



Wai Chi Holdings Company Limited 偉志控股有限公司


(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1305



**ANNUAL
REPORT
2018 年報**



As the integrated one-stop LED energy management services provider, we are committed to providing reliable, efficient and energy-saving LED backlights, LED lighting products as well as comprehensive lighting energy management solutions for sizeable business corporations and public utilities

作為一站式的LED能源管理服務供應商，我們致力為大型商業機構及公共事業提供可靠、高效、節能的LED背光和LED照明產品以及整體LED能源管理照明方案



CONTENTS

目錄

2	Corporate Profile 公司簡介
3	Corporate Information 公司資料
6	Chairman's Statement 主席報告
10	Management Discussion and Analysis 管理層之論述及分析
22	Directors, Senior Management and Employees 董事、高級管理人員及僱員
28	Report of the Directors 董事會報告書
42	Corporate Governance Report 企業管治報告
60	Environmental, Social and Governance Report 環境、社會及管治報告
68	Independent Auditor's Report 獨立核數師報告
75	Consolidated Statement of Profit or Loss 綜合損益表
76	Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表
77	Consolidated Statement of Financial Position 綜合財務狀況表
79	Consolidated Statement of Changes in Equity 綜合權益變動表
81	Consolidated Statement of Cash Flows 綜合現金流量表
83	Notes to the Consolidated Financial Statements 綜合財務報表附註
187	Particulars of Properties 物業附表
188	Financial Summary 財務概要



CORPORATE PROFILE

公司簡介

Wai Chi Holdings Company Limited (“**Wai Chi Holdings**” or “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) was established in Hong Kong over 30 years ago. The Group is one of China’s manufacturer for high-quality Light-Emitting Diode (“**LED**”) backlight and LED lighting products, with its operations covering research and development (“**R&D**”), design, manufacturing, sales, etc. Recently, the Group is actively developing its business in lighting energy management solutions and is becoming an integrated one-stop LED energy management services provider specializing in offering comprehensive lighting energy management solutions for sizeable business corporations and public utilities.

Since its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 November 2014 (stock code: 1305), the Group has been dedicated to upgrading its brand value and becoming one of the leaders in China’s high-end LED backlights and lighting products producers.

Throughout the years, the Group has been monitoring the industry trends closely and innovating technologies actively, achieving significant R&D results. The Group has successfully developed over 1,000 of new LED backlight products and over 100 of new LED lighting products in Hong Kong, China, Taiwan and Japan, among which 93 patents were registered in the PRC.

The Group has comprehensive production facilities in Shenzhen and Huizhou in the Guangdong province and Yichang in the Hubei province. The Group’s product can be categorized into 2 main groups under LED backlight products and LED lighting business. LED backlight products are classified into 3 types, including: 1) automobile on-board displays; 2) television displays; and 3) other industrial equipment displays. LED lighting business is divided into 2 types, including commercial lighting and public lighting.

偉志控股有限公司(「**偉志控股**」或「**本公司**」，連同其及其附屬公司統稱為「**本集團**»)成立於香港，擁有超過30年歷史。本集團為中國高品質發光二極體(「**LED**»)背光及LED照明產品製造商，其業務囊括產品研究及開發(「**研發**»)、設計、製造、銷售等，近年更積極發展LED能源管理照明方案，提供一站式的LED能源管理服務，為大型商業機構及公共事業提供全面的能源管理照明方案。

自2014年11月18日於香港聯合交易所有限公司(「**聯交所**»)主板成功上市(股票編號：1305)以來，本集團一直致力於提升品牌價值，躋身中國高端LED背光及照明行業領導者行列。

多年來，集團緊跟行業潮流，積極革新技術，研發成就卓著，已在香港、中國、台灣及日本地區成功開發逾1,000項新LED背光產品，及逾100項新LED照明產品，更擁有於中國註冊的93項專利資格。

本集團於廣東省深圳市和惠州市及湖北省宜昌市三個地區設有全面的生產設施。集團之產品主要分為兩大類，其包括：LED背光產品及LED照明產品。LED背光產品分為三大用途，其包括：1)車載顯示器；2)電視顯示器；及3)其他工業用設備顯示器。LED照明業務分為兩大類，其包括商用照明及公用照明。

EXECUTIVE DIRECTORS

Mr. Yiu Chi To (*Chairman*)
Mr. Chen Chung Po (*Chief Executive Officer*)
Ms. Yiu Kwan Yu
Mr. Chen Wei Wu
Ms. Yong Jian Hui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Au Yeung Tin Wah
Mr. Chen Kwok Wang
Mr. Ho Chi Wai

COMPANY SECRETARY

Mr. Cheung Wai Hung

AUDIT COMMITTEE

Mr. Au Yeung Tin Wah (*Chairman*)
Mr. Chen Kwok Wang
Mr. Ho Chi Wai

REMUNERATION COMMITTEE

Mr. Ho Chi Wai (*Chairman*)
Mr. Au Yeung Tin Wah
Mr. Chen Kwok Wang

NOMINATION COMMITTEE

Mr. Chen Kwok Wang (*Chairman*)
Mr. Au Yeung Tin Wah
Mr. Ho Chi Wai

RISK MANAGEMENT COMMITTEE

Mr. Chen Chung Po (*Chairman*)
Mr. Chen Kwok Wang
Mr. Cheung Wai Hung

執行董事

姚志圖先生 (*主席*)
陳鐘譜先生 (*行政總裁*)
姚君瑜女士
陳緯武先生
雍建輝女士

獨立非執行董事

歐陽天華先生
陳國宏先生
何志威先生

公司秘書

張偉雄先生

審核委員會

歐陽天華先生 (*主席*)
陳國宏先生
何志威先生

薪酬委員會

何志威先生 (*主席*)
歐陽天華先生
陳國宏先生

提名委員會

陳國宏先生 (*主席*)
歐陽天華先生
何志威先生

風險管理委員會

陳鐘譜先生 (*主席*)
陳國宏先生
張偉雄先生

CORPORATE INFORMATION 公司資料

AUTHORISED REPRESENTATIVES

Mr. Chen Chung Po
Mr. Cheung Wai Hung

REGISTERED OFFICE

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Grand Cayman KY1-1111
Cayman Islands

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Hong Kong

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants
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Causeway Bay
Hong Kong

LEGAL ADVISER

Guantao & Chow (as to Hong Kong law)

STOCK CODE

01305

COMPANY'S WEBSITE

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授權代表

陳鐘譜先生
張偉雄先生

註冊辦事處

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Cayman Islands

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利維大廈六樓

核數師

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執業會計師
香港
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法律顧問

觀韜律師事務所(香港法律顧問)

股份代號

01305

公司網址

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PRINCIPAL BANKERS

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11th Floor, Citi Tower
83 Hoi Bun Road
Kwun Tong
Kowloon, Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Central
Hong Kong

Cayman Islands principal share registrar and transfer office

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

Hong Kong branch share registrar and transfer office

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Level 22
Hopewell Centre
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中環
花園道1號
中銀大廈

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香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心
22樓

CHAIRMAN'S STATEMENT 主席報告

We uphold pragmatic and prudent business management, emphasize the flexible use of resources, and always be at our optimal condition to respond to market changes and explore opportunities

我們秉承務實穩健的經營管治，
強調資源的靈活運用，務求以
最佳狀態應對市場變化及探索機遇



Dear Shareholders,

On behalf of Wai Chi Holdings Company Limited, its subsidiaries and the board of directors of the Company (“**Directors**” or the “**Board**”), I am pleased to present to our shareholders our audited annual results of the Group for the year ended 31 December 2018.

INDUSTRY REVIEW

Thanks to the rebound in manufacturing and international trade in 2017, the global economy advanced to 2018 on an upbeat note. Although factors such as trade tension and the implementation of tariff hikes later strongly affected investors’ confidence, the global GDP growth concluded at a healthy 3.8 percent for the year. In China, as the country attains its goals of cutting excess capacity and upgrading consumption structures, the situation of and supply returns to a states of balance, and the enterprises with R&D capabilities tend to excel amid the general trend of economic growth.

Despite the fragmented market and fierce price competition, the LED industry, especially that of China, continues to grow rapidly. High-end segments, including the automotive displays, value-added LED lighting, and small pitch LED display products, enjoy relatively promising future growth.

致各位股東：

本人很榮幸能代表偉志控股有限公司、其附屬公司及本公司董事會（「**董事**」或「**董事會**」），向各位股東提呈本集團於截至2018年12月31日止年度的經審核全年業績。

行業回顧

得益於2017年製造業及國際貿易復甦，全球經濟以上升姿態跨入2018年。儘管後期貿易緊張及施加關稅等因素強烈影響投資者信心，但年內全球國內生產總值仍增長3.8個百分點。中國在達成去產能及消費結構升級目標的同時，供需回歸平衡，而具備研發實力的企業則從整體經濟增長中脫穎而出。

儘管市場分散、價格競爭激烈，LED行業，尤其是中國LED行業得以繼續迅速增長。車載顯示器、增值LED照明及小屏幕LED顯示器產品等高端領域的未來增長前景相對可觀。



Technology-wise, the industry experienced turbulence. Since Samsung launched the world's first micro LED TV in January 2018 and brought this cutting-edge technology to consumer level (though far too expensive for average consumers at this stage), it is much agreed that the future of display scene will hinge on micro LED, which outperforms the current LCD and OLED displays in terms of color qualities, brightness, viewing angles, and lifespans. However, current technical difficulties prevent micro LED products from being mass produced, and mini LED, which was first introduced by the Taiwanese industry giant, Epistar, rises in the market as a transitional technology.

BUSINESS REVIEW

Although the Chinese automobile market is believed to reach saturation soon, the number of display screens needed in each car and their preferred size are growing. Entering this segment a few years ago with high R&D capabilities and state-of-the-art facilities, the Group has become a leading enterprise for such segment in the Chinese market. The automotive display backlights remained one of the Group's focuses and recorded a 37.0% revenue increase from approximately HK\$357,110,000 of 2017 to approximately HK\$489,285,000 of 2018. The TV backlight segment, on the other hand, is faced with downturn pressure as more OLED products being produced, eliminating backlights from the industry chain. The Group achieved satisfactory and stable business performance under such circumstances and will remain its production until the market condition changes further.

