</b>	200,000
<b>NET (LIABILITIES)/ASSETS</b>		<b>(14,239)</b>	346,675
<b>EQUITY</b>			
Share capital	33	175,858	175,858
Reserves	35	(190,097)	170,817
<b>(CAPITAL DEFICIENCY)/ TOTAL EQUITY</b>		<b>(14,239)</b>	346,675

On behalf of the directors

代表董事

**Wang Chuang**  
王闖  
Director  
董事

**Qiu Bin**  
邱斌  
Director  
董事

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 35. RESERVES

*The Company*

### 35. 儲備

本公司

		Share premium 股份溢價 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Other reserve 其他儲備 HK\$'000 千港元	Translation reserve 匯兌儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
<b>At 1 January 2018</b>	於二零一八年一月一日	3,196,996	52,929	-	15	(1,198,283)	2,051,657
Exchange loss on translation of financial statements of foreign operations	換算海外業務財務報表之匯兌虧損	-	-	-	(2)	-	(2)
Equity-settled share based payments	以股權結算的以股份為基礎的付款	-	(549)	-	-	-	(549)
Lapse of share options	購股權失效	-	(10,224)	-	-	10,224	-
Loss for the year	本年度虧損	-	-	-	-	(1,880,289)	(1,880,289)
<b>At 31 December 2018 and 1 January 2019</b>	於二零一八年十二月三十一日及二零一九年一月一日	<b>3,196,996</b>	<b>42,156</b>	<b>-</b>	<b>13</b>	<b>(3,068,348)</b>	<b>170,817</b>
Deemed capital contribution from shareholders	視作股東注資	-	-	12,238	-	-	12,238
Issue of share options	發行購股權	-	5,367	-	-	-	5,367
Lapse of share options	購股權失效	-	(7,224)	-	-	7,224	-
Loss for the year	本年度虧損	-	-	-	-	(378,519)	(378,519)
<b>At 31 December 2019</b>	於二零一九年十二月三十一日	<b>3,196,996</b>	<b>40,299</b>	<b>12,238</b>	<b>13</b>	<b>(3,439,643)</b>	<b>(190,097)</b>

In accordance with the Companies Law of the Cayman Islands, the share premium account of the Company is also available for distribution to shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

Deemed capital contribution from shareholders, represented the difference between the principal amount of the shareholder's loan and its fair value. As at 31 December 2019, the fair value of shareholder's loans were calculated using cash flows discounted at market interest rate of 5% per annum. Difference between the fair value and the nominal value of the loans, amounting to HK\$12,238,000 is included in other reserve in equity.

根據開曼群島公司法，本公司之股份溢價賬亦可分派予股東，惟本公司須於緊隨建議派付任何有關分派日期後，能夠在日常業務過程中償還到期債務。

視作來自股東的注資指股東貸款的本金額與其公平值間的差額。於二零一九年十二月三十一日，股東貸款的公平值採用按每年5%的市場利率貼現的現金流計算。貸款公平值與名義值之間的差額12,238,000港元計入權益的其他儲備。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 36. NOTES SUPPORTING STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financial activities:

### 36. 現金流量表支持附註

融資活動產生的負債之對賬：

		Bank borrowings	Shareholder's loans	Other borrowings	Interest payables for other borrowings	Lease liabilities
		銀行借款 (note 31) (附註31)	股東貸款 (note 29) (附註29)	其他借款 (note 30) (附註30)	應付利息 (note 27) (附註27)	租賃負債 (note 17) (附註17)
		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
At 1 January 2018	於二零一八年一月一日	771,840	472,542	-	-	-
Changes from cash flows:	現金流量變化：					
Repayments	償還	(343,500)	(214,208)	-	-	-
Interest paid	已付利息	(21,654)	-	-	-	-
Total changes from financing cash flows:	融資現金流量變動總額：	(365,154)	(214,208)	-	-	-
Other changes:	其他變動：					
Exchange difference recognised in other comprehensive income	於其他全面收入確認的匯兌差額	(39,040)	-	-	-	-
Interest expenses	利息開支	21,654	-	-	-	-
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日 及二零一九年一月一日	<b>389,300</b>	<b>258,334</b>	-	-	-
Adoption of HKFRS 16	採納香港財務報告準則第16號	-	-	-	-	<b>102,767</b>
		<b>389,300</b>	<b>258,334</b>	-	-	<b>102,767</b>
Changes from cash flows:	現金流量變化：					
Drawdown	提款	-	-	55,172	-	-
Repayments	償還	(389,300)	(37,695)	-	-	-
Interest paid	已付利息	(1,405)	-	-	-	-
Repayment of principal portion of lease liabilities	償還租賃負債本金部分	-	-	-	-	(18,235)
Interest on lease liabilities paid	已付租賃負債利息	-	-	-	-	(2,285)
Total changes from financing cash flows:	融資現金流量變動總額：	(390,705)	(37,695)	55,172	-	(20,520)
Other changes:	其他變動：					
Additions	添置	-	-	-	-	34,106
Interest expenses	利息開支	1,405	-	-	1,653	2,285
Exchange difference	匯兌差額	-	-	-	-	(343)
Deemed capital contribution from shareholder	視作來自股東的注資	-	(13,341)	-	-	-
Disposal of a subsidiary	出售附屬公司	-	-	-	-	(1,276)
Lease modification	租賃修改	-	-	-	-	(67,500)
At 31 December 2019	於二零一九年十二月三十一日	-	<b>207,298</b>	<b>55,172</b>	<b>1,653</b>	<b>49,519</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 37. CAPITAL AND OTHER COMMITMENTS

As at 31 December 2019, the Group had capital and other commitments as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Capital commitments for property, plant and equipment:	物業、廠房及設備資本承擔：		
Contracted but not provided for:	已訂約但未撥備：		
Purchased of property, plant and equipment	購買物業、廠房及設備	654	1,125
<b>Total</b>	<b>總計</b>	<b>654</b>	<b>1,125</b>

The Company signed two sponsorship agreements with the University of Oxford for the research of stem cell therapy and tissue engineering. The Company agreed to provide GBP9 million (equivalent to HK\$93 million) to the University of Oxford by instalments over the period covered by agreements. Up to 31 December 2019, the Company has paid GBP 5.05 million (equivalent to HK\$55.90 million (2018: GBP 5.05 million (equivalent to HK\$55.90 million))) to the University of Oxford. As the agreements are executory, no liability should be recognised at the date of signing of the agreements.

During the year ended 30 April 2017, the Group entered into the framework agreements with independent third parties to establish an ophthalmic clinic and a specialist hospital located in Shenzhen, PRC. According to the terms of the two framework agreements, the Group may use each of the two sites for the first eight years following the date the relevant site becomes available for use and the Group was required to share 49% of the audited net profit (after tax) of the specialist hospital with the independent third party during the term of that lease. Thereafter, the Group may elect to continue to rent the sites at a rental to be determined by reference to the then prevailing market rate for the seven years that follow. As at 31 December 2019 and 2018, the Group has not yet used these sites and there is no rental payment paid by the Company for these sites during the years ended 31 December 2019 and 2018.

Deposits for acquisition of subsidiaries:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Lung Hang Investment Limited (note (a))	Lung Hang Investment Limited (附註(a))	100,000	100,000
Other target company (note (b))	其他目標公司(附註(b))	46,512	45,457
		<b>146,512</b>	<b>145,457</b>

### 37. 資本及其他承擔

於二零一九年十二月三十一日，本集團之資本及其他承擔如下：

本公司與牛津大學就幹細胞治療及組織工程的研究訂立兩份贊助協議。本公司同意於協議涵蓋期間向牛津大學分期提供9,000,000英鎊(相當於93,000,000港元)。截至二零一九年十二月三十一日，本公司已向牛津大學支付5,050,000英鎊(相當於55,900,000港元)(二零一八年：5,050,000英鎊(相當於55,900,000港元))。由於該等協議尚待執行，於簽立協議日期並無確認負債。

於截至二零一七年四月三十日止年度，本集團與獨立第三方訂立框架協議，以於中國深圳成立一間眼科診所及一間專科醫院。根據兩份框架協議之條款，本集團可於有關場所可供使用之日起首個八年內使用該兩個場所，但本集團須於租賃年期內與獨立第三方分享專科醫院49%經審核淨利潤(稅後)。此後，本集團可選擇繼續租賃該等場所，租金將參考七年後的通行市場利率釐定。於二零一九年及二零一八年十二月三十一日，本集團尚未動用該等場所，且概無本公司於截至二零一九年及二零一八年十二月三十一日止年度就該等場所已付租金。

收購附屬公司之按金：



# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 37. CAPITAL AND OTHER COMMITMENTS (CONT'D)

Deposits for acquisition of subsidiaries: (Cont'd)

- (a) On 10 December 2017, the Company entered into the framework agreement with an independent third party in relation to the proposed acquisition of the entire issued share capital of Lung Hang Investments Limited, a company incorporated in the British Virgin Islands with limited liability. Lung Hang Investments Limited and its subsidiaries are principally engaged in the manufacture, distribution, trading and sale of proprietary Chinese medicines, chemical raw materials, biochemical products, chemical medicine preparation and health food and other related business in the PRC. The amount of the consideration for the potential acquisition shall be in the region between HK\$3.6 billion to HK\$3.8 billion, subject to further bona fide negotiations. Further details are set out in the Company's announcement dated 10 December 2017.

According to the framework agreement, the Company shall pay HK\$100 million to the existing shareholder of Lung Hang Investments Limited within 7 days from the signing of the framework agreement. This payment is non-refundable and if the proposed acquisition materialises, this payment shall be applied as part payment of the consideration.

For the purpose of this potential acquisition, All Favour Holdings Limited, a substantial shareholder of the Company, advanced HK\$100 million to the Company to pay the deposits pursuant to the framework agreement. This shareholder's loan is unsecured and interest-free. If the Company proceeds with the proposed acquisition, the Company shall repay the shareholder's loan on or before the third anniversary date of the advancement date of the shareholder's loan.