2018 Annual Report | 年報

技術革新浪潮令行業經歷動蕩。三星於2018年推出全球首款微發光二極體（「**Micro LED**」）電視並將尖端技術引入消費者層面，儘管現階段其對於普通消費者而言過於昂貴，但大家普遍認同未來顯示屏的重心將自此轉向Micro LED，而其在色彩質量、亮度、視角及使用壽命等方面均優於目前的LCD及OLED顯示屏。然而，目前Micro LED產品的量產仍存在技術困難，而台灣行業巨頭晶元光電率先推出的次毫米發光二極體（「**Mini LED**」）作為過渡性技術在市場上崛起。

業務回顧

儘管中國汽車市場已接近飽和，但每輛汽車所需顯示屏的數量及首選尺寸均在不斷增加。數年前，本集團憑藉強大的研發實力及先進的設備進入這一領域，現時已在中國市場佔據領先地位。車載顯示背光仍是本集團關注的焦點之一，其收入由2017年的約357,110,000港元增長37.0%至2018年的約489,285,000港元。另一方面，隨著更多OLED產品的生產，電視背光分部面臨下行壓力，逐漸退出產業鏈。在此情況下，本集團取得令人滿意及穩定的經營業績，並將繼續投入生產，直至市況進一步改變。

More cheering news came from the lighting section, with a 50.4% revenue increase recorded for the year 2018. The Group focuses on specialty lighting products, which allows it to dodge the worsening problems in the lower-end segments of the market caused by excess production capacity and price wars. During the year, the Group has achieved significant growth from the overseas market including orders from Mexico and Germany. Domestically, the Group obtained the approval of railway supplier in China and is undergoing R&D processes for products catering for railway lighting.

The Group's decision on ceasing smartphone backlight production has been vindicated by the stable business growth in the past years. The transitional period towards higher margin segments is funded by revenue from high-tech electronic components sourcing business, which recorded revenue growth of 52.2% for the year 2018.

As a result from the factors discussed above, the Group's overall turnover increased significantly creating a total revenue of approximately HK\$2,249,786,000 for the year under review, representing an increase of 34.1% as compared to 2017.

PROSPECTS

The trade negotiation between the world's two largest economies still does not have a clear timeline for resolution, leaving investors wondering, and possible developments in all industries hanging with uncertainties. The world economy is likely to slow down in the coming year, led by an economic deceleration in the United States and further softening in China's economy. Nevertheless, China's economy still looks resilient and the World Bank projects China's GDP growth at 6.2 percent in 2019, which is still an assuring number.

Under the current macroeconomic environment, the future of the LED industry is filled with potentialities. There is a long way to go before micro LED products can officially take over the market of the display scene. Market players thrive to catch up with the technology trends and to find ways to survive under the current situation. Mini LED seems to be the most efficient solution for now.

In Wai Chi, we have been monitoring the market trends closely with prudence and an open mind. Since years ago, our team has been working to penetrate deeper into the Taiwanese market, where the LED industry is matured, well-regulated and still growing in a healthy manner. Last year, we set up partnership with the leaders in the mini LED segments and mass production is expected to start in mid-2019.

照明分部取得的業績更令人振奮，其於2018年錄得50.4%的收入增長。本集團專注於特種照明產品，令其可避免產能過剩及價格戰導致市場低端領域的問題不斷惡化。年內，本集團墨西哥及德國等海外市場的訂單取得顯著增長。在國內，本集團已獲得國內鐵路供應商的資質，且正在進行鐵路照明產品的研發。

本集團停止生產智能手機背光產品的決定已被過去幾年穩定的業務增長所肯定。轉向更高利潤分部的過渡時期乃由高科技電子零部件採購業務的收入提供資金，該業務於2018年錄得52.2%的收入增長。

受上述因素影響，本集團整體營業額大幅增加，於回顧年度，總收入約為2,249,786,000港元，較2017年增加34.1%。

前景

全球兩大經濟體之間的貿易談判仍無明確的解決時間表，這讓投資者感到擔憂，並令各行業的可能發展充滿不明朗因素。在美國經濟減速及中國經濟進一步走軟的帶動下，全球經濟明年可能放緩。儘管如此，中國經濟似乎仍有韌性，世界銀行預計，中國2019年的國內生產總值增長率為6.2%，這一數據仍令人放心。

在當前的宏觀經濟環境下，LED行業的未來充滿潛力，但Micro LED產品要想正式佔領顯示領域還有很長的路要走。市場參與者欲實現蓬勃發展須跟上技術潮流，並在當前形勢下找到生存之道，由此看來，Mini LED似乎為當下最有效的解決方案。

偉志一直以審慎及開放的態度密切留意市場趨勢。多年來，我們的團隊致力深入台灣市場。目前，台灣的LED產業已經成熟、管理完善，並仍在健康成長。去年，我們與Mini LED行業的領軍者建立合作關係，預計將於2019年年中開始進行生產。

We have also set our target to further expand our lighting services business, especially in overseas regions. Our next focus will be the North American market, where a joint venture company is under negotiation and supplier qualification for a prominent retailer in the region has been obtained.

Given our decades of operation history in China and solid knowledge of international business, our confidence has been growing stronger than ever. Our abundant deals on hand, together with potential projects in different segments of our business, grant us advantages in dealing with the uncertainties in the market. We will stay humble and diligent for any challenges in the future and seize opportunities to strengthen our business.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to express my gratitude to all persons and companies that have invested and believed in us, given us business opportunities. We overcame the obstacles along the way to meet the needs of our clients, to grow stronger with our business partners, and to share our successes with our employees.

Mr. YIU Chi To
Executive Director and Chairman

22 March 2019

我們亦制定了進一步擴大照明業務的目標，特別是面向海外地區。我們的下一個重點市場將為北美，該市場已有一家合資公司正在洽談中，且已獲得該地區一家知名零售商的供應商資格。

憑藉我們於中國幾十年的經營歷史及扎實的國際貿易經驗，我們的信心與日俱增。當下手頭的大量交易，以及業務不同領域的潛在項目，令我們在應對市場不明朗因素時具有優勢。我們將以謙虛及勤奮的態度迎接未來的任何挑戰，並把握可加強業務的任何機遇。

鳴謝

最後，本人謹代表董事會向所有投資偉志、相信偉志或給予偉志業務機會的人士及公司表示誠摯感謝。我們一路走來克服重重困難，旨在滿足客戶需求、與業務夥伴一起成長並與員工一起分享成果。

姚志圖先生
執行董事兼主席

2019年3月22日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層之論述及分析

INDUSTRY REVIEW

Despite the economic situation appears more optimistic in the beginning of the year, the global economy experienced a series of international conflicts in 2018, which brought forth a downturn in growth. Since March 2018, the trade war between China and the United States has gradually taken a toll on various manufacturing and trading sectors in both nations. China recorded GDP of RMB90,030,900 million and a growth rate of 6.6% in 2018, maintaining recent years' steady growth as its economy makes a shift to quality-focused output and consumption.

China's LED industry is posing challenges to those industries with outdated and small production capacity, while those industries with well-rounded production capacity can capture newly arisen demand. Policies and subsidies continue to encourage new high-tech manufacturers in catching up with international standards.

BUSINESS REVIEW

In 2018, the Group carried on with its strategy of targeting higher-margin products. Despite slowdown in automobile sales in the domestic market, there will still be growing demand for consumer vehicles as the country's disposable income continues to climb. On top of this, automobile onboard displays are seen to be increasing in size and quantity as automobile designs step up on functionality and user experience. In the meantime, the TV LED backlight sector reflected a stable demand, since part of the product market at present still relies on LED backlight instead of the costly OLED counterpart.

行業回顧

儘管年初經濟形勢顯得比較樂觀，但全球經濟於2018年經歷一系列國際衝突，導致增長放緩。自2018年3月以來，中美貿易戰逐步對兩國製造及貿易業造成負面影響。於2018年，中國錄得國內生產總值人民幣90,030,900百萬元，增長率為6.6%，在經濟向以質量為中心的生產及消費轉變的過程中保持近年來的穩定增長。

中國的LED行業對落後及小產能產業構成挑戰，而全面發展的產業可抓住新需求。不斷出台的政策及補貼亦鼓勵高新技術製造商能緊貼國際標準。

業務回顧

於2018年，本集團繼續實施以高利潤產品為目標的策略。儘管國內汽車銷售市場放緩，但隨著中國可支配收入的攀升，對消費汽車的需求仍將不斷增長。最為重要的是，由於汽車設計注重功能及用戶體驗，車載顯示器的尺寸及數量均不斷增加。同時，由於部分產品市場目前仍依賴於LED背光，而非價格高昂的OLED，故電視LED背光行業需求穩定。





Proactively promoting the brand and showcasing the Group's capabilities to overseas markets are along the trajectory to standing out in such a competitive environment. The Group participated in "electronica 2018", the world's leading electronics trade fair in Munich, Germany. Products showcased ranged from ultra-bright backlight applicable in automobiles to curved-screen displays.

The total revenue for the year under review was approximately HK\$2,249,786,000, increased by 34.1% as compared to that of approximately HK\$1,677,966,000 in 2017. The revenue from the sales of LED backlight products was approximately HK\$847,556,000 (2017: approximately HK\$756,075,000), representing an increase by 12.1% as compared to that of 2017. The rise in the sales of LED backlight products can be explained by a higher turnover from the automotive backlight segment during the year under review. The revenue from the sales of LED lighting products was approximately HK\$81,995,000 (2017: approximately HK\$54,531,000), representing an increase of 50.4% as compared to that of 2017, which can be explained by a higher turnover by increased number of specialty lighting projects from overseas clients during the year under review.

The Group continued with its enterprise resource planning ("ERP") system to implement stringent cost control by timely monitoring of its operation process to promote information exchange between functional departments, storing and managing operational data. The ERP system has been especially effective in moderating operational cost for the Group during the manufacturing process, as well as enhanced financial and work efficiency with a higher level of process automation.

積極推廣品牌，並向海外市場展示本集團的實力方能在競爭激烈的環境中脫穎而出。本集團參加在德國慕尼黑舉行的2018慕尼黑電子展「electronica 2018」，其為世界領先的電子產品展覽會。展出的產品範圍介乎適用於汽車的超亮背光及彎曲屏幕顯示器。

於回顧年度，總收入約為2,249,786,000港元，較2017年約1,677,966,000港元增加34.1%。LED背光產品銷售收入約為847,556,000港元（2017年：約756,075,000港元），較2017年上升12.1%。LED背光產品銷量增加乃由於回顧年度汽車背光分部營業額增加所致。LED照明產品銷售收入約為81,995,000港元（2017年：約54,531,000港元），較2017年上升50.4%，此乃由於回顧年度海外客戶的特種照明項目數量增加導致營業額增加所致。

本集團繼續推行其企業資源規劃（「ERP」）系統，實行嚴格成本控制，實時監察營運過程，促進各職能部門之間的資訊流通以及儲存及管理營運數據。ERP系統尤其有效降低本集團於生產過程中的營運成本，通過加強自動化生產，提升財務及工作效率。

LED Backlight Business

The three types of the Group's LED backlight products are: 1) automobile on-board displays; 2) television displays; and 3) other industrial equipment displays. For the year under review, revenue derived from LED backlight products in automobile on-board displays, television displays and industrial equipment displays were approximately HK\$489,285,000, HK\$129,154,000 and HK\$229,117,000 respectively.

Automobile on-board displays made major contribution to the Group's LED backlight business during the year under review and had an 37.0% increase from the previous year. China remained the largest automobile market in the world even though there was a drop in sales in the second half of 2018. Increasing demand for mid to high-end automobiles in turn generate growing demand for automobile on-board displays. The quality and size of displays featured in vehicles such as central information displays, GPS, infotainment and dashboards have increased, enhancing relevant functionality and user experience. As one of the leading manufacturers of automobile on-board displays in China, the Group believes that it is well-equipped with manufacturing technologies, human capital and R&D capabilities to produce innovative models. It has also secured clients from Taiwan in the year under review, laying the groundwork for reducing the impact from the Chinese market's possible slowdown.

The revenue for backlight products for television displays remained stable and had shown mild increase in the year under review. The Group remains prudently optimistic about the TV displays backlight market in the recent future and will be closely monitoring the market trend to review sales strategies.

LED 背光業務

本集團的三類LED背光產品為：1)車載顯示器；2)電視顯示器；及3)其他工業設備顯示器。於回顧年度，LED背光產品中來自車載顯示器、電視顯示器及工業設備顯示器的收入分別約為489,285,000港元、129,154,000港元及229,117,000港元。

於回顧年度，車載顯示器對本集團的LED背光業務作出重大貢獻，較上個年度增長37.0%。儘管2018年下半年銷量下滑，惟中國仍是世界最大的汽車市場。中高端汽車對車載顯示器的需求不斷增長。汽車顯示器（例如中央信息顯示器、GPS、資訊娛樂及儀錶板）的數量及尺寸增加，使到相關功能及用戶體驗增強。作為中國領先的車載顯示器製造商之一，本集團認為擁有完備的製造技術、人力資本及研發能力，可創造創新模式。於回顧年度，本集團亦從台灣獲取客戶，為減低中國市場可能放緩的影響奠定基礎。

於回顧年度，電視顯示器背光產品收入保持穩定，並略有增長。本集團對近期電視背光市場持審慎樂觀態度，並將密切關注市場趨勢，檢討銷售策略。

Equipment displays backlight products recorded a decrease in revenue in the year under review, which is a result of the Group's deliberate strategic efforts to reduce the portion of low profit margin segment.

於回顧年度，設備顯示器背光產品收入減少，此乃由於本集團有意策略性地削減低利潤率分部的份額所致。

For the year ended 31 December
截至12月31日止年度

LED Backlight Revenue Breakdown	LED 背光收入明細	2018 2018年		2017 2017年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
Automobile Displays	車載顯示器	489,285	57.7	357,110	47.2
Televisions	電視	129,154	15.2	128,820	17.0
Equipment Displays	設備顯示器	229,117	27.1	270,145	35.8
		847,556	100.0	756,075	100.0

LED Lighting Service Business

The Group's LED lighting business is classified into 2 categories, namely public lighting and commercial lighting. The Group provides various services including products, lighting solutions design, installation and maintenance etc. During the year under review, revenues from public lighting and commercial lighting were approximately HK\$25,755,000 and HK\$56,240,000 respectively, representing a decrease in the former of 26.1% and an increase in the latter of 185.6% (2017: HK\$34,839,000 and HK\$19,692,000).

The Group has been focusing on overseas lighting projects for the year under review, conducting market research on project opportunities and cultivating relationship with target clients. The Group's reputation is gradually spreading widely throughout the overseas markets as a result of its efforts in the past few years. After securing a long-term commercial lighting project in Germany for panel lighting in the previous year, the Group has acquired 2 core clients in Europe and has been granted certification to manufacture for a prominent retailer in the United States. Meanwhile, it has continued engagement in the existing public LED street lighting projects in Mexico.

Turning to the Chinese market, the Group was qualified as a railway supplier for railway light during the year under review and is actively engaged in R&D for such purpose.

LED 照明業務

本集團的LED照明業務分為公用照明及商用照明兩大類。本集團提供的服務包括產品、照明方案設計、安裝及維護等。於回顧年度，公用照明及商用照明的收入分別約為25,755,000港元及56,240,000港元，前者減少26.1%而後者增加185.6%（2017年：34,839,000港元及19,692,000港元）。

於回顧年度，本集團一直專注於海外照明項目，就項目機會進行市場調研，並培養與目標客戶的關係。經過過去多年的努力，本集團的聲譽正逐步傳遍海外市場。於去年獲得德國平板照明長期商用照明項目後，本集團已於歐洲獲得2個核心客戶，並已取得美國一家知名零售商的製造認證。同時，其將繼續參與墨西哥現有公共LED路燈項目。

就中國市場而言，於回顧年度，本集團取得鐵路燈具供應商資格，並積極從事相關研發工作。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之論述及分析

For the year ended 31 December
截至12月31日止年度

LED Lighting Revenue Breakdown	LED 照明收入明細	2018 2018年		2017 2017年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
Public Lighting	公用照明	25,755	31.4	34,839	63.9
Commercial Lighting	商用照明	56,240	68.6	19,692	36.1
		81,995	100.0	54,531	100.0

High-Tech Electronic Components and Products Sourcing Business

The Group launched a non-core line of business in 2016, engaging in sourcing high-tech electronic components and products as a seasoned industry player, to serve as a supportive buffer in the midst of a business restructuring. During the year under review, the revenue from the provision of sourcing services was approximately HK\$1,320,235,000, representing approximately 58.7% of the year's total revenue (2017: 51.7%), with the increase in demand for sourcing.

The Group's business restructuring is expected to be completed on time, meanwhile the revenue growth in the sourcing business helps to give the Group a stable passage in the transition period. In order to minimize its influence on the future development of core business segments, the Group intends to reduce the contribution from this part of revenue on the basis that it remains a non-core and non-permanent business.

高科技電子零部件及產品的採購業務

於2016年，本集團開展一項非核心業務，以作為業內資深參與者從事採購高科技電子零部件及產品業務，為業務重組時提供支撐。於回顧年度，採購需求增長，提供採購服務的收入約為1,320,235,000港元，佔本年度總收入約58.7%（2017年：51.7%）。

本集團的業務重組預期將可按時全部完成，此外，採購業務的收入增長有助於平穩度過過渡期。為盡量減低其對核心業務日後發展的影響，本集團擬降低該分部的收入比重，保留其為非核心及非永久性業務。

For the year ended 31 December
截至12月31日止年度

High-Tech Electronic Components and Products Sourcing Business	高科技電子零部件及產品的採購業務	2018 2018年		2017 2017年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
High-Tech Electronic Components and Products Sourcing Business	高科技電子零部件及產品的採購業務	1,320,235	100	867,360	100
		1,320,235	100	867,360	100

QUALITY CONTROL

The Group has established stringent quality control procedures to ensure the quality of the LED products. From the very beginning stage of product design to mass production, the Group's quality control procedures continue throughout the entire product manufacturing and storage process. The quality control staff participated in the whole process of product's design to ensure the products are in excellent quality from the very beginning. There is a set of established and sound procedures in selecting and approving new suppliers and raw materials, and thorough testing of product samples are carried out before mass production of the LED products.

The Group owns a series of advanced production and testing equipment for improving quality control. The Group has been awarded various certifications, including ISO 9001:2008 and ISO 14001:2004 for quality and environmental management systems, which serve as an important assurance of the product quality and reliability.

RESEARCH AND DEVELOPMENT

Given that the technology had never been developed at such swift pace, the pursuit of agility and adaptability are of paramount importance for the Group. The Group's Research and Development ("R&D") capabilities not only boost its market status as a seasoned manufacturer, but also attract clients and projects which require specialty products. This empowers flexibility in pivoting its business directions in the background of fast-moving technologies.

The Group's R&D centre is located at our production plant in Huizhou. The Group is engaged in various R&D activities, including (i) concurrent development of new product designs with our customers; (ii) improvement of product quality, efficiency and functions of existing products; (iii) in-project calibration and optimization of the production processes and capability of the equipment; (iv) introduction and promotion of the use of new technologies and materials in the production process; and (v) assessment of the future prospect and development trend of the LED industry. The Group has achieved a number of technological advancement and breakthroughs throughout the years and, as of 31 December 2018, the Group holds 93 patents registered in the PRC. Looking forward, the Group will continue to enhance its R&D capabilities and prepare itself for the up-and-coming opportunities in both LED backlight and LED lighting products markets.