The Company has reached agreement in December 2017 with the substantial shareholder that if the Company decides not to proceed with the proposed acquisition, the Company shall nominate the substantial shareholder as nominated purchaser for the potential acquisition and the substantial shareholder agreed to proceed with the proposed acquisition. In such event, the obligation to repay the shareholder's loan by the Company shall be deemed discharged when the substantial shareholder enters into the sale and purchase agreement of the potential acquisition. As at 31 December 2019 and 2018, the Company decided to continue the proposed acquisition.

- (b) The deposit is unsecured, interest-free and refundable if the proposed acquisition does not proceed. In June 2020, the proposed acquisition is cancelled and the deposit will be fully returned to the Group by December 2020.

### 37. 資本及其他承擔(續)

收購附屬公司之按金：(續)

- (a) 於二零一七年十二月十日，本公司與獨立第三方訂立框架協議，內容有關建議收購 Lung Hang Investments Limited (於英屬處女群島註冊成立之有限公司) 之全部已發行股本。Lung Hang Investments Limited 及其附屬公司主要於中國從事中成藥、化學原料藥、生化產品、化學藥製劑及保健食品的生產、分銷、貿易及銷售業務以及其他相關業務。潛在收購事項之代價金額應介乎36億港元至38億港元，惟有待進一步真誠磋商釐定。進一步詳情載於本公司日期為二零一七年十二月十日之公告。

根據框架協議，本公司應於簽立框架協議後7日內向 Lung Hang Investments Limited 現任股東支付1億港元。該筆款項為不可退還。倘建議收購事項落實，該筆款項將用作代價的部分付款。

為了是項潛在收購事項，本公司之主要股東全輝控股有限公司向本公司墊付1億港元的款項以根據框架協議支付按金。該筆股東貸款為無抵押及免息。倘本公司進行建議收購事項，本公司將於股東貸款墊付日期屆滿三週年當日或之前償還股東貸款。

於二零一七年十二月，本公司已與主要股東達成協議，倘本公司決定不進行建議收購事項，本公司將指定主要股東作為建議收購事項的指定買方，而主要股東同意進行建議收購事項。於該情況下，本公司償還股東貸款之責任應被視為已於主要股東就建議收購事項訂立買賣協議時履行。於二零一九年及二零一八年十二月三十一日，本公司決定繼續進行建議收購事項。

- (b) 倘建議收購事項未繼續進行，則按金為無抵押、免息及可退還。於二零二零年六月，建議收購事項已予取消，而按金將於二零二零年十二月前悉數退還予本公司。

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## 財務報表附註

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

### 38. SHARE OPTIONS

A share option scheme was adopted by the Company pursuant to a resolution passed on 14 September 2011 (the "Scheme"). Under the Scheme, the directors may grant options to (i) any eligible employee (means any employee, whether full time or part time employee, including any executive directors and non-executive directors) of the Company, any of its subsidiaries and any invested entity; (ii) any supplier of goods or services to any member of the Group or any invested entity; (iii) any customer of the Group or any invested entity; (iv) any person or entity that provides research, development or technological support or other services to the Group or any invested entity; and (v) any shareholder or any member of the Group or any invested entity or any holder of any securities issued by any member of the Group to any invested entity (collectively known as the "Participants"), to subscribe for shares in the Company. The purpose of the Scheme is to provide incentives or rewards to the Participants thereunder for their contributions to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity. The period of the Scheme shall not be more than ten years from the date of adoption of the Scheme.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of the approval of the Scheme, unless approved by the Company's shareholders. In addition, the maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time. Options granted to substantial shareholders or independent non-executive directors of the Company, or any of their respective associates in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5 million must be approved by the Company's shareholders.

### 38. 購股權

本公司根據一項於二零一一年九月十四日通過之決議案採納一項購股權計劃（「計劃」）。根據計劃，董事可向下列人士授出購股權以認購本公司股份：(i) 本公司、其任何附屬公司及任何所投資實體之任何合資格僱員（指任何全職或兼職僱員，包括任何執行董事及非執行董事）；(ii) 向本集團任何成員公司或任何所投資實體供應貨品或服務之任何供應商；(iii) 本集團或任何所投資實體之任何顧客；(iv) 向本集團或任何所投資實體提供研究、開發或技術支援或其他服務之任何人士或實體；及(v) 任何股東或本集團任何成員公司或任何所投資實體或本集團任何成員公司向任何所投資實體發行之任何證券之任何持有人（統稱「參與者」）。計劃之目的乃就有關參與者對本集團所作之貢獻作出鼓勵或獎勵及／或使本集團得以招攬及挽留優秀僱員，並吸納對本集團及任何所投資實體而言寶貴之人力資源。計劃期由採納計劃日期起計不得超過十年。

除非獲得本公司股東批准，根據計劃可予授出之購股權涉及之股份總數不得超過本公司於批准計劃當日已發行股份之10%。此外，因行使根據計劃授出而尚未行使之購股權而可予發行之本公司股份數目上限，不得超過本公司不時已發行股份之30%。於任何12個月期間內可向任何人士授出之購股權涉及之股份數目不得超過本公司於任何時間已發行股份之1%。倘向本公司主要股東或獨立非執行董事或任何彼等各自之聯繫人授出之購股權超過本公司股本之0.1%及價值超過5,000,000港元，則必須獲得本公司股東批准。

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### 38. SHARE OPTIONS (CONT'D)

Options granted must be taken up within a period of 28 days from the date of grant, upon payment of HK\$1 per grant. An option period to be determined by the directors is at their absolute discretion shall not be more than ten years after the date of the grant of the share option ("Option Period"). Options may be exercised in accordance with the terms of the Scheme at any time during the Option Period after the option has been granted. The exercise price should not be less than the highest of (i) the nominal value of the Company's shares; (ii) the closing price of the Company's share on the date of grants, which must be a trading day; or (iii) the average of the closing prices of the Company's shares for the five trading days immediately preceding the date of grant.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing its shares.

No share option was granted under the Scheme during the years ended 31 December 2019 and 2018.

### 38. 購股權(續)

所授出之購股權必須於授出日期起28日期間內獲接納，而每次接納購股權時須繳付1港元。購股權期間乃由董事全權酌情釐定，惟不得超過授出購股權日期起計十年（「購股權期間」）。授出購股權後，購股權可於購股權期間內按照計劃條款隨時予以行使。行使價不得低於以下三者之最高者：(i)本公司股份面值；(ii)本公司股份於授出日期（必須為交易日）之收市價；或(iii)本公司股份於緊接授出日期前五個交易日之平均收市價。

所有以股份支付之僱員酬金將以權益支付。本集團除發行股份外，概無法律或推定義務購回或支付購股權。

截至二零一九年及二零一八年十二月三十一日止年度概無根據計劃授出購股權。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 38. SHARE OPTIONS (CONT'D)

The following tables set out the movement in share options:

### 38. 購股權 (續)

下表載列購股權之變動：

Name of category of participant	Share option type	Outstanding at 31 December 2018	Share consolidation	Adjusted number of options after share consolidation	Lapsed during the year	Outstanding at 31 December 2019
參與者之類別名稱	購股權類型	二零一八年十二月三十一日尚未行使	股份合併	股份合併後購股權之經調整數目	年內失效	於二零一九年十二月三十一日尚未行使
<b>Directors</b>	<b>董事</b>					
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>					
Mr. Pang Chung Fai Benny (resigned on 1 June 2018)	彭中輝先生 (於二零一八年六月一日辭任)	04/2016 804,000 04/2017 480,000	(763,800) (456,000)	40,200 24,000	(40,200) (24,000)	- -
Mr. Chan Bing Woon (resigned on 15 August 2019)	陳炳煥先生 (於二零一九年八月十五日辭任)	04/2016 1,930,000 04/2017 2,300,000	(1,833,500) (2,185,000)	96,500 115,000	(38,600) (69,000)	57,900 46,000
Sub-total	小計	5,514,000	(5,238,300)	275,700	(171,800)	103,900
<b>Employees</b>	<b>僱員</b>					
In aggregate	合計	04/2016 51,906,000 04/2017 80,288,000	(49,310,700) (76,273,600)	2,595,300 4,014,400	(749,800) (1,136,200)	1,845,500 2,878,200
<b>Consultants</b>	<b>顧問</b>					
In aggregate	合計	04/2016 32,940,000 04/2017 48,000,000	(31,293,000) (45,600,000)	1,647,000 2,400,000	- -	1,647,000 2,400,000
		218,648,000	(207,715,600)	10,932,400	(2,057,800)	8,874,600

During the year, 2,057,800 (2018: 27,609,100) share options (adjusted after share consolidation) lapsed as the related directors, employees and consultants resigned/retired/ceased to provide services to the Group. As a result of the lapse of share options during the year, an amount of HK\$7,224,000 (2018: HK\$10,224,000) were debited to the share option reserve and credited to accumulated losses.

The fair value of equity-settled share-based payment transactions with consultants is by reference to the fair value of the share options granted, as the directors consider that the share options granted is an extra incentive to the consultants and no specified identifiable goods or services to be provided to the Group.

年內，由於相關董事、僱員及顧問已辭任／退任／不再向本集團提供服務，故有2,057,800份（二零一八年：27,609,100份）購股權（股份合併後進行調整）已失效。由於年內購股權已失效，7,224,000港元（二零一八年：10,224,000港元）於購股權儲備中扣除並計入累計虧損。

由於董事認為所授出之購股權乃為向顧問作出之額外激勵，及並無將向本集團提供之特定可識別貨品或服務，與顧問進行之以權益結算之股權支付費用交易之公平值乃經參考所授出購股權之公平值釐定。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 38. SHARE OPTIONS (CONT'D)

The terms and conditions of the share options that existed at 31 December 2019 and 2018 are as follows:

### 38. 購股權 (續)

於二零一九年及二零一八年十二月三十一日之購股權條款及條件如下：

Date of grant	Vesting period	Exercise period	Contractual exercise price (adjusted after share consolidation) (合約行使價 (於股份合併後調整))	Contractual life of options (購股權合約年期)	Number of options (購股權數目)	
					Adjusted after share consolidation (股份合併後之經調整)	
					2019	2018
授出日期	歸屬期	行使期			二零一九年	二零一八年 (restated) (經重列)
<b>Directors and chief executive officer</b> <b>董事及行政總裁</b>						
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2016 二零一五年九月十六日至二零一六年九月十五日	16 September 2016 to 15 September 2025 二零一六年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10 年	11,580	27,340
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2017 二零一五年九月十六日至二零一七年九月十五日	16 September 2017 to 15 September 2025 二零一七年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10 年	11,580	27,340
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2018 二零一五年九月十六日至二零一八年九月十五日	16 September 2018 to 15 September 2025 二零一八年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10 年	11,580	27,340
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2019 二零一五年九月十六日至二零一九年九月十五日	16 September 2019 to 15 September 2025 二零一九年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10 年	11,580	27,340
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2020 二零一五年九月十六日至二零二零年九月十五日	16 September 2020 to 15 September 2025 二零二零年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10 年	11,580	27,340
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2017 二零一六年九月九日至二零一七年九月八日	9 September 2017 to 8 September 2025 二零一七年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9 年	9,200	27,800

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

### 38. SHARE OPTIONS (CONT'D)

The terms and conditions of the share options that existed at 31 December 2019 and 2018 are as follows: (Cont'd)

### 38. 購股權 (續)

於二零一九年及二零一八年十二月三十一日之購股權條款及條件如下：(續)

Date of grant 授出日期	Vesting period 歸屬期	Exercise period 行使期	Contractual exercise price (adjusted after share consolidation) (adjusted after share consolidation) 合約行使價 (於股份合併後調整)	Contractual life of options 購股權合約年期	Number of options 購股權數目 Adjusted after share consolidation 股份合併後之經調整	
					2019 二零一九年	2018 二零一八年 (restated) (經重列)
<b>Directors and chief executive officer (Cont'd)</b> <b>董事及行政總裁 (續)</b>						
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2018 二零一六年九月九日至二零一八年九月八日	9 September 2018 to 8 September 2025 二零一八年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	9,200	27,800
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2019 二零一六年九月九日至二零一九年九月八日	9 September 2019 to 8 September 2025 二零一九年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	9,200	27,800
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2020 二零一六年九月九日至二零二零年九月八日	9 September 2020 to 8 September 2025 二零二零年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	9,200	27,800
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2021 二零一六年九月九日至二零二一年九月八日	9 September 2021 to 8 September 2025 二零二一年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	9,200	27,800
<b>Employees</b> <b>僱員</b>						
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2016 二零一五年九月十六日至二零一六年九月十五日	16 September 2016 to 15 September 2025 二零一六年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10年	369,100	519,060
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2017 二零一五年九月十六日至二零一七年九月十五日	16 September 2017 to 15 September 2025 二零一七年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10年	369,100	519,060

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### 38. SHARE OPTIONS (CONT'D)

The terms and conditions of the share options that existed at 31 December 2019 and 2018 are as follows: (Cont'd)

### 38. 購股權(續)

於二零一九年及二零一八年十二月三十一日之購股權條款及條件如下：(續)

Date of grant 授出日期	Vesting period 歸屬期	Exercise period 行使期	Contractual exercise price (adjusted after share consolidation) (adjusted after share consolidation) 合約行使價 (於股份合併後調整)	Contractual life of options 購股權合約年期	Number of options 購股權數目 Adjusted after share consolidation 股份合併後之經調整	
					2019 二零一九年	2018 二零一八年 (restated) (經重列)
<b>Employees (Cont'd)</b> 僱員(續)						
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2018 二零一五年九月十六日至二零一八年九月十五日	16 September 2018 to 15 September 2025 二零一八年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10 年	369,100	519,060
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2019 二零一五年九月十六日至二零一九年九月十五日	16 September 2019 to 15 September 2025 二零一九年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10 年	369,100	519,060
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2020 二零一五年九月十六日至二零二零年九月十五日	16 September 2020 to 15 September 2025 二零二零年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10 年	369,100	519,060
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2017 二零一六年九月九日至二零一七年九月八日	9 September 2017 to 8 September 2025 二零一七年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9 年	575,640	802,880
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2018 二零一六年九月九日至二零一八年九月八日	9 September 2018 to 8 September 2025 二零一八年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9 年	575,640	802,880
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2019 二零一六年九月九日至二零一九年九月八日	9 September 2019 to 8 September 2025 二零一九年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9 年	575,640	802,880
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2020 二零一六年九月九日至二零二零年九月八日	9 September 2020 to 8 September 2025 二零二零年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9 年	575,640	802,880

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 38. SHARE OPTIONS (CONT'D)

The terms and conditions of the share options that existed at 31 December 2019 and 2018 are as follows: (Cont'd)

### 38. 購股權(續)

於二零一九年及二零一八年十二月三十一日之購股權條款及條件如下：(續)

Date of grant 授出日期	Vesting period 歸屬期	Exercise period 行使期	Contractual exercise price (adjusted after share consolidation) (adjusted after share consolidation) 合約行使價 (於股份合併後調整)	Contractual life of options 購股權合約年期	Number of options 購股權數目 Adjusted after share consolidation 股份合併後之經調整	
					2019 二零一九年	2018 二零一八年 (restated) (經重列)
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2021 二零一六年九月九日至二零二一年九月八日	9 September 2021 to 8 September 2025 二零二一年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	575,640	802,880
<b>Consultants</b> 顧問						
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2016 二零一五年九月十六日至二零一六年九月十五日	16 September 2016 to 15 September 2025 二零一六年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10年	329,400	329,400
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2017 二零一五年九月十六日至二零一七年九月十五日	16 September 2017 to 15 September 2025 二零一七年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10年	329,400	329,400
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2018 二零一五年九月十六日至二零一八年九月十五日	16 September 2018 to 15 September 2025 二零一八年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10年	329,400	329,400
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2019 二零一五年九月十六日至二零一九年九月十五日	16 September 2019 to 15 September 2025 二零一九年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10年	329,400	329,400
16 September 2015 二零一五年九月十六日	16 September 2015 to 15 September 2020 二零一五年九月十六日至二零二零年九月十五日	16 September 2020 to 15 September 2025 二零二零年九月十六日至二零二五年九月十五日	HK\$9.00 9.00 港元	10 years 10年	329,400	329,400



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

### 38. SHARE OPTIONS (CONT'D)

The terms and conditions of the share options that existed at 31 December 2019 and 2018 are as follows: (Cont'd)

### 38. 購股權 (續)

於二零一九年及二零一八年十二月三十一日之購股權條款及條件如下：(續)

Date of grant 授出日期	Vesting period 歸屬期	Exercise period 行使期	Contractual exercise price (adjusted after share consolidation) (adjusted after share consolidation) 合約行使價 (於股份合併後調整)	Contractual life of options 購股權合約年期	Number of options 購股權數目 Adjusted after share consolidation 股份合併後之經調整	
					2019 二零一九年	2018 二零一八年 (restated) (經重列)
<b>Consultants (Cont'd)</b> 顧問 (續)						
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2017 二零一六年九月九日至二零一七年九月八日	9 September 2017 to 8 September 2025 二零一七年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	480,000	480,000
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2018 二零一六年九月九日至二零一八年九月八日	9 September 2018 to 8 September 2025 二零一八年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	480,000	480,000
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2019 二零一六年九月九日至二零一九年九月八日	9 September 2019 to 8 September 2025 二零一九年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	480,000	480,000
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2020 二零一六年九月九日至二零二零年九月八日	9 September 2020 to 8 September 2025 二零二零年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	480,000	480,000
9 September 2016 二零一六年九月九日	9 September 2016 to 8 September 2021 二零一六年九月九日至二零二一年九月八日	9 September 2021 to 8 September 2025 二零二一年九月九日至二零二五年九月八日	HK\$5.80 5.80 港元	9 years 9年	480,000	480,000
					<b>8,874,600</b>	<b>10,932,400</b>

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## 財務報表附註

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

### 38. SHARE OPTIONS (CONT'D)

The Company had 6,277,600 and 5,248,760 share options exercisable at 31 December 2019 and 2018 after share consolidation and the weighted average exercise prices of share options exercisable at 31 December 2019 and 2018 after share consolidation are HK\$7.28 and HK\$7.40 respectively.

As at 31 December 2019, the Company had 8,874,600 (2018: 10,932,400 (restated)) share options outstanding under the Scheme, which represented approximately 1% (2018: 1%) of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 8,874,600 (2018: 10,932,400 (restated)) additional ordinary shares of the Company and additional share capital of HK\$1,774,920 (2018: HK\$2,186,480) and share premium of HK\$61,165,524 (2018: HK\$75,234,240) (before issue expenses).

The number and weighted average exercise prices of share options are as follows:

		2019 二零一九年		2018 二零一八年 (restated) (經重列)	
		Weighted average exercise price 加權平均行使價 HK\$ 港元	Number of options 購股權數目	Weighted average exercise price 加權平均行使價 HK\$ 港元	Number of options 購股權數目 '000 千份
Outstanding at beginning of the year	年初尚未行使	7.08	10,932	6.44	38,541
Forfeited/Lapsed during the year	年內沒收/失效	7.09	(2,058)	6.18	(27,609)
Outstanding at end of year	年末尚未行使	7.09	8,874	7.08	10,932

Note: The number of share options and exercise prices were adjusted pursuant to the share consolidation as mentioned in note 33.

As at 31 December 2019, the weighted average remaining contractual life for the outstanding share options is 5.70 years (2018: 6.70 years).

During the year, share-based payments expense of HK\$5,367,000 have been charged to profit or loss for the year (2018: share-based payments expenses of HK\$549,000 were credited in profit or loss).