質量控制

本集團已訂立嚴格的質量控制程序以確保LED產品的質素。由產品設計階段開始，本集團的品質控制程序持續至產品製造及儲存的整個流程。品質控制人員參與產品設計過程，以確保由基礎開始確保卓越品質。本集團會採用規定和完善的程序以挑選及批核新供應商及原材料，並在LED產品量產前對產品樣本進行全面測試。

本集團擁有一系列先進的生產及測試設備以提高質量控制。本集團的質量及環境管理系統已獲頒多項認證，其包括ISO 9001:2008及ISO 14001:2004認證，是產品質素及可靠性的重要保證。

研究與開發

鑑於技術從未以如此快的速度發展，追求敏捷性及適應性對本集團而言乃至關重要。本集團的研究與開發（「研發」）能力不僅提升其作為經驗豐富的製造商的市場地位，亦需要吸引專業產品的客戶及項目。在技術快速發展的背景下，此賦予調整業務方向的靈活性。

本集團的研發中心位於惠州的生產廠房。本集團參與多項研發活動，其包括(i)與客戶共同開發新產品設計；(ii)改善現有產品的質素、效率及功能；(iii)於項目內標準化及優化設備的生產流程及產能；(iv)在生產過程中引入及推廣新生產技術及新生產材料的使用；及(v)評估LED行業的未來前景及發展趨勢。多年來，本集團已取得大量技術進展及突破，截至2018年12月31日，本集團持有93項於中國註冊的專利。展望未來，本集團將繼續提升其研發能力，為LED背光及LED照明產品市場的未來機遇做準備。

AWARDS FOR CORPORATE RESPONSIBILITY

The Group stays ahead in the aspect of corporate responsibility while in pursuit of commercial gains. During the year, Wai Chi Opto Technology Limited, a subsidiary of the Group, has received the Green Office Label awarded under the Green Office Awards Labelling Scheme (“GOALS”) organised by the World Green Organization (“WGO”) for the third year, in recognition of the Group’s continued efforts in aiding environmental protection.

WGO launched GOALS in 2013 with the objectives of raising awareness of global environmental issues and encouraging corporations to implement the best green practices in their offices in 9 stipulated aspects of operations, including energy savings, water savings, waste reduction, paper and printing reduction, green procurement, IT use and disposal, transportation, education and awareness, and finally green innovation. Companies have to undergo a process of stringent green audit, during which the Group has demonstrated its commitment in corporate social responsibility by incorporating its green mission into daily practice and corporate culture.

The Group strives to fulfill its corporate social responsibility comprehensively. The Group continued to devote efforts in upholding its social responsibilities to all stakeholders of the business by adhering to and reviewing relevant internal and external policies. In the year under review, the Group’s efforts were once again recognised by the Outstanding SME Social Responsibility Award at Hong Kong’s Mirror Post in the Seventh Annual Outstanding CSR Award Ceremony.

Mirror Post, a longstanding monthly magazine in Hong Kong, organised the first Outstanding CSR Award in 2012 aiming to celebrate Chinese enterprises excelling in their realization of CSR. To be eligible for nomination, companies have to pass through a strict selection process with respect to 7 criteria including shareholders’ responsibilities, caring of employees, environmental protection, commitment to customers, community and society relations, leadership ability and other indices related to the enterprise’s own specialty of the profession.

有關企業責任的獎項

本集團在追求商業收益的同時，亦保持高度的企業責任感。年內，本集團附屬公司偉志光電有限公司第三度榮獲由世界綠色組織（「世界綠色組織」）舉辦的綠色辦公室獎勵計劃（「綠色辦公室獎勵計劃」）所頒發的綠色辦公室企業獎，以表彰本集團於環境保護方面的持續付出。

世界綠色組織為了提高各界對全球環境問題的關注以及鼓勵企業於辦公室施行綠色守則，遂於2013年推出綠色辦公室獎勵計劃，以9個不同範疇包括節約能源、節約用水、減少廢物、減少用紙和印刷、綠色採購、資訊技術使用及處置、交通運輸、教育及意識以及綠色創新推動辦公室在日常營運「變綠」。本集團成功通過嚴格的審核，證明其於履行企業社會責任的堅持，以及積極將綠色理念融入日常生活及企業文化。

本集團致力於全面履行其企業社會責任。本集團繼續致力於堅持其對所有持份者的社會責任，恪守及檢討相關的內部及外部政策。於回顧年度，本集團的努力再次於第七屆傑出企業社會責任獎典禮上獲得香港《鏡報》傑出中小企業社會責任獎的認可。

香港《鏡報》為一香港老牌月刊，於2012年首次組織傑出企業社會責任獎，旨在頌揚中國企業於其實現企業社會責任中的卓越表現。為符合提名資格，公司須通過一套嚴格的篩選程序，包括股東承擔、員工關愛、環境保護、客戶承諾、社區及社會關係、領導能力及其他有關企業自身專業特長指標的七項標準。

PROSPECTS

To this date, worldwide trade tensions cast a shadow over all tariff-ridden countries and 2018 came to close in a state of uncertainty. For manufacturers, market conditions and production demand are anticipated to remain unstable. Still, in the 2019 Blue Book of China's Economy by the Chinese Academy of Social Sciences, it is expected that new trade opportunities will enter the frame as institutional policies to encourage exports, progression of "The Belt and Road" initiatives and export restructuring exert their positive effects.

Since the U.S.-China trade war kicked off, tariffs announced by the United States in 2018 has inevitably influenced the Group's exports. Falling into the high-tech field which is backed by institutional support, output from the Group is, however, eligible for tax returns and the aforesaid financial impact is thus alleviated.

According to the information of LEDinside, it is forecasted that the total market value of automotive LED in the Chinese market will be over US\$ 1 billion in 2019 with over 20% year-on-year growth. In addition to the popular passenger entertainment features, it is also anticipated that with the rise of new energy vehicles and higher degree of driving assistance, the need for detailed information onboard about fuel, navigation and rear view etc. will surge. The Group holds an optimistic view on the automobile displays LED backlight segment and is prepared in terms of its R&D and manufacturing capacities.

The LED lighting segment will persist to entail an overseas focus. In spite of some adverse factors from U.S.-China trade relations, the Group has laid the groundwork in securing projects and clients in the European and Mexican markets besides the United States. Projects for the newly-acquired European clients are well underway and projects for the prominent American retailer are expected to commence in 2019. The Group is confident in its extant principle of prudence and agility to jump over the hurdles ahead.

As a veteran industry player of over 30 years of experience, the Group is apt in strategising for the market's ups and downs. The Group's steadfast status as an integrated industry leader will keep optimising its designs, production and sales to achieve excellence.

展望

截至目前為止，全球貿易緊張局勢給所有關稅高企的國家蒙上陰影，2018年以不確定狀態結束。就製造商而言，市況及生產需求預計仍不穩定。儘管如此，根據中國社會科學院的2019年《經濟藍皮書》，隨著鼓勵出口的體制政策、「一帶一路」的推進及出口結構調整發揮積極作用，新貿易機會有望湧現。

自中美貿易戰爆發以來，美國在2018年宣佈的關稅不可避免地影響本集團的出口。本集團屬制度支持的高科技領域，然而本集團的產出符合退稅條件，從而減輕上述財務影響。

根據集邦諮詢LED研究中心的資料，2019年中國市場汽車LED總市值預計將超過10億美元，同比增長20%以上。除受歡迎的乘客娛樂功能外，預計隨著新能源汽車的興起及駕駛輔助程度的提高，對車載燃料、導航及後視鏡等詳細資料的需求亦將激增。本集團對車載顯示器LED背光分部持樂觀態度，並在研發及製造能力方面有所準備。

LED照明分部將繼續專注於海外市場。儘管中美貿易關係存有若干不利因素，惟本集團已奠定在美國以外的歐洲及墨西哥市場獲得項目及客戶的基礎。新歐洲客戶的項目正在順利進行，知名美國零售商的項目預計將於2019年啟動。本集團對其現有的審慎及敏捷原則充滿信心，能夠跨越前面的障礙。

作為擁有30多年經驗的資深行業參與者，本集團靈活制定應付市場起落的策略。本集團穩居綜合性行業領導者的地位，將繼續優化其設計、生產及銷售以達致完美。

FINANCIAL REVIEW

Revenue

During the year under review, the sources of revenue for the Group were the sales of LED backlight, the sales of LED lighting products and the business of high-tech electronic components and products sourcing. For the year ended 31 December 2018, the sales of the Group's LED backlight products were approximately HK\$847,556,000, representing an increase by 12.1% from approximately HK\$756,075,000 in 2017, which was mainly attributable to the significant increase in sales of automotive backlight products. The sales of the Group's LED lighting products were approximately HK\$81,995,000, representing an increase by 50.4% from approximately HK\$54,531,000 in 2017. The increase was mainly attributable to the significant increase in sales of commercial lighting products in sales overseas.



財務回顧

收入

於回顧年度，本集團的收入來自銷售LED背光產品、銷售LED照明產品及提供高科技電子零部件及產品的採購業務。截至2018年12月31日止年度，本集團LED背光產品的銷售額約為847,556,000港元，較2017年約756,075,000港元上升12.1%，此乃主要由於汽車背光產品的銷售額大幅增加所致。本集團LED照明產品的銷售額約為81,995,000港元，較2017年約54,531,000港元上升50.4%。上升主要由於海外商用照明產品的銷售額大幅增加所致。



The non-core segment of high-tech electronic components and products sourcing recorded sales at approximately HK\$1,320,235,000 (2017: HK\$867,360,000). Leveraging on its extensive experience in the industry both domestically and internationally, the Group identified the opportunity in sourcing high-

非核心高科技電子零部件及產品採購業務的分部錄得銷售額約1,320,235,000港元（2017年：867,360,000港元）。憑藉於國內及國際的豐富業內經驗，本集團已物色採購高科技電子零部件及產品之機遇，增加收入流，從

tech electronic components and products to add a stream of income which can then fund the Group's R&D processes needed for its transition to high-end segments. In order to position and maintain it as a non-core business, its contribution will be prudently curtailed to a reasonable level.

而可為本集團向高端分部轉型所需的研發過程提供資金。被定位及保持為非核心業務，其貢獻將審慎地縮減至合理水平。

For the year ended 31 December
截至12月31日止年度

		2018 2018年		2017 2017年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
Total Revenue	總收入				
LED Backlight	LED背光	847,556	37.7	756,075	45.1
LED Lighting	LED照明	81,995	3.6	54,531	3.2
High-Tech Electronic Components and Products Sourcing	高科技電子零部件及產品採購	1,320,235	58.7	867,360	51.7
		2,249,786	100.0	1,677,966	100.0

Gross Profit and Gross Profit Margin

For the year ended 31 December 2018, gross profit from the sales of LED backlight and LED lighting products was HK\$231,225,000, representing an increase of 9.3% from approximately HK\$211,494,000 in 2017, mainly due to the increase in revenue, especially from the automobile LED display segment and the commercial lighting segment, with higher gross profit margins. Gross profit margin for these two segments decreased by 1.2 percentage points from 26.1% in 2017 to 24.9% in the year under review. Gross profit and gross profit margin from high-tech electronic components and products sourcing were HK\$16,038,000 and 1.21% (2017: HK\$7,343,000 and 0.8%) respectively. For the year ended 31 December 2018, the Group's overall gross profit was approximately HK\$247,263,000, representing an increase of 13.0% from approximately HK\$218,837,000 in 2017, due to an increase in gross profit from automotive backlight segment, commercial lighting segment and high-tech electronic components and products sourcing. Overall gross profit margin was 11.0%, decreased by 2 percentage points from 13.0% in 2017 as the business is still in the course of transforming to high-margin products.