### 38. 購股權(續)

於二零一九年及二零一八年十二月三十一日於股份合併後，本公司有6,277,600份及5,248,760份購股權可予行使，於二零一九年及二零一八年十二月三十一日於股份合併後，可行使購股權的加權平均行使價分別為7.28港元及7.40港元。

於二零一九年十二月三十一日，本公司有8,874,600份(二零一八年：10,932,400份(經重列))計劃項下之尚未行使購股權，佔本公司於該日之已發行股份約1%(二零一八年：1%)。於本公司現有資本架構下，悉數行使餘下購股權將導致本公司發行8,874,600股(二零一八年：10,932,400份(經重列))額外普通股、產生額外股本1,774,920港元(二零一八年：2,186,480港元)及股份溢價61,165,524港元(二零一八年：75,234,240港元)(於發行開支前)。

購股權數目及加權平均行使價如下：

附註：購股權數目及行使價乃根據附註33所述之股份合併作出調整。

於二零一九年十二月三十一日，尚未行使購股權的加權平均尚餘合約年期為5.70年(二零一八年：6.70年)。

年內，以股份支付費用為5,367,000港元已自本年度損益中扣除(二零一八年：以股份支付費用為549,000港元已計入損益)。

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## 財務報表附註

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

### 39. RELATED PARTY TRANSACTIONS

#### *Compensation of Key management personnel*

The key management personnel of the Group are the directors and chief financial officer of the Company. The remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends. The remuneration of the key management (excluding directors) was as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	2,106	2,310
Retirement benefits scheme contributions	退休福利計劃供款	21	18
		<b>2,127</b>	<b>2,328</b>

The emoluments of the highest paid non-director individuals fell within the following band:

		Number of individual 人數	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Nil to HK\$1,000,000	零至 1,000,000 港元	1	-
HK\$1,000,001 to HK\$2,000,000	1,000,001 港元至 2,000,000 港元	1	-
HK\$2,000,001 to HK\$2,500,000	2,000,001 港元至 2,500,000 港元	-	2
		<b>2</b>	<b>2</b>

Details of the remuneration paid to the directors are set out in note 10 to the financial statements.

Save as elsewhere in the financial statements and above, there was no other related party transaction during the year ended 31 December 2019 and 2018.

### 39. 關連交易

#### *主要管理人員酬金*

本集團之主要管理人員即本公司董事及首席財務官。主要管理人員之酬金乃由薪酬委員會根據個別人士之表現及市場趨勢釐定。主要管理人員(不包括董事)之酬金範圍如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	2,106	2,310
Retirement benefits scheme contributions	退休福利計劃供款	21	18
		<b>2,127</b>	<b>2,328</b>

最高薪非董事個人的酬金介乎以下範圍：

		Number of individual 人數	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Nil to HK\$1,000,000	零至 1,000,000 港元	1	-
HK\$1,000,001 to HK\$2,000,000	1,000,001 港元至 2,000,000 港元	1	-
HK\$2,000,001 to HK\$2,500,000	2,000,001 港元至 2,500,000 港元	-	2
		<b>2</b>	<b>2</b>

支付予董事之酬金詳情載於財務報表附註 10。

除財務報表內之其他部份及以上所披露者外，於截至二零一九年及二零一八年十二月三十一日止年度概無其他關連交易。

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## 財務報表附註

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

### 40. INTERESTS IN SUBSIDIARIES

Particulars of principal subsidiaries of the Company as at 31 December 2019 and 2018 are as follows:

### 40. 於附屬公司之權益

於二零一九年及二零一八年十二月三十一日，本公司之主要附屬公司詳情如下：

Name of company 公司名稱	Place of incorporation/ registration 註冊成立／註冊地點	Issued ordinary capital/paid up capital 已發行普通股股本／繳足資本	Percentage of ownership interests held by the Company 本公司持有擁有權益比例		Principal activities and place of operations 主要業務及營業地點
			Directly 直接	Indirectly 間接	
China Bio-Med Regeneration Technology Limited 中國生物醫學再生科技有限公司	British Virgin Islands 英屬處女群島	US\$20,000 20,000美元	100% (2018: 100%)	-	Investment holding, Hong Kong 投資控股，香港
China Regenerative Medicine Tissue Engineering Limited 中國再生醫學組織工程有限公司	British Virgin Islands 英屬處女群島	US\$1 1美元	-	100% (2018: 100%)	Investment holding, Hong Kong 投資控股，香港
FD(H) Investments Limited FD(H) Investments Limited	British Virgin Islands 英屬處女群島	US\$100 100美元	-	100% (2018: 100%)	Investment holding, Hong Kong 投資控股，香港
Shaanxi Aierfu Activtissue Engineering Company Limited ("Shaanxi Aierfu") 陝西艾爾膚組織工程有限公司 (「陝西艾爾膚」)	The PRC 中國	RMB250,000,000 人民幣250,000,000元	-	100% (2018: 100%)	Production and sales of tissue engineering skin related products, the PRC 生產及銷售組織工程皮膚相關產品，中國
Shaanxi AiBosin Bio-Engineering Company Limited ("Shaanxi AiBosin") 陝西艾博生生物工程有限公司 (「陝西艾博生」)	The PRC 中國	RMB2,000,000 人民幣2,000,000元	-	100% (2018: 100%)	Research and development, the PRC 研發，中國
Shaanxi AiNear Cornea Engineering Company Limited ("Shaanxi AiNear") 陝西艾爾尼角膜工程有限公司 (「陝西艾爾尼」)	The PRC 中國	RMB3,800,000 人民幣3,800,000元	-	100% (2018: 100%)	Research and development, the PRC 研發，中國
Shenzhen AiNear Cornea Engineering Company Limited ("Shaanxi AiNear") 深圳艾爾尼角膜工程有限公司 (「深圳艾爾尼」)	The PRC 中國	RMB3,800,000 人民幣3,800,000元	-	100% (2018: 100%)	Production and sales of bio-engineered cornea, the PRC 生產及銷售生物工程角膜，中國
Zhongsheng Medical Equipment Trading Company Limited 中生醫療器械銷售有限公司	The PRC 中國	RMB60,000,000 人民幣60,000,000元	-	100% (2018: 100%)	Sales and distribution, the PRC 銷售及分銷，中國

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## 財務報表附註

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

### 40. INTERESTS IN SUBSIDIARIES (CONT'D)

### 40. 於附屬公司之權益(續)

Name of company 公司名稱	Place of incorporation/ registration 註冊成立/註冊地點	Issued ordinary capital/paid up capital 已發行普通股 股本/繳足資本	Percentage of ownership interests held by the Company 本公司持有擁有 權權益比例		Principal activities and place of operations 主要業務及營業地點
			Directly 直接	Indirectly 間接	
Shaanxi Reshine Biotech Co. Ltd. ("Reshine") 陝西瑞盛生物科技有限公司(「瑞盛」)	The PRC 中國	RMB117,000,000 人民幣117,000,000元	- (2018: 100%)	100%	Research and development, the PRC 研發·中國
Shanghai Hesidi Cosmetics Company Limited ("Hesidi") 上海赫絲蒂化妝品有限公司(「上海赫絲蒂」)	The PRC 中國	RMB50,000,000 人民幣50,000,000元	- (2018: 51%)	51%	Sales and distribution, the PRC 銷售及分銷·中國
Shenzhen Hesidi Cosmetics Company Limited ("Hesidi") 深圳赫絲蒂化妝品有限公司(「深圳赫絲蒂」)	The PRC 中國	RMB5,000,000 人民幣5,000,000元	- (2018: 51%)	51%	Sales and distribution, the PRC 銷售及分銷·中國
China Bio-Med Technology Limited 中生醫學科技有限公司	The PRC 中國	RMB50,000,000 人民幣50,000,000元	- (2018: 100%)	100%	Research and development, the PRC 研發·中國
HK International Regenerative Centre Limited 香港國際再生醫學中心有限公司	Hong Kong 香港	HK\$100 100港元	- (2018: 80%)	100%	Healthcare business, Hong Kong 醫療保健業務·香港
China Regenerative Medicine Limited 中國再生醫學有限公司	Hong Kong 香港	HK\$1 1港元	- (2018: 100%)	100%	Investment holding, Hong Kong 投資控股·香港
China Stem Cell Clinical Applications Centre Limited 中國幹細胞臨床應用中心有限公司	Hong Kong 香港	HK\$1 1港元	- (2018: 100%)	100%	Stem cell operation, Hong Kong 幹細胞業務·香港
Tianjin Weikai Bioeng Ltd 天津衛凱生物工程學有限公司	The PRC 中國	RMB10,400,000 人民幣10,400,000元	- (2018: 70%)	90%*	Sales and distribution, the PRC 銷售及分銷·中國
AK (Suzhou) Biomedical Ltd 奧凱(蘇州)生物技術諮詢服務有限公司	The PRC 中國	RMB1,470,600 人民幣1,470,600元	- (2018: 70%)	90%*	Sales and distribution, the PRC 銷售及分銷·中國
Shenzhen Kechuang Guangtai Technology Co., Ltd. 深圳科創廣泰技術有限公司	The PRC 中國	RMB20,420,000 人民幣20,420,000元	- (2018: 51%)	51%	Information technology, the PRC 信息技術服務·中國

\* for identification purposes only

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## 財務報表附註

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

### 40. INTERESTS IN SUBSIDIARIES (CONT'D)

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

All subsidiaries are limited liability companies.

None of the subsidiaries had any debt securities subsisting at the end of the period or at any time during the period.

Amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

During the year, the Group acquired additional 20% equity interests in its non-wholly owned subsidiaries, Frame Sharp Limited and Passion Stream Limited, with the consideration of US\$1 upon the enforcement of the Group's rights under the profit guarantees as disclosed in note 19. Since then, the Group's shareholding of Frame Sharp Limited and Passion Stream Limited increased from 70% to 90%. The Group also acquired additional 20% equity interests in its non-wholly owned subsidiary, HK International Regenerative Centre Limited with the consideration of HK\$20. Since then, the Group's shareholding of HK International Regenerative Centre Limited increased from 80% to 100%. As the increase in equity interests do not affect the Group's control over these subsidiaries, these transactions had been accounted for as equity transactions with the non-controlling interests. These transactions resulted in deemed loss on acquisition of non-controlling interests of HK\$15,978,000, which is included in other reserve in the equity and attributed to owners of the Company.