毛利及毛利率

截至2018年12月31日止年度內，銷售LED背光及LED照明產品的毛利約為231,225,000港元，較2017年約211,494,000港元增加9.3%，主要乃由於收入增加所致，尤其是具有較高毛利率的汽車LED顯示器分部及商用照明分部。該兩個分部的毛利率由2017年的26.1%下跌1.2個百分點至回顧年度的24.9%。提供高科技電子零部件及產品的採購業務的毛利及毛利率分別為16,038,000港元及1.21%（2017年：7,343,000港元及0.8%）。截至2018年12月31日止年度內，本集團錄得整體毛利約為247,263,000港元，較2017年約218,837,000港元增加13.0%，乃由於汽車背光分部、商用照明分部及高科技電子零部件及產品採購的毛利增加所致。整體毛利率為11.0%，較2017年的13.0%下跌2個百分點，乃由於業務仍在轉型至高利潤產品所致。

Selling and Distribution Expenses

Labour costs, sales commissions and transportation costs were the Group's major selling and distribution expenses. For the year ended 31 December 2018, the Group's selling and distribution expenses was approximately HK\$22,487,000, representing a decrease of 6.1% compared to approximately HK\$23,943,000 for the year 2017, which was mainly attributable to the Group's effective cost control measures.

Administrative Expenses

Administrative expenses refer to the general expenses incurred in offices and factories. The Group focuses on effective management, by means of resources consolidation in the Shenzhen and Huizhou factories. For the year ended 31 December 2018, the Group's administrative expenses was approximately HK\$91,034,000, which increased by 3.9% compared to approximately HK\$87,638,000 for the year 2017. The increase was mainly attributable to the expansion in business scale.

Other Income

During the year under review, other income was approximately HK\$32,232,000, representing an increase of 157.6% in comparison with approximately HK\$12,514,000 for the year 2017 mainly due to the recognition of government grant amounting to approximately HKD11,800,000 during the year, in relation to a LED lighting product, which was invented by the Chairman, Mr. Yiu, and granted a patent in China, features a number of advantages including lower energy consumption, outstanding spectrum control, longer lifespan, and better environmental protection.

Taxation

Taxation comprised current tax and movements in deferred tax assets and liabilities. Two of the Group's subsidiaries, Wai Chi Opto Technology (Shenzhen) Limited and Huizhou Wai Chi Electronics Company Limited, are qualified as a "High-Tech Enterprise" in the PRC and granted certain tax benefits, including a preferential enterprise income tax rate of 15% instead of the statutory rate of 25%. During the year under review, the Group's tax expenses amounted to approximately HK\$4,418,000 (2017: HK\$6,002,000), the decrease was because of an over provision of income tax for a PRC subsidiary amounting to approximately HK\$4,534,000 in the previous year.

銷售及分銷開支

員工成本、銷售佣金及運輸成本為本集團主要銷售及分銷開支。截至2018年12月31日止年度，本集團銷售及分銷開支約為22,487,000港元，較2017年度的約23,943,000港元減少6.1%，此乃主要由於本集團的有效成本控制措施所致。

行政開支

行政開支包括一般辦公室及廠房開支，本集團通過深圳生產廠房和惠州生產廠房資源整合強調有效率管理。截至2018年12月31日止年度，本集團的行政開支約為91,034,000港元，較2017年度的約87,638,000港元增加3.9%。增加主要是由於業務規模擴大所致。

其他收入

於回顧年度，其他收入約為32,232,000港元，較2017年度的約12,514,000港元增加157.6%，此乃主要由於回顧年度就一LED燈具產品確認一筆約11,800,000港元的政府補貼收入。該產品由集團主席姚先生發明，具有多項特點包括：低能源消耗、波長控制、更長壽命及對環境保護。

稅項

稅項包括當期稅項及遞延稅項資產及負債的變動。本集團的兩家附屬公司，偉志光電(深圳)有限公司及惠州偉志電子有限公司被評定為中國「高新技術企業」，享有若干稅務優惠，包括以優惠企業所得稅稅率15%而非法定稅率25%納稅。於回顧年度，本集團的稅項開支約為4,418,000港元(2017年：6,002,000港元)，有關減少乃由於上年度中國附屬公司的所得稅超額撥備約4,534,000港元所致。

Inventories

As at 31 December 2018, the Group's inventory was approximately HK\$188,406,000, representing a decrease of 9.3% as compared to approximately HK\$207,631,000 at 31 December 2017. The decrease in inventory was attributable to the result of implementation of inventory level control policy.

Trade Receivables

As at 31 December 2018, the Group's net trade receivables amounted to approximately HK\$409,549,000, which increased by 4.3% as compared to approximately HK\$392,747,000 at 31 December 2017.

Trade Payables

As at 31 December 2018, the Group's trade payables amounted to approximately HK\$184,162,000, representing a decrease of 5.3% as compared to approximately HK\$194,387,000 as at 31 December 2017, which was attributable to decrease in purchase of materials.

Placing of New Shares and Offer to Acquire the Company's Shares

On 6 May 2016, the Company completed a placing of new shares (the "Placing"), allotted and issued 16,825,000 new shares of the Company to not less than six individuals who are independent third parties at the price of HK\$2.00 per share. Net proceeds from the Placing amounted to approximately HK\$31,134,000, which are intended to be used for financing any potential investment opportunities such as merger and acquisition that may arise from time to time. As at 31 December 2018, the net proceeds from the Placing have not yet been utilised and have been deposited with licensed banks in Hong Kong.

存貨

於2018年12月31日，本集團的存貨量約為188,406,000港元，較2017年12月31日的約207,631,000港元減少9.3%。存貨減少乃由於實施存貨水平控制政策所致。

應收賬款

於2018年12月31日，本集團的應收賬款淨額約為409,549,000港元，較2017年12月31日的約392,747,000港元增加4.3%。

應付賬款

於2018年12月31日，本集團的應付賬款約為184,162,000港元，較2017年12月31日的約194,387,000港元減少5.3%，此乃主要由於減少採購原材料所致。

配售新股份及提呈要約收購本公司股份

於2016年5月6日，本公司完成配售新股份（「配售事項」），以每股2.00港元的價格向不少於六名獨立第三方人士配發及發行本公司16,825,000股新股份。配售事項所得款項淨額約為31,134,000港元，擬用於為可能不時出現的任何潛在投資機遇（如合併及收購）提供資金。於2018年12月31日，配售事項所得款項淨額尚未動用並已存入香港持牌銀行。

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

董事、高級管理人員及僱員

EXECUTIVE DIRECTORS

Mr. Yiu Chi To, age 56, is the founder of our Group, the executive Director and Chairman of our Company. He was appointed as an executive Director of our company on 16 August 2013. He is responsible for formulating corporate strategies and overseeing the Group's business development and operation as well as monitoring the Group's administration. He also plays a role in developing new technology and innovations with our Group's research and development team and maintaining good relationships with our major customers. Mr. Yiu has more than 30 years of working experience in the LED industry. Mr. Yiu had successfully registered patents in the PRC for the new technologies that he had developed, including "Double sided light emitting backlight" in 2003, "Bottom-side dual-efficient LED white light" in 2004, and "LED with heat dissipation" in 2005. From 2009 to present, Mr. Yiu also served as a deputy director for the Shenzhen Light Emitting Diode Industry Association. In 2018, Mr. Yiu was appointed as deputy director of Bao'an District Five Industrial Top 100 Enterprise Federation.

Mr. Yiu graduated from Fujian Jinjiang Neikeng High School in 1978. Prior to the establishment of the Group, from 1979 to 1981 he worked in an electronic watch manufacturing company initially as an assembly line worker, and was later promoted to a manager where he was involved in sales and marketing of the electronic watches and in 1982 he started a business in the electronic watch industry and ceased the business in 1984 before establishing the Group. In 1984, Mr. Yiu founded Wai Chi Electronics Co. Mr. Yiu is the father of Ms. Yiu Kwan Yu and father-in-law of Mr. Chen Chung Po.

Mr. Chen Chung Po, age 41, was appointed as executive Director and the Chief Executive Officer of our Company on 16 August 2013. He is responsible for the day-to-day management of our Group including administration, procurement, production as well as financial management. Mr. Chen received his Bachelor of Arts in Business Studies degree from Hong Kong Polytechnic University in November 2000. He has more than 10 years of working experience in banking and finance fields. After graduation, he joined Bank of China (Hong Kong) as a credit analyst and has been gradually promoted to Branch Manager from 2000 to 2006. From 2006 to 2010, he worked as the Vice President of Sales Division in Wealth Management with the Sun Hung Kai Group of companies and he resigned in 2011. From 2011 to 2012, he was a person licensed to carry on Type 2 regulated activity. Prior to joining our Group, he was the sales director in GF Securities (Hong Kong) Brokerage Limited from 2011 to 2013. Mr. Chen is the husband of Ms. Yiu Kwan Yu, son-in-law of Mr. Yiu Chi To.