\* The Group does not have any equity interest in Tianjin Weikai Bioeng Limited ("Tianjin Weikai") and AK (Suzhou) Biomedical Ltd ("AK Suzhou"). However, the Group has entered into the contractual arrangements with Tianjin Weikai and AK Suzhou and its equity holders, which enable the Group to (1) exercise effective financial and operational control over Tianjin Weikai and AK Suzhou; (2) exercise equity holders' voting rights of Tianjin Weikai and AK Suzhou; (3) receive substantially all of the economic interest returns generated by Tianjin Weikai and AK Suzhou in consideration for the management services provided by the Group; (4) obtain an irrevocable and exclusive right with an initial period of 10 years to purchase the entire equity interest in Tianjin Weikai and AK Suzhou from the respective equity holders. The right automatically renews upon expiry for indefinite period of time until the Group specifies a renewal term; an (5) obtain a pledge over the entire equity interest of Tianjin Weikai and AK Suzhou from its respective equity holders as collateral security for all the payments due to the Group and to secure performance of Tianjin Weikai's and AK Suzhou's obligations under the above contractual arrangements. Accordingly, the Group has rights to variable returns from its involvement with Tianjin Weikai and AK Suzhou and has the ability to affect those returns through its power over Tianjin Weikai and AK Suzhou and is considered to control Tianjin Weikai and AK Suzhou. Consequently, the Group regards Tianjin Weikai and AK Suzhou as the indirect subsidiaries under HKFRSs.

### 40. 於附屬公司之權益(續)

附註：上表列出董事認為主要影響本集團期內業績或組成本集團期終資產淨值主要部份之本集團附屬公司。董事認為，列出其他附屬公司之詳情會令篇幅過於冗長。

所有附屬公司均為有限責任公司。

於期終或於期內任何時間，概無附屬公司擁有任何債務證券。

應收／(應付)附屬公司款項乃無抵押、免息及須按要求償還。

年內，根據附註19所披露之溢利保證行使本集團的權利時，本集團收購其非全資附屬公司Frame Sharp Limited及Passion Stream Limited額外20%的股權，代價為1美元。自此，本集團於Frame Sharp Limited及Passion Stream Limited的持股比例由70%增加至90%。本集團亦以代價20港元收購其非全資附屬公司香港國際再生醫學中心有限公司的額外20%股權。此後，本集團於香港國際再生醫學中心有限公司的持股比例由80%增加至100%。由於股權的增加不會影響本集團對該等附屬公司的控制，故該等交易已按與非控股權益進行的股本交易入賬。該等交易導致收購非控股權益之視作虧損為15,978,000港元，已計入權益的其他儲備，並歸屬於本公司擁有人。

\* 本集團並無持有天津衛凱生物工程股份有限公司(「天津衛凱」)及奧凱(蘇州)生物技術有限公司(「奧凱(蘇州)」)的任何股權。然而，本集團與天津衛凱及奧凱(蘇州)及其權益持有人訂立合約協議，使本集團能夠(1)行使對天津衛凱及奧凱(蘇州)的實際財務及營運控制權；(2)行使天津衛凱及奧凱(蘇州)權益持有人的投票權；(3)收取天津衛凱及奧凱(蘇州)產生絕大部份經濟利益回報，作為本集團提供的管理服務的代價；(4)獲得從各權益持有人購買天津衛凱及奧凱(蘇州)全部股權的不可撤銷及獨家權利，初始年期為十年。相關權利於屆滿時以無限限期基準自動續期，惟本集團指定續訂年限者則除外；及(5)獲得各權益持有人對天津衛凱及奧凱(蘇州)全部股權的質押，作為應付本集團的所有款項的抵押物並擔保天津衛凱及奧凱(蘇州)履行上述合約安排項下的責任。因此，本集團有權通過參與天津衛凱及奧凱(蘇州)的業務而享受可變回報且有能透過其對天津衛凱及奧凱(蘇州)的控制權影響該等回報，並被視為控制天津衛凱及奧凱(蘇州)。因此，根據香港財務報告準則，本集團視天津衛凱及奧凱(蘇州)為間接附屬公司。

# NOTES TO THE FINANCIAL STATEMENTS

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

### 41. NON-CONTROLLING INTERESTS

As at 31 December 2019, the Group's material non-controlling interests ("NCI") included (1) Shanghai Hesidi Cosmetics Company Limited, a 51% (2018: 51%) owned subsidiary, and its subsidiary ("Hesidi Group"); (2) Ascara Cosmetics Group Co., Limited ("Ascara"), a 51% (2018: 51%) owned subsidiary; (3) BioCell Technology Limited ("BioCell"), a 90.5% (2018: 90.5%) owned subsidiary; (4) 深圳科創廣泰技術有限公司("深圳科創"), a 51% (2018: 51%) owned subsidiary; (5) Passion Stream Limited, a 90% (2018: 70%) owned subsidiary and its subsidiaries ("Passion Stream Group"); and (6) Frame Sharp Limited, a 90% (2018: 70%) owned subsidiary and its subsidiaries ("Frame Sharp Group"). Summarised financial information in relation to NCI of the above subsidiaries, before intra-group eliminations, are presented below:

### 41. 非控股權益

於二零一九年十二月三十一日，本集團的重大非控股權益(「重大非控股權益」)包括(1)上海赫絲蒂化妝品有限公司(擁有51%(二零一八年:51%)權益的附屬公司)及其附屬公司(「赫絲蒂集團」);(2)Ascara Cosmetics Group Co., Limited(「Ascara」, 擁有51%(二零一八年:51%)權益的附屬公司);(3)百奧生物科技公司(「百奧生」, 擁有90.5%(二零一八年:90.5%)權益的附屬公司);(4)深圳科創廣泰技術有限公司(「深圳科創」, 擁有51%(二零一八年:51%)權益的附屬公司);(5)Passion Stream Limited(擁有90%(二零一八年:70%)權益的附屬公司)及其附屬公司(「Passion Stream集團」);及(6)Frame Sharp Limited(擁有90%(二零一八年:70%)權益的附屬公司)及其附屬公司(「Frame Sharp集團」)。於集團內部抵銷前，與上述附屬公司重大非控股權益有關的財務資料摘要如下：

		Hesidi Group 赫絲蒂 集團 HK\$'000 千港元	Ascara Ascara HK\$'000 千港元	BioCell 百奧生 HK\$'000 千港元	深圳科創 深圳科創 HK\$'000 千港元	Passion Stream Group Passion Stream 集團 HK\$'000 千港元	Frame Sharp Group Frame Sharp 集團 HK\$'000 千港元
<b>For the year ended 31 December 2019</b>	<b>截至二零一九年十二月三十一日 止年度</b>						
Revenue	收益	5,231	2,436	428	2,270	2,005	3,791
Loss for the year	本年度虧損	(44,499)	(2,196)	(126,389)	(17,413)	(9,221)	(29,365)
Total comprehensive income	全面收益總額	(42,826)	(2,196)	(126,389)	(17,404)	(8,985)	(28,629)
Loss allocated to NCI	分配至非控股權益虧損	(21,805)	(1,076)	(12,007)	(8,532)	(1,648)	(3,787)
Dividends paid to NCI	已付非控股權益股息	-	-	-	-	-	-
Cash flows generated from/(used in) operating activities	經營活動所得/(所用)現金流量	(558)	(472)	(14,064)	1,235	(3,592)	(4,942)
Cash flows generated from investing activities	投資活動所得現金流量	-	-	-	(106)	-	(171)
Cash flows (used in)/generated from financing activities	融資活動(所用)/所得現金流量	544	58	14,646	(1,390)	3,049	4,953
Net cash inflows/(outflows)	現金流入/(流出)淨額	(14)	(414)	582	(261)	(543)	(160)
<b>As at 31 December 2019</b>	<b>於二零一九年十二月三十一日</b>						
Current assets	流動資產	31,458	80	8,995	16,562	3,995	736
Non-current assets	非流動資產	1,116	-	-	-	-	-
Current liabilities	流動負債	(111,849)	(14,341)	(226,032)	(2,121)	(35,118)	(43,380)
Non-current liabilities	非流動負債	-	-	(3,066)	(4,069)	-	-
Net (liabilities)/assets	(負債淨額)/資產淨值	(79,275)	(14,261)	(220,103)	10,372	(35,118)	(43,044)
Accumulated NCIs	累計非控股權益	(38,845)	(6,988)	(20,910)	5,082	(3,512)	(4,304)

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

### 41. NON-CONTROLLING INTERESTS (CONT'D)

### 41. 非控股權益 (續)

		Hesidi Group 赫絲蒂 集團 HK\$'000 千港元	Ascara Ascara HK\$'000 千港元	BioCell 百奧生 HK\$'000 千港元	深圳科創 深圳科創 HK\$'000 千港元	Passion Stream Group Passion Stream 集團 HK\$'000 千港元	Frame Sharp Group Frame Sharp 集團 HK\$'000 千港元
<b>For the year ended 31 December 2018</b>	<b>截至二零一八年十二月三十一日 止年度</b>						
Revenue	收益	4,231	7,228	1,270	620	1,643	3,254
Loss for the year	本年度虧損	(68,574)	(37,419)	(39,232)	(27,163)	(2,175)	(53,505)
Total comprehensive income	全面收益總額	(67,642)	(37,419)	(39,232)	(28,175)	(2,060)	(52,543)
Loss allocated to NCI	分配至非控股權益虧損	(33,601)	(18,335)	(3,727)	(13,310)	(653)	(16,052)
Dividends paid to NCI	已付非控股權益股息	-	-	-	-	-	-
Cash flows generated from/(used in) operating activities	經營活動所得/(所用)現金流量	(24,971)	3,274	(25,555)	(633)	988	3,136
Cash flows used in investing activities	投資活動所用現金流量	(270)	-	(4,542)	(2,502)	(28)	(3,459)
Cash flows (used in)/generated from financing activities	融資活動(所用)/所得現金流量	9,903	(2,812)	30,117	-	(928)	(1,906)
Net cash inflows/(outflows)	現金流入/(流出)淨額	(15,338)	462	20	(3,135)	32	(2,229)
<b>As at 31 December 2018</b>	<b>於二零一八年十二月三十一日</b>						
Current assets	流動資產	124,224	991	8,350	19,068	3,745	1,027
Non-current assets	非流動資產	1,145	-	97,402	12,687	5,755	26,755
Current liabilities	流動負債	(161,818)	(14,417)	(193,466)	-	(31,639)	(38,342)
Non-current liabilities	非流動負債	-	-	-	(3,561)	-	-
Net (liabilities)/assets	(負債淨額)/資產淨值	(36,449)	(13,426)	(93,714)	28,194	(22,139)	(10,560)
Accumulated NCIs	累計非控股權益	(17,860)	(6,579)	(8,903)	13,815	(6,642)	(3,168)



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

### 42. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table shows the carrying amount of financial assets and liabilities:

### 42. 金融資產及金融負債概要

下表載列金融資產及負債之賬面值：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>Financial assets</b>	<b>金融資產</b>		
<b>Non-current assets</b>	<b>非流動資產</b>		
Financial assets at fair value through other comprehensive income	按公平值於其他全面收入列賬的金融資產	31,522	161,445
Financial assets at amortised cost:	按攤銷成本計的金融資產：		
Non-current rental deposit	非流動租賃按金	14,044	-
Pledged bank deposits	已抵押銀行存款	-	28,200
<b>Current assets</b>	<b>流動資產</b>		
Financial assets at fair value through profit or loss	按公平值於損益列賬之金融資產	299,520	298,296
Contingent consideration receivable	應收或然代價	-	4,587
Financial assets at amortised cost:	按攤銷成本計的金融資產：		
Trade receivables	應收貿易賬項	4,012	4,128
Deposits and other receivables	按金及其他應收款項	7,240	38,389
Pledged bank deposits	已抵押銀行存款	-	389,368
Cash and bank balance	現金及銀行結餘	19,210	20,062
		<b>375,548</b>	944,475
<b>Financial liabilities</b>	<b>金融負債</b>		
Financial liabilities measured at amortised costs:	以攤銷成本計量之金融負債：		
<b>Current liabilities</b>	<b>流動負債</b>		
Trade payables	應付貿易賬項	19,638	24,210
Accrued charges and other payables	應計費用及其他應付賬項	151,032	115,534
Lease liabilities	租賃負債	24,094	-
Bank borrowings	銀行借款	-	366,400
Other borrowings	其他借款	55,172	-
Shareholder's loans	股東貸款	-	58,334
<b>Non-Current liabilities</b>	<b>非流動負債</b>		
Bank borrowings	銀行借款	-	22,900
Lease liabilities	租賃負債	25,425	-
Shareholder's loans	股東貸款	207,298	200,000
		<b>482,659</b>	787,378

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## 財務報表附註

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

### 42. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

### 42. 金融資產及金融負債概要(續)

下表提供以公平值列賬的金融工具之公平值架構分析：

- 第一級：相同的資產及負債於活躍市場的報價(未經調整)；
- 第二級：有關資產或負債除第一級報價以外，直接(即價格)或間接(即由價格得出)可觀察輸入數據；及
- 第三級：有關資產或負債並非依據可觀察市場數據的輸入數據(非可觀察輸入數據)。

金融資產或負債於公平值架構內之分類全取決於對公平值計量屬重要的輸入數據之最低級別。

於綜合財務狀況表以公平值計量之金融資產，其歸入之公平值架構如下：

		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>At 31 December 2019</b>	<b>於二零一九年 十二月三十一日</b>				
FVOCI	按公平值於其他全面收入 列賬	-	-	31,522	31,522
FVTPL	按公平值於損益列賬	-	-	299,520	299,520
		-	-	331,042	331,042
<b>At 31 December 2018</b>	<b>於二零一八年 十二月三十一日</b>				
Contingent consideration receivables	應收或然代價	-	-	4,587	4,587
FVOCI	按公平值於其他全面收入 列賬	-	-	161,445	161,445
FVTPL	按公平值於損益列賬	-	-	298,296	298,296
		-	-	464,328	464,328

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

### 42. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

The details of the valuation of the fair values of contingent consideration receivable and FVTPL are disclosed in notes 19 and 24 respectively. There have been no significant transfers between levels in the reporting period. The management appointed professional valuers, Roma Appraisal Limited, as management's expert to assist in the assessment the fair value of FVOCI and FVTPL and approved by the board of directors.

As at 31 December 2019, the fair value of the unlisted equity investment, classified as FVOCI, is estimated using asset-based approach, based on the fair values of various assets and liabilities of the investee, in which the fair value of each asset and liability was determined by reasonable valuation approaches based on its nature. The key inputs included marketability discount of 15.8% and discount for lack of control of 22.36%. As at 31 December 2019, if both the marketability discount and discount for lack of control shifted upward by 1%, the fair value of the unlisted equity investment would be decreased by 1% and 1% respectively. The higher the marketability discount and discount for lack of control, the lower the fair value.

The methods and valuation techniques used for the purpose of measuring fair value are changed from the market approach as at 31 December 2018 to asset-based approach as at 31 December 2019 as the investee encountered financial difficulty and in a going concern situation during the year. Therefore, the adoption of the asset-based approach will be more appropriate in arriving at the fair value of the investee.

As at 31 December 2018, the fair value of the unlisted equity investment, classified as FVOCI, was estimated using market approach, based on the investee's financial performance and the multiples of comparable companies. The key inputs included price to earnings ratio ("PE ratio") of 12.76 and discount for lack of marketability of 15.8%. As at 31 December 2018, if both PE ratio and marketability discount shifted upward by 1%, the fair value of the unlisted equity investment would be increased by 1.4% and decreased by 0.7% respectively. The higher the PE ratio, the higher the fair value. The higher the marketability discount, the lower the fair value.

### 42. 金融資產及金融負債概要(續)

應收或然代價公平值及按公平值於損益列賬之估值詳情分別披露於附註19及24。於報告期間，級別間並無重要轉移。管理層委任專業估值師羅馬國際評估有限公司(作為管理的專家)協勵評估按公平值於其他全面收入列賬及按公平值於損益列賬的公平值，並已獲董事會批准。

於二零一九年十二月三十一日，分類為按公平值於其他全面收入列賬的非上市股本投資的公平值乃基於被投資方若干資產及負債的公平值，採用資產法估計，其中各項資產及負債的公平值乃根據其性質通過合理估值方法釐定。主要輸入包括市場流動折現率15.8%及缺少控制權的折現率22.36%。於二零一九年十二月三十一日，倘市場流動折現率及缺少控制權的折現率均上升1%，則非上市股本投資的公平值將分別下降1%及1%。市場流動折現率及缺少控制權的折現率越高，則公平值越低。

由於被投資方年內遇到財務困難及處於持續經營狀況，故用於計量公平值的方法及估值技術已由二零一八年十二月三十一日的市場法變更為二零一九年十二月三十一日的資產法。因此，採用資產法對達致被投資對象的公平值而言屬更為適當。

於二零一八年十二月三十一日，分類為按公平值於其他全面收入列賬的非上市股本投資的公平值乃根據被投資方的財務表現及可比較公司的倍數採用市場法進行估計。主要輸入數據包括市盈率(「市盈率」)12.76及缺少市場流動的折現率15.8%。於二零一八年十二月三十一日，倘市盈率及市場流動折現率均上升1%，則非上市股本投資的公平值將分別增加1.4%及減少0.7%。市盈率越高，則公平值越高。市場流動折現率越高，則公平值越低。

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### 42. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

The reconciliation for financial assets measured at fair value under Level 3 of the fair value hierarchy is as follows:

### 42. 金融資產及金融負債概要(續)

公平值層級第三級項下按公平值計量的金融資產對賬如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<b>FVOCI</b>	按公平值於其他全面收入列賬		
Opening balance	期初結餘	161,445	165,222
Fair value loss recognised in other comprehensive income	於其他全面收入確認的公平值虧損	(129,923)	(3,777)
Closing balance	期末結餘	31,522	161,445
<b>FVTPL</b>	按公平值於損益列賬		
Opening balance	期初結餘	298,296	226,605
Additions	添置	-	58,656
Fair value gain recognised in profit or loss	於損益確認的公平值收益	1,224	13,035
Closing balance	期末結餘	299,520	298,296
<b>Contingent consideration receivables</b>	應收或然代價		
Opening balance	期初結餘	4,587	32,502
Fair value loss recognised in profit or loss	於損益確認的公平值虧損	(4,587)	(26,271)
Exchange differences	匯兌差額	-	(1,644)
Closing balance	期末結餘	-	4,587

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 43. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

The Group has a written risk management policy in place in relation to credit risk associated with loan receivables. The board of directors meets periodically to analyse and formulate strategies to manage and monitor the Group's exposure to a variety of risks associated with financial instruments which arise from the Group's operating and investing activities. Generally, the Group employs conservative strategies regarding its risk management to ensure appropriate measures are implemented on a timely and effective manner. The risks associated with these financial instruments and the policies on how these risks are mitigated are described as follows:

#### (a) Foreign currency risk

The Group's exposure to currency exchange rates is minimal as the group companies usually hold most of their financial assets/liabilities in their own functional currencies. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

#### (b) Interest rate risk

Financial assets and liabilities at variable interest rates expose the Group to cash flow interest rate risk and those at fixed rates expose the Group to fair value interest rate risk. The Group monitors the interest rate risk exposure on a continuous basis and adjusts the portfolio of financial assets and liabilities when necessary. A reasonable change in interest rate in the next twelve months is assessed to result in immaterial change in the Group's loss for the year and accumulated losses. Changes in interest rates have no impact on the Group's other components of equity.