執行董事

姚志圖先生，56歲，本集團創辦人，為本公司執行董事兼主席。彼於2013年8月16日獲委任為本公司執行董事，負責制定企業策略及監督本集團的業務發展及營運，以及監察本集團的行政。彼與本集團研發團隊在開發新技術和創新及與主要客戶維持良好關係方面亦擔當角色。姚先生於LED行業擁有逾30年工作經驗。姚先生已成功於中國為其開發的新技術註冊專利，專利包括2003年的「雙面發光背光源」、2004年的「底側兩用高效LED白燈」及2005年的「帶散熱功能的LED」。由2009年至今，姚先生亦擔任深圳市LED產業聯合會副會長，於2018年，姚先生獲委任為寶安區五類百強企業聯合會副會長。

姚先生於1978年畢業於福建晉江內坑中學。成立本集團前，由1979年至1981年，姚先生於一間電子手錶製造公司任職，初期擔任裝配線人員，其後獲晉升為經理，從事有關電子手錶銷售及市場推廣的業務。彼於1982年開始電子手錶行業的業務，並於1984年創立本集團之前終止該業務。於1984年，姚先生創立偉志電子公司。姚先生為姚君瑜女士的父親，亦為陳鐘譜先生的岳父。

陳鐘譜先生，41歲，於2013年8月16日獲委任為本公司執行董事兼行政總裁，負責本集團的日常管理，包括行政、採購、生產以及財務管理。陳先生於2000年11月取得香港理工大學的工商管理文學士學位。彼於銀行及金融界擁有逾10年工作經驗。畢業後，彼加入中國銀行（香港）擔任信貸分析師，並於2000年至2006年間逐漸晉升至分行經理。2006年至2010年間，彼於新鴻基金融集團旗下公司任職，其於2011年辭任時正擔任財富管理銷售分部副總裁。2011年至2012年，彼獲授權進行第二類受規管活動。加入本集團前，彼於2011年至2013年間擔任廣發證券（香港）有限公司的銷售經理。陳鐘譜先生為姚君瑜女士的丈夫，亦為姚志圖先生的女婿。

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES 董事、高級管理人員及僱員

Ms. Yiu Kwan Yu, age 34, was appointed as executive Director of our Company on 16 August 2013. She is also the Sales and Marketing Manager of Wai Chi Opto Technology Limited since 2009. Ms. Yiu joined us in 2008 and served as Sales and Marketing Executive initially. She is responsible for the sales and marketing of our LED lighting division and she is also in charge of the research and development department of our LED lighting division. Ms. Yiu received her Bachelor's degree of Applied Science in Electrical Engineering from The University of British Columbia in May 2008 and her Master of Lighting degree from the Queensland University of Technology in May 2012. Ms. Yiu was admitted as Engineer by the Corporation of Seven Wardens Inc. in 2008. She also held the Directorship of Hong Kong Critical Component Manufacturing Association from 2009 to 2012 and the Directorship of Hong Kong Opto Mechatronics Industry Association from 2012 to 2018. Ms. Yiu is the elder daughter of Mr. Yiu Chi To and wife of Mr. Chen Chung Po.

Mr. Chen Wei Wu, age 55, was appointed as executive Director of our Company on 11 March 2014. He is the Financial Controller of Shenzhen Wai Chi since 2010. He is responsible for the financial management and day-to-day financial operation in the PRC region. He has 30 years of experience in commercial and finance fields. From 1984 to 1992, Mr. Chen served as Accounting Officer in Jinan Chemicals Factory at Hengyang City of Hunan. From 1992 to 1997, he served as Financial Controller in Shenzhen Zhongqiao Group at Shenzhen. From 1997 to 2001, he served as Vice General Manager and Chief Financial Controller in Shenzhen Shennan Merchants Group. From 2001 to 2006, he served as the Assistant to the General Manager and head of the Capital Department in Shenzhen Saigedasheng Joint-stock Company Limited. From 2006 to 2008, he served as the General Manager of the Audit Planning Department in GD Hengfeng Investment Group Co., Ltd. From 2008 to 2010, he served as the General Manager of Group Finance Division in Shenzhen Shangtianran Investment Company Limited. Mr. Chen studied and graduated from the correspondence course in industrial accountancy and received the professional certificate in industrial accountancy from the Hunan College of Finance and Economics in July 1987. In October 1994, Mr. Chen was conferred by the Ministry of Finance in the PRC the qualification of an accountant specializing in corporate accounting. In April 2011, Mr. Chen was admitted as Senior International Finance Manager by the International Financial Management Association and in December 2017, Mr. Chen was admitted as Senior Accountant by the Human Resources and Social Security Department of Guangdong Province. In June 2012, Mr. Chen obtained his Master of Business Administration degree from the Zhongnan University of Economics and Law. In November 2014, Mr. Chen obtained his Doctor of Business Administration degree from the Victoria University of Switzerland.

姚君瑜女士，34歲，於2013年8月16日獲委任為本公司執行董事。彼自2009年起亦為偉志光電有限公司的銷售及市場推廣經理。姚女士於2008年加入本集團，起初擔任銷售及市場推廣行政人員，負責LED照明部的銷售及市場推廣，亦為LED照明部研發部門的負責人。姚女士於2008年5月取得英屬哥倫比亞大學的電子工程應用科學學士學位，並於2012年5月取得昆士蘭科技大學的照明碩士學位。姚女士於2008年獲七大工程學院接納為工程師。彼亦於2009年至2012年間擔任香港關鍵性零部件製造業協會的董事職務，於2012年至2018年擔任香港光機電行業協會的董事職務。姚君瑜女士為姚志圖先生之長女及陳鐘譜先生之太太。

陳緯武先生，55歲，於2014年3月11日獲委任為本公司執行董事。彼自2010年起擔任深圳偉志的財務總監，負責中國地區的財務管理及日常財務營運。彼於商務及金融界擁有30年經驗。於1984年至1992年間，陳先生於湖南衡陽市金雁化工廠擔任會計主管。於1992年至1997年間，彼於深圳的深圳中僑集團擔任財務總監。於1997年至2001年間，彼於深南招商集團擔任副總經理及財務總監。於2001年至2006年間，彼於深圳市賽格達聲股份有限公司擔任總經理助理及資本部主管。於2006年至2008年間，彼於廣東恆豐投資集團有限公司擔任審核計劃部的總經理。於2008年至2010年間，彼於深圳市尚天然投資有限公司擔任集團財務部總經理。陳先生於湖南財經學院研讀工業會計的相關課程，於1987年7月畢業並取得工業會計專業文憑。於1994年10月，陳先生獲中國財政部頒授會計師資格，專責企業會計。於2011年4月，陳先生獲國際財務管理協會認可為資深國際財務管理師，並於2017年12月獲廣東省人力資源和社會保障廳頒授高級會計師資格。於2012年6月，陳先生於中南財經政法大學取得工商管理碩士學位。於2014年11月，陳先生於瑞士維多利亞大學取得工商管理博士學位。

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

董事、高級管理人員及僱員

Ms. Yong Jian Hui, age 42, was appointed as executive Director of our Company on 11 March 2014. She joined our Company since 2003. She is currently the Deputy General Manager and the Head of Sales Department of Wai Chi Opto Technology (Shenzhen) Company Limited. She is responsible for the sales and marketing of our LED backlight products. She has more than 10 years of working experience in sales and marketing of backlight products. Prior to her joining our Company, Ms. Yong served as the head of Sales Department at Wah Mei Electronics (Shenzhen) Company Limited from 2000 to 2002. Ms. Yong received the certificate on achieving the third grade in University English from the Hunan Radio & TV University in March 1998 and her Master of Business Administration degree from the Southwest Jiaotong University in June 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Au Yeung Tin Wah, age 55, was appointed as independent non-executive Director (“INED”) of our Company on 11 March 2014.

Mr. Au Yeung obtained a Professional Diploma in Accountancy in The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1987. He is a member of the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants. Mr. Au Yeung had worked for a number of years for Price Waterhouse (now known as PricewaterhouseCoopers) had acted as a financial manager of a listed company and a major private company respectively in Hong Kong. He has been a certified public accountant since 1994 and has over twenty-five years’ experience in auditing, finance and administration. He is now the director of Lau & Au Yeung C.P.A. Limited.

Mr. Au Yeung was appointed in May 2006 and is currently acting as an independent non-executive director of Amvig Holdings Limited (Stock Code: 2300, a company listed on the Main Board of the Stock Exchange formerly known as Vision Grande Group Holdings Limited), Mr. Au Yeung was also appointed on 12 August 2016 and is currently acting as an independent non-executive director of Man Shing Global Holdings Company Limited (Stock Code: 8309, a company listed on GEM of the Stock Exchange).

雍建輝女士，42歲，於2014年3月11日獲委任為本公司執行董事。彼自2003年加入本公司。彼現時擔任偉志光電(深圳)有限公司的副總經理及銷售部主管，負責LED背光產品的銷售及市場推廣。彼於背光產品的銷售及市場推廣方面擁有逾10年工作經驗。加入本公司前，雍女士於2000年至2002年擔任華美電子(深圳)有限公司的銷售部主管。雍女士於1998年3月獲湖南廣播電視大學頒授大學英語三級證書，並於2012年6月取得西南交通大學的工商管理碩士學位。

獨立非執行董事

歐陽天華先生，55歲，於2014年3月11日獲委任為本公司獨立非執行董事(「獨立非執董」)。

歐陽先生於1987年取得香港理工學院(現稱香港理工大學)頒發之會計專業文憑。彼為香港會計師公會及英國特許公認會計師公會之會員，曾於香港羅兵咸會計師事務所(現稱羅兵咸永道會計師事務所)任職數年，並曾於香港之上市公司及大型私人公司任財務經理。歐陽先生於1994年成為香港執業會計師，具超過二十五年核數、行政管理、財務及稅務之經驗，彼現為劉歐陽會計師事務所有限公司之董事。

歐陽先生於2006年5月獲委任，現時擔任澳科控股有限公司(股份代號：2300，其為於聯交所主板上市公司，前稱偉誠集團控股有限公司)獨立非執行董事，於2016年8月12日，歐陽先生亦被委任為萬成環球控股有限公司(股份代號：8309，為於聯交所GEM上市公司)獨立非執行董事至今。

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES 董事、高級管理人員及僱員

Mr. Chen Kwok Wang, age 56, was appointed as INED of our Company on 11 March 2014.

Mr. Chen is currently a Partner at Messrs. Fairbairn, Catley, Low & Kong. He has been admitted as a Solicitor of the High Court since 2005. He obtained his Bachelor of Laws from the University of Wolverhampton in February 2002 and his Postgraduate Certificate in Laws from the University of Hong Kong in June 2003. Mr. Chen obtained a Bachelor of Science degree in Engineering in November 1986 and also a Master of Business Administration degree in December 1997 from the University of Hong Kong.

Mr. Chen was a Member of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) in 1990.