### 43. 財務風險管理

本集團因於日常業務過程中及其投資活動中使用金融工具而承擔財務風險。財務風險包括市場風險(包括貨幣風險、利率風險及其他價格風險)、信貸風險及流動資金風險。

本集團制訂與應收貸款有關的信貸風險之書面風險管理政策。董事會定期召開會議進行分析並制定策略，以管理及監控本集團所承受有關本集團經營及投資業務產生之金融工具之不同風險。一般而言，本集團對風險管理採用審慎策略，以確保能及時有效採取適當措施。與該等金融工具相關之風險及如何減少此等風險之政策載述如下：

#### (a) 外匯風險

由於本集團通常以其功能貨幣持有大部份金融資產／負債，故本集團面臨匯率風險甚微。本集團目前並無外匯對沖政策，但管理層一直監控其外匯風險並於有需要時考慮對沖重大外匯風險。

#### (b) 利率風險

具浮動利率之金融資產及負債使本集團面臨現金流量利率風險，而具固定利率之金融資產及負債使本集團面臨公平值利率風險。本集團持續監控利率風險，並於必要時調整金融資產及負債之組合。於未來十二個月利率之合理變動被評定對本集團本年度的虧損及累計虧損並無重大變動。利率變動對本集團權益之其他組成部份並無影響。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 43. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (c) Credit risk

The carrying amounts of these financial assets presented in the Group's statement of financial position are net of impairment losses, if any. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. As at 31 December 2019, 38% (2018: 32%) of the total trade receivables were concentrated in the Group's largest debtor and 63% (2018: 65%) of the total trade receivables were concentrated in the Group's top five debtors (all private companies incorporated in Hong Kong, the PRC and Taiwan).

The Group has deposited its cash with various banks. The credit risk on cash and bank balances is limited because most of the Group's bank deposits are deposited with major banks in Hong Kong and the PRC.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables is estimated using a provision matrix with reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECLs also incorporated forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

### 43. 財務風險管理(續)

#### (c) 信貸風險

本集團之財務狀況表內呈列金融資產的賬面值已扣除減值虧損(如有)。本集團之信貸風險主要受各客戶之不同情況影響。客戶經營所在之行業及國家之違約風險亦對信貸風險產生影響，惟程度較低。於二零一九年十二月三十一日，應收貿易賬項總額之38%(二零一八年：32%)集中來自本集團的最大債務人，應收貿易賬項總額之63%(二零一八年：65%)集中來自本集團的五大債務人(所有於香港、中國及台灣註冊成立的私人公司)。

本集團於多家銀行存放現金。由於本集團之銀行存款大部份存放於香港及中國之主要銀行，故現金及銀行結餘之信貸風險有限。

本集團按相等於全期預期信貸虧損的金額計量貿易應收款項的虧損撥備。貿易應收款項的預期信貸虧損使用撥備矩陣估計，並參考債務人的過往違約記錄、有關各債務人風險的現行市況。預期信貸虧損亦經參考可能影響債務人清償應收款項能力的整體宏觀經濟狀況，加入前瞻性資料。

# NOTES TO THE FINANCIAL STATEMENTS

## 財務報表附註

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

### 43. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (c) Credit risk (Cont'd)

As at 31 December 2019 and 2018, the Group recognised lifetime ECLs for its trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

			2019 二零一九年		2018 二零一八年	
		Weighted average lifetime ECLs (%) 加權平均 全期預期 信貸虧損(%)	Gross carrying amount (HK\$'000) 賬面總值 (千港元)	Loss allowance (HK\$'000) 虧損撥備 (千港元)	Gross carrying amount (HK\$'000) 賬面總額 (千港元)	Loss allowance (HK\$'000) 虧損撥備 (千港元)
1-90 days	1至90日	1	2,377	(24)	3,555	(36)
91-365 days	91至365日	10	1,843	(184)	677	(68)
More than 365 days	超過365日	100	137,854	(137,854)	139,573	(139,573)
			<b>142,074</b>	<b>(138,062)</b>	143,805	(139,677)

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Save as those disclosed in the financial statements, the directors believe that there is no other material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

#### (d) Fair value

The directors of the Company consider the fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments. The fair value of non-current financial assets was not disclosed because the carrying amount is not materially different from its fair value.

### 43. 財務風險管理(續)

#### (c) 信貸風險(續)

於二零一九年及二零一八年十二月三十一日，本集團已根據個別重要客戶或個別為不重大的集體客戶賬齡確認其貿易應收款項的全期預期信貸虧損，詳情如下：

就其他應收款項而言，管理層會基於過往結算紀錄及過往經驗對其他應收款項是否可回收定期作出整體評估及個別評估。除財務報表所披露者外，董事認為，本集團的其他應收款項及按金的未收回結餘並無其他固有的重大信貸風險。

#### (d) 公平值

本公司董事認為由於本集團之該等金融工具屬即將或於短期內到期，故流動金融資產及負債之公平值與其賬面值之差異並不重大。由於非流動金融資產之公平值與其賬面值差異並不重大，故並未作出披露。

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### 43. FINANCIAL RISK MANAGEMENT (CONT'D)

#### (e) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group has net current assets of HK\$42,768,000 (2018: HK\$243,542,000) and net assets of HK\$17,633,000 (2018: HK\$567,263,000) as at 31 December 2019. In the opinion of the directors, the Group's exposure to liquidity risk is high. Please refer to note 3(b) for the management's plan on improving the Group's liquidity.

The following table details the remaining contractual maturities at each of the reporting dates of the Group's non- derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on current rates at the reporting date) and the earliest date the Group may be required to pay:

### 43. 財務風險管理(續)

#### (e) 流動資金風險

本集團之政策乃定期監控其流動資金需要，確保維持充裕現金儲備，應付短期及長期之流動資金需求。於二零一九年十二月三十一日，本集團流動資產淨值為42,768,000港元(二零一八年：243,542,000港元)，資產淨值為17,633,000港元(二零一八年：567,263,000港元)。董事認為，本集團面臨流動資金高風險。有關管理層改善本集團流動資金的計劃，請參閱附註3(b)。

下表詳列本集團非衍生金融負債於各報告日之剩餘合約期，該表乃根據訂約未貼現現金流量(包括按訂約利率或若為浮息，此乃根據報告日之當期利率計算之利息支出)及本集團可能須付款之最早日期編製：

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 5 years
		賬面值 HK\$'000 千港元	訂約未貼現 現金流量總額 HK\$'000 千港元	於1年內 或應要求 HK\$'000 千港元	超過1年但 少於5年 HK\$'000 千港元
<b>As at 31 December 2019</b>	<b>於二零一九年 十二月三十一日</b>				
Trade payables	應付貿易賬項	19,638	19,638	19,638	-
Accrued charges and other payables	應計費用及其他應付賬項	151,032	151,032	151,032	-
Shareholder's loans	股東貸款	207,298	220,639	-	220,639
Other borrowing	其他借款	55,172	56,275	56,275	-
Lease liabilities	租賃負債	49,519	52,131	25,913	26,218
		<b>482,659</b>	<b>499,715</b>	<b>252,858</b>	<b>246,857</b>
<b>As at 31 December 2018</b>	<b>於二零一八年 十二月三十一日</b>				
Trade payables	應付貿易賬項	24,210	24,210	24,210	-
Accrued charges and other payables	應計費用及其他應付賬項	115,534	115,534	115,534	-
Shareholder's loans	股東貸款	258,334	258,334	58,334	200,000
Bank borrowings	銀行借款	389,300	391,247	366,400	24,847
		787,378	789,325	564,478	224,847



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### 44. DISPOSAL OF A SUBSIDIARY

In June 2019, the Group disposed of the entire issued share capital of Jiangsu Yi Ze Bio-Technology Company Limited ("Jiangsu Yi Ze"), an indirectly wholly-owned subsidiary of the Company, to an independent third party, at a cash consideration of HK\$4,998,000 (RMB4,480,000). Jiangsu Yi Ze engaged in the research and development of bio engineering activities.

The net liabilities of Jiangsu Yi Ze at the date of disposal were as follows:

### 44. 出售附屬公司

於二零一九年六月，本集團向獨立第三方出售本公司間接全資附屬公司江蘇頤澤生物科技有限公司（「江蘇頤澤」）的全部已發行股本，現金代價為4,998,000港元（人民幣4,480,000元）。江蘇頤澤主要從事生物工程研發活動。

江蘇頤澤於出售日期之負債淨額如下：

		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	242
Right-of-use assets	使用權資產	1,065
Inventories	存貨	369
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	3,326
Accrued charges and other payables	應計費用及其他應付賬項	(3,159)
Lease liability	租賃負債	(1,276)
Net liabilities disposed of	出售之負債淨額	567
Exchange reserve released on disposal	出售時已解除匯兌儲備	(4,245)
Gain on disposal of the subsidiary	出售附屬公司之收益	8,676
Total consideration by cash	總現金代價	4,998
Satisfied by:	由下列各項支付：	
Cash	現金	4,998
Total consideration by cash	總現金代價	4,998
Net cash inflow arising on disposal:	出售產生之現金流入淨額：	
Cash consideration received	已收現金代價	4,998
		4,998

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## 財務報表附註

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### 45. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group has not adopted any formal dividend policy.

Management regards total equity as capital, for capital management purpose.