Prior to establishing his career in the legal field, Mr. Chen worked in an international accounting firm from 1986 to 1991 as a Staff Accountant and was eventually promoted to the position of Audit Supervisor. In 1992 to 1993, Mr. Chen became an Internal Auditor at the Hong Kong branch of a bank. In 1993 to 2000, Mr. Chen worked at The Stock Exchange of Hong Kong Limited in the capacity as a Manager and was eventually promoted to the position of Senior Manager. In 2001 to 2002, Mr. Chen worked at the Securities and Futures Commission of Hong Kong as a Manager where he was responsible for day-to-day supervision of financial intermediaries. Mr. Chen was appointed as an independent non-executive director of Fujian Start Group Co., Ltd, a company listed on the Shanghai Stock Exchange (stock code: 600734), on 20 May 2014 and PPS International (Holdings) Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock Code 8201, a company listed on GEM of the Stock Exchange), during the period from 19 November 2014 to 30 December 2015.

陳國宏先生，56歲，於2014年3月11日獲委任為本公司獨立非執董。

陳先生現時為范紀羅江律師行的合夥人。彼自2005年獲認許為高等法院律師。彼於2002年2月取得伍爾弗漢普頓大學法律學士學位，並於2003年6月取得香港大學法學專業證書。陳先生分別於1986年11月及1997年12月自香港大學取得工程理學士學位及工商管理碩士學位。

陳先生於1990年為香港會計師公會的會員。

陳先生於成立其法律事業前，於1986年至1991年曾於一間國際會計師事務所任職審計員，其後晉升為審計主任。彼於1992年至1993年為一間銀行香港分行的內部核數師。1993年至2000年，陳先生於香港聯合交易所任職經理，其後晉升為高級經理。2001年至2002年，陳先生於證券及期貨事務監察委員會任職經理，負責金融中介機構的日常監督。於2014年5月20日，陳先生獲委任為福建實達集團股份有限公司（其為於上海證券交易所上市的公司，股份代號：600734）的獨立非執行董事及於2014年11月19日至2015年12月30日期間，陳先生獲委任為寶聯控股有限公司（股份代號：8201，為於聯交所GEM上市公司）獨立非執行董事。

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

董事、高級管理人員及僱員

Mr. Ho Chi Wai, age 44, was appointed as INED of our Company on 11 March 2014.

Mr. Ho is currently a partner of SRF Partners & Co., CPAs. He obtained a Bachelor's degree in Business Administration from Lingnan University in November 1997 and a Master's degree in Finance from Jinan University in December 2012. He is currently a practicing certified public accountant of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants, a certified tax adviser and fellow member of the Taxation Institute of Hong Kong and an associate of the Taxation Institute of Hong Kong, a member of the Association of International Accountants.

Mr. Ho has over 20 years of experience in audit assurance and business consulting. Prior to his own practice in 2012, Mr. Ho worked as an Audit Senior in a local accounting firm from 1997 to 2000. From 2000 to 2010, Mr. Ho was the audit manager in a sizable accounting firm and from 2010 to 2011 he became the Principal of the group to which the said accountancy firm belonged.

Mr. Ho acted as an independent non-executive Director of Ming Kei Holdings Limited (Stock Code 8239, a company listed on GEM of the Stock Exchange) from June 2012 to October 2013.

Mr. Ho was appointed as an independent non-executive Director of Affluent Foundation Holdings Limited (Stock Code 1757, a company listed on the Main Board of the Stock Exchange) on 13 May 2018 and Mr. Ho was appointed as an independent non-executive Director of Hyfusin Group Holdings Limited (Stock Code 8512, a company listed on GEM of the Stock Exchange) on 23 June 2018.

何志威先生，44歲，於2014年3月11日獲委任為本公司獨立非執董。

何先生現為仕富圖會計師行之合夥人。彼於1997年11月取得嶺南大學工商管理學士學位，於2012年12月取得暨南大學財務學碩士學位。彼現為香港會計師公會執業會計師、英國特許公認會計師公會資深會員、香港稅務學會註冊稅務師及資深會員，國際會計師公會會員。

何先生擁有超過20年的審計及商業顧問相關經驗。於2012年開始執業之前，何先生於1997年至2000年在一間本地會計師事務所任職高級審計員。2000年至2010年，何先生為一具規模的會計師事務所的審計部經理，2010年至2011年，彼為該會計師事務所所屬集團的總監。

何先生於2012年6月至2013年10月為明基控股有限公司(股份代號：8239，為於聯交所GEM上市公司)的獨立非執行董事。

於2018年5月13日，何先生獲委任為俊裕地基集團有限公司(股份代號：1757，為於聯交所主板上市公司)的獨立非執行董事及於2018年6月23日，何先生獲委任為凱富善集團控股有限公司(股份代號：8512，為於聯交所GEM上市公司)的獨立非執行董事。

SENIOR MANAGEMENT

Mr. Luo Zeng Chang, age 37, joined our Company since 2003 and is currently the General Manager of our Project Design Department of Shenzhen Wai Chi. Mr. Luo is responsible for supervising the designs of our products. Prior to joining our Company, Mr. Luo was a research development engineer with a small to medium size LED backlight module manufacturing company from 2002 to 2003. Mr. Luo was then employed as a senior technician at Shenzhen Wai Chi in 2003 and was the leader of our Design Project Department from 2004 to 2007. He was then appointed as the Vice General Manager of our Design Project Department at Shenzhen Wai Chi in 2008. Mr. Luo obtained a graduation certificate specializing in Mechatronics from Jiaying University in July 2001.

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mr. Cheung Wai Hung, age 37, was appointed as the Chief Financial Officer of our Company on 11 March 2014 and appointed as the Company Secretary of our Company on 12 November 2015.

Mr. Cheung is responsible for our financial management other than the PRC. Mr. Cheung has over 9 years of experience in audit assurance. Prior to joining our Group, Mr. Cheung worked as audit trainee in Eric Ng & Co. from June 2003 to July 2004 and as audit manager in Jonten Hopkins CPA Limited from July 2004 to March 2014. Mr. Cheung graduated from The Hong Kong Polytechnic University with an honors degree in Bachelor of Arts in Accountancy in November 2003. He is currently a certified public accountant of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and a certified tax adviser at the Taxation Institute of Hong Kong.

Mr. Cheung was appointed as an independent non-executive Director of Grand T G Gold Holdings Limited (Stock Code 8299, a company listed on GEM of the Stock Exchange) on 27 August 2018.

高級管理人員

羅增昌先生，37歲，自2003年加入本公司，現為深圳偉志項目設計部總經理。羅先生負責監督我們產品的設計。加入本公司前，於2002年至2003年，羅先生為一間小尺寸至中尺寸LED背光模塊製造公司的研究發展工程師。羅先生其後於2003年受聘於深圳偉志作高級技師，於2004年至2007年為設計項目部主管。彼於2008年獲委任為深圳偉志設計項目部副總經理。羅先生於2001年7月取得嘉應學院機械電子學專業的畢業證書。

公司秘書及財務總監

張偉雄先生，37歲，於2014年3月11日獲委任為本公司的財務總監，並於2015年11月12日獲委任為本公司的秘書。

張先生負責中國以外地區的財務管理。張先生擁有超過9年的審計經驗。加入本集團前，張先生於2003年6月至2004年7月任職伍國偉會計師事務所的審計實習生，並於2004年7月至2014年3月任職中天運浩勤會計師事務所有限公司的審計經理。張先生於2003年11月取得香港理工大學會計(榮譽)文學士學位。張先生現為香港會計師公會註冊會計師、英國特許公認會計師公會資深會員及香港稅務學會註冊稅務師。

於2018年8月27日，張先生獲委任為大唐潼金控股有限公司(股份代號：8299，為於聯交所GEM上市公司)的獨立非執行董事。

REPORT OF THE DIRECTORS

董事會報告書

The Board of Directors is pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**Consolidated Financial Statements**”).

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands and is domiciled in Hong Kong and has its principal place of business at 6th Floor, Liven House, Nos. 61–63 King Yip Street, Kowloon, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and particulars of the Company’s principal subsidiaries are set out in Note 37 to the Consolidated Financial Statements. There were no significant changes in the nature of the Group’s principal activities during the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2018 (the “**Reporting Period**”) are set out in the Consolidated Financial Statements on pages 75 to 186 of this annual report. The Directors do not recommend the payment of a dividend and resolve not to declare any final dividend in respect of the year ended 31 December 2018.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company (“**AGM**”) to be held on 24 May 2019 (Friday), the register of members of the Company will be closed from 20 May 2019 (Monday) to 24 May 2019 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 17 May 2019 (Friday). The record date for the entitlement to attend the AGM will be on 17 May 2019 (Friday).

董事會欣然提呈本集團截至2018年12月31日止年度之年報及經審核綜合財務報表（「**綜合財務報表**」）。

主要營業地點

本公司在開曼群島註冊成立，並於香港註冊，其主要營業地點位於香港九龍觀塘敬業街61–63號利維大廈6樓。

主要業務

本公司為一家投資控股公司。本公司主要附屬公司之主要業務載於綜合財務報表附註37。於截至2018年12月31日止年度內，本集團主要業務的性質並無重大改變。

業績及股息

本集團截至2018年12月31日止年度（「**本報告年度**」）之業績乃載於本年報第75至第186頁之綜合全面收益表。董事會不建議派發亦並無議決宣佈截至2018年12月31日止年度之末期股息。

股東週年大會暫停辦理股份過戶登記手續

為確定出席於2019年5月24日（星期五）舉行之股東週年大會會上投票資格權利，本公司將於2019年5月20日（星期一）至2019年5月24日（星期五）（包括首尾兩日）期間暫停辦理股份過戶登記手續。為符合資格出席股東週年大會及於會上投票，股東須於2019年5月17日（星期五）下午4時30分或以前將所有股份過戶文件，連同相關股票及轉讓表格送達本公司之香港股份過戶登記處卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心22樓。出席股東週年大會資格的記錄日期為2019年5月17日（星期五）。

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 30 to the Consolidated Financial Statements.

RESERVES

Movements in the reserves of the Group during the year are set out in consolidated statement of changes in equity on pages 79 to 80 of the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company's reserves available for distribution to shareholders is approximately HK\$331,977,000 (2017: approximately HK\$331,977,000), representing the balance of share premium account which can be authorised for this purpose in accordance with the Company Law of Cayman Islands.