### 45. 資本管理政策及程序

本集團管理資本之目標為：

- 保持本集團持續經營之能力，繼續為股東帶來回報及為其他持份者帶來利益；
- 維持本集團之穩定及增長；及
- 提供資金以加強本集團之風險管理能力。

本集團積極定期檢討及管理其資本架構，確保具備最佳資本架構及提供最佳股東回報，並考慮本集團未來資金需要及資本效率、現時及預測盈利能力、預測經營現金流量、預測資本開支及預測策略性投資機會。本集團尚未採納任何正式股息政策。

管理層視總權益為資本管理之資本。

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## 財務報表附註

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### 46. EVENTS AFTER REPORTING DATE

On 6 January 2020, China Regenerative Medicine Limited (“CRML”), a wholly-owned subsidiary of the Company, entered into an agreement to dispose of 15% of its Class B limited partnership interest in ZhongHua Finance Acquisition Fund I, L.P. (the “Fund”), a sector fund focusing on investments in the skincare and medical products industries, to Mr. Xiong. On 21 February 2020, CRML entered into an agreement to dispose of the remaining 85% of its Class B limited partnership interest in the Fund to Mr. Xiong. Details of these disposals were included in the Company’s announcement dated 6 January 2020 and the Company’s circular dated 20 April 2020 respectively. These disposals were completed on 29 May 2020.

Pursuant to the prospectus of the Company dated 6 February 2020 in relation to, among other things, the proposed open offer (the “Proposed Open Offer”) for subscription by qualifying shareholders for 1,758,579,000 offer shares at the subscription price of HK\$0.2 per offer share on the basis of two offer shares for every one share held on the record date, the Company proposed to raise approximately HK\$351.72 million, before expenses. The Proposed Open Offer was subsequently terminated on 18 February 2020 as disclosed in the announcement of the Company dated 18 February 2020.

On 2 March 2020, the Company entered into (i) the placing agreement with joint placing agents to procure not less than six placees to subscribe for up to 500 million ordinary shares of the Company at the placing price of HK\$0.20 per share; and (ii) the subscription and settlement agreement with All Favour Holdings Limited (“All Favour”), a substantial shareholder of the Company, to subscribe the 3 years zero coupon rate convertible bonds in the principal amount of HK\$120 million at its face value and All Favour shall pay the subscription price at completion by setting off against the shareholder’s loan. The placing and the subscription were approved by the shareholders on 15 April 2020. The subscription of the convertible bonds was completed on 21 April 2020. The placing was completed on 15 May 2020.

All Favour has converted its holding of convertible bonds with principal amount of HK\$40 million in May 2020.

### 46. 報告期後事項

於二零二零年一月六日，本公司全資附屬公司中國再生醫學有限公司（「CRML」）訂立協議，出售其於ZhongHua Finance Acquisition Fund I, L.P.（「基金」）（主要投資皮膚護理及醫療產品行業的產業基金）15%的B類有限合夥權益予熊先生。於二零二零年二月二十一日，CRML訂立協議以向熊先生出售其於基金內的餘下85%的B類有限合夥權益。有關該等出售事項的詳情，載於本公司二零二零年一月六日的公告及本公司二零二零年四月二十日的通函。該等出售事項於二零二零年五月二十九日完成。

根據本公司日期為二零二零年二月六日的章程，內容有關（其中包括）建議透過按於記錄日期每持有一股股份獲發兩股發售股份之基準的公开发售方式以認購價每股發售股份0.2港元發售1,758,579,000股發售股份，以供合資格股東認購（「建議公开发售」），本公司建議集資約351,720,000港元（未扣除開支）。如本公司日期為二零二零年二月十八日的公告所披露，建議公开发售其後於二零二零年二月十八日終止。

於二零二零年三月二日，本公司與(i)聯席配售代理訂立配售協議，促使不少於六名承配人以每股0.20港元之配售價認購最多500,000,000股本公司普通股；及(ii)與全輝控股有限公司（「全輝」，本公司主要股東）訂立認購及清償協議，以按其面值認購本金額為120,000,000港元的三年期零息率的可換股債券，全輝於完成時將透過抵銷股東貸款支付認購價。配售及認購於二零二零年四月十五日獲股東批准。認購可換股債券於二零二零年四月二十一日完成。配售於二零二零年五月十五日完成。

全輝於二零二零年五月轉換其合約持有的本金額為40,000,000港元的可換股債券。

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### 46. EVENTS AFTER REPORTING DATE (CONT'D)

During the year, Mr. Xiong granted the loan facilities amounted to HK\$100 million to the Group. As at 31 December 2019, the amount due to Mr. Xiong by the Group amounted to HK\$55 million and was recognised as other borrowing and repayable on or before 31 March 2020. On 17 March 2020, the Group signed a supplementary agreement with Mr. Xiong to increase the facility amount from HK\$100 million to HK\$180 million and extend the repayment date from 31 March 2020 to 30 June 2021. On 2 April 2020, another supplementary agreement was signed to increase the facilities amount from HK\$180 million to HK\$200 million. As at 30 June 2020, the amount due to Mr. Xiong by the Group amounted to HK\$70.6 million.

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC and Hong Kong. There are temporary suspension on part of the operation of subsidiaries in the PRC and Hong Kong from February to April 2020, which will affect the financial performance of the Group for the year ending 31 December 2020. The Group will pay close attention to the development of the COVID-19 outbreak and further evaluate its impact on the financial position and operating results of the Group in the future.

### 46. 報告期後事項 (續)

年內，熊先生向本集團授出貸款融資100,000,000港元。於二零一九年十二月三十一日，本集團應付熊先生款項為55,000,000港元，並確認為其他借款並須於二零二零年三月三十一日或之前償還。於二零二零年三月十七日，本集團與熊先生簽署補充協議，將融資額度由100,000,000港元增至180,000,000港元，並將還款日期由二零二零年三月三十一日延長至二零二一年六月三十日。於二零二零年四月二日，另一份補充協議已獲簽署以將融資金額由180,000,000港元增加至200,000,000港元。於二零二零年六月三十日，本集團應付熊先生款項為70,600,000港元。

於二零二零年初爆發COVID-19爆發後，一系列預防控制措施已經並將繼續在中國及香港實施。附屬公司於二零二零年二月至四月期間在中國及香港的業務部份暫停，將影響本集團截至二零二零年十二月三十一日止年度的財務表現。本集團將密切關注COVID-19爆發的發展，並進一步評估其對本集團未來財務狀況及經營業績的影響。

# FINANCIAL SUMMARY

## 財務摘要

### RESULTS

### 業績

		Financial year ended 30 April		Financial period from 1 May 2017 to 31 December 2017	Financial year ended 31 December 2018	Financial year ended 31 December 2019
		截至四月三十日止財政年度	截至四月三十日止財政年度	自二零一七年五月一日起至二零一七年十二月三十一日止財政期間	截至二零一八年十二月三十一日止財政年度	截至二零一九年十二月三十一日止財政年度
		2016	2017	2017	2018	2019
		二零一六年	二零一七年	二零一七年	二零一八年	二零一九年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(restated)	(restated)			
		(經重列)	(經重列)			
Revenue	收益	27,751	356,987	503,680	72,952	47,971
Cost of services provided/Cost of sales	已提供服務之成本/銷售成本	(9,410)	(219,462)	(356,384)	(45,946)	(19,052)
<b>Gross profit</b>	<b>毛利</b>	<b>18,341</b>	<b>137,525</b>	<b>147,296</b>	<b>27,006</b>	<b>28,919</b>
Other income	其他收入	110,981	45,144	49,909	23,857	18,111
Selling and distribution expenses	銷售及分銷開支	(33,078)	(66,796)	(89,270)	(134,695)	(56,264)
Administrative and other expenses	行政及其他開支	(270,171)	(322,464)	(238,984)	(324,017)	(201,055)
Fair value gain/(loss) on contingent consideration receivables	應收或然代價之公平值收益/(虧損)	8,556	20,097	(15,876)	(26,271)	(4,587)
Expected credit loss on trade receivables	貿易應收款項預期信貸虧損	-	-	-	(139,006)	(1,149)
Reversal of expected credit loss on other receivables	其他應收款項預期信貸虧損撥回	-	-	-	2,458	(19,636)
Fair value gain/(loss) on financial assets at fair value through profit or loss	按公平值於損益列賬之金融資產之公平值收益/(虧損)	-	-	-	(113,803)	1,224
Impairment of goodwill	商譽減值	-	-	-	(202,292)	-
Impairment of property, plant and equipment	物業、廠房及設備減值	-	-	-	(168,486)	(94,118)
Impairment of other intangible assets	其他無形資產減值	-	-	-	(275,896)	(70,697)
Impairment of right-of-use assets	使用權資產之減值	-	-	-	-	(52,049)
Finance costs	財務費用	(25,827)	(24,426)	(24,901)	(21,654)	(5,343)
<b>Loss before income tax</b>	<b>除所得稅前虧損</b>	<b>(191,198)</b>	<b>(210,920)</b>	<b>(171,826)</b>	<b>(1,352,799)</b>	<b>(456,644)</b>
Income tax (expense)/credit	所得稅(開支)/抵免	(3,326)	11,728	5,610	68,884	8,901
<b>Loss for the year/period</b>	<b>本年度/期間虧損</b>	<b>(194,524)</b>	<b>(199,192)</b>	<b>(166,216)</b>	<b>(1,283,915)</b>	<b>(447,743)</b>
<b>Attributable to:</b>	<b>下列應佔:</b>					
Owners of the Company	本公司擁有人	(190,902)	(184,502)	(158,492)	(1,193,501)	(395,006)
Non-controlling interests	非控股股東權益	(3,622)	(14,690)	(7,724)	(90,414)	(52,737)
<b>Loss for the year/period</b>	<b>本年度/期間虧損</b>	<b>(194,524)</b>	<b>(199,192)</b>	<b>(166,216)</b>	<b>(1,283,915)</b>	<b>(447,743)</b>

		As at 30 April 於四月三十日		As at 31 December 於十二月三十一日		2019
		2016	2017	2017	2018	2019
		二零一六年	二零一七年	二零一七年	二零一八年	二零一九年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Total assets	總資產	2,901,277	2,888,229	3,527,973	1,422,923	553,933
Total liabilities	總負債	(783,077)	(980,337)	(1,714,649)	(855,660)	(536,300)
Shareholders' funds	股東資金	2,118,200	1,907,892	1,813,324	567,263	17,633

Note: The financial summary does not form part of the financial statements.

附註：財務摘要並非組成財務報表之一部份。



**China Regenerative Medicine International Limited**  
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