BORROWINGS

Details of bank borrowings of the Group as at 31 December 2018 are set out in Note 25 to the Consolidated Financial Statements.

GEARING RATIO

As at 31 December 2018, the gearing ratio of the Group, based on total borrowings (including bank borrowing, corporate bonds and obligations under finance leases) to the equity (including all capital and reserves) of the Company, was 48.2% (2017: 50%).

物業、廠房及設備

本集團本年度物業、廠房及設備之變動詳情載於綜合財務報表附註15。

股本

本公司本年度股本之變動詳情載於綜合財務報表附註30。

儲備

本集團的儲備變動詳情，載於本年報第79至第80頁綜合權益變動表。

可供分派儲備

於2018年12月31日，本公司可用於向股東派發股利之金額約為331,977,000港元（2017年：約331,977,000港元），為股份溢價賬之餘額，根據開曼群島公司法，本公司可用其股份溢價賬向股東宣告或派發股息。

貸款

本集團於2018年12月31日的銀行貸款的詳情載於綜合財務報表附註25。

負債比率

於2018年12月31日，本集團之負債比率為48.2%（2017年：50%），該負債比率乃根據本集團借貸總額（包括銀行貸款、公司債券及融資租賃債項）與權益（包括全部股本及儲備）之比率計算。

EMPLOYEES

As at 31 December 2018, the Group had 2,114 employees. The Group recognized the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. In the year ended 31 December 2018, the Group had not encountered any significant problems with its employees, and there had not been any dispute between the Group and its employees that might have caused any disruption to the Group's business or operation. The Group has had no difficulty in recruiting and retaining experienced staff. The remuneration of each employee of the Group is determined on the basis of his or her performance and responsibility. The Group provides training to employees.

The total staff cost incurred by the Group for the year ended 31 December 2018 was approximately HK\$189,657,000.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the percentage of public float as prescribed in the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the Reporting Period and at any time before and up to the date of this annual report.

僱員

於2018年12月31日，本集團共有2,114名員工。本集團深悉保持良好勞僱關係、挽留人才以確保營運效率及效能。於截至2018年12月31日年度期內，本集團與其僱員之間從未發生任何重大問題，而本集團與其僱員之間亦無任何可引致本集團的業務或營運中斷的糾紛。本集團在招聘及挽留富經驗的員工方面，並無任何困難。每位僱員的薪酬是基於其表現及職責而釐定的。本集團向員工提供培訓。

於截至2018年12月31日年度內，本集團之員工成本總金額約為189,657,000港元。

優先購買權

本公司組織章程或其註冊成立所在地開曼群島之適用法律並無載列有關優先購買權的條文。

公眾持股量

截至本年報公佈日，根據本公司可公開取得之資料及就本公司董事會所知悉，本公司在本報告年度，及截至本年報公佈日前任何時間保持香港聯合交易所有限公司證券上市規則（「**上市規則**」）所指定之公眾持股量。

DIRECTORS

The Directors of the Company during the year ended 31 December 2018 and up to and including the date of this annual report are:

Executive Directors

Mr. Yiu Chi To (*Chairman*)
Mr. Chen Chung Po (*Chief Executive Officer*)
Ms. Yiu Kwan Yu
Mr. Chen Wei Wu
Ms. Yong Jian Hui

Independent Non-executive Directors

Mr. Au Yeung Tin Wah
Mr. Chen Kwok Wang
Mr. Ho Chi Wai

In accordance with article 84(1) and 84(2) of the Company's articles of association, each of Mr. Chen Wei Wu and Ms. Yong Jian Hui, all of whom were appointed as executive directors on 11 March 2014 will retire as Directors at the forthcoming annual general meeting, and they, being eligible, will offer themselves for re-election thereat.

In accordance with article 84(1) and 84(2) of the Company's articles of association, each of Mr. Au Yeung Tin Wah, Mr. Chen Kwok Wang and Mr. Ho Chi Wai, all of whom were appointed as independent non-executive directors on 11 March 2014 will retire as Directors at the forthcoming annual general meeting, and they, being eligible, will offer themselves for re-election thereat.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and senior management of the Group as at the date of this annual report are set out on pages 22 to 27 of this annual report.

董事

截至2018年12月31日及直至及包括本年報日期，本公司在任董事如下：

執行董事

姚志圖先生 (*主席*)
陳鐘譜先生 (*行政總裁*)
姚君瑜女士
陳緯武先生
雍建輝女士

獨立非執行董事

歐陽天華先生
陳國宏先生
何志威先生

按照本公司的組織章程細則第84(1)及84(2)條，陳緯武先生及雍建輝女士於2014年3月11日獲委任為執行董事，各自將在即將召開的股東周年大會退任董事，而他們均合資格及願意膺選連任。

按照本公司的組織章程細則第84(1)及84(2)條，歐陽天華先生、陳國宏先生及何志威先生於2014年3月11日獲委任為獨立非執行董事，各自將在即將召開的股東周年大會退任董事，而他們均合資格及願意膺選連任。

董事及高級管理人員之履歷

於本年報日期，本公司董事及本集團高級管理人員之履歷詳情載於本年報第22至第27頁。

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Yiu Chi To, Mr. Chen Chung Po and Ms. Yiu Kwan Yu has entered into a service agreement with the Company for three years from 16 August 2016, and each of the service agreements may be terminated by either party by giving not less than three months' written notice.

Each of Mr. Chen Wei Wu and Ms. Yong Jian Hui has entered into a service agreement with the Company for three years from 11 March 2017, and each of the service agreements may be terminated by either party by giving not less than three months' written notice.

Each of Mr. Au Yeung Tin Wah, Mr. Chen Kwok Wang and Mr. Ho Chi Wai has entered into a letter of appointment with the Company for a term of two years commencing from 11 March 2018 and each of the letters of appointment may be terminated by either party by giving not less than two months' written notice.

Save as disclosed above, none of the Directors has a contract of service with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

The emoluments of the Directors and senior management of the Group are determined by the Remuneration Committee with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the year ended 31 December 2018.

Details of the Directors' remuneration of the Group as at the date of this annual report are set out in Note 12 to the Consolidated Financial Statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries and fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事的服務合約

姚志圖先生、陳鐘譜先生及姚君瑜女士已各自與本公司訂立服務協約，任期自2016年8月16日起計為期3年，並可由任何一方發出不少於3個月書面通知而予以終止。

陳緯武先生及雍建輝女士已各自與本公司訂立服務協約，任期自2017年3月11日起計為期3年，並可由任何一方發出不少於3個月書面通知而予以終止。

歐陽天華先生、陳國宏先生及何志威先生已各自與本公司訂立委任書，任期自2018年3月11日起計為期2年，並可由任何一方發出不少於2個月書面通知而予以終止。

除上文披露者外，董事概無與本公司或其附屬公司訂立任何不可於1年內由僱主終止而毋須支付賠償（法定賠償除外）之服務合約。

本公司高級管理人員的酬金，由薪酬委員會釐定，根據其專業資格經驗參與率及市場情況作基準。於截至2018年12月31日止年度，概無董事放棄或同意放棄任何酬金。

於本年報日期，本公司董事之薪酬詳情載於綜合財務報告附註12。

董事的合約利益

本公司董事概無於由本公司或任何附屬公司或同系附屬公司訂立並任何在年底及年內任何時間仍然存在，對本集團業務而言屬重大之合約中，直接或間接擁有重大權益。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children (under 18 years of age), or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement whose objectives are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2018 and up to and including the date of this annual report.

CONTROLLING SHAREHOLDERS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the sub-section headed "Connected Transaction" below and "Related Party Transactions and Balances" in Note 33 to the Consolidated Financial Statements, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2018 or at any time during the year.

董事購買股份或債券的權利

截至2018年12月31日止年度內任何時間，任何董事或彼等各自的配偶或未成年子女概無獲授或行使可透過購買本公司股份或債券獲益的權利，而本公司、其控股公司或其任何附屬公司或同系附屬公司亦無參與任何安排，旨在使本公司董事可以通過收購於本公司或任何其他實體公司之股份或債券而獲益。

董事於競爭業務中之權益

截至2018年12月31日止年度以及直至及包括本年報刊發日期內任何時間，除本集團業務外，董事目前或過往概無於與本集團業務構成或可能構成直接或間接競爭的業務中擁有權益。

控股股東及董事於重大合約之權益

本公司或其任何附屬公司概無訂立與本集團業務有關，而董事或控股股東在其中直接或間接擁有重大利益並於截至2018年12月31日之財政年度結束時或其間任何時間仍然有效的任何重大合約，惟下文「關連交易」分節及綜合財務報表附註33「關連人士交易及結餘」所披露者除外。

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2018, the interests and short positions of the directors and chief executive personnel of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in Appendix 10 to the Listing Rules were as follows:

Name of Director 董事姓名	Capacity/nature of interest 身份／權益性質	Number and class of securities 證券數目及類別 (Note 2) (附註2)	Approximate percentage of shareholding 股權概約百分比
Mr. Yiu Chi To (Note 1) 姚志圖先生(附註1)	Beneficial owner 實益擁有人	128,120,000 (L)	59.09%

Notes:

- Mr. Yiu Chi To holds 100% of the issued share capital of Rexell Technology Company Limited, which is the controlling shareholder holding approximately 59.09% of the issued share capital of the Company.
- The letter “L” denotes the Directors’ long position in the shares of the Company or the relevant associated corporation.

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executive personnel of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

董事及主要行政人員所擁有公司及其相聯法團的股份、相關股份及債券之權益及淡倉

於2018年12月31日，本公司董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權證中，擁有本公司須根據證券及期貨條例第352條記入所存置登記冊內或須根據上市規則附錄10所載上市發行人董事進行證券交易的標準守則(「標準守則」)另行知會本公司及聯交所的權益及淡倉如下：

附註：

- 姚志圖先生全資擁有銳士科技有限公司，而銳士科技有限公司擁有本公司約59.09%股權，為本公司的控股股東。
- 英文字母「L」代表董事於本公司或有關相聯法團股份中的好倉。

除上文披露者外，於2018年12月31日，董事及本公司主要行政人員概無於本公司及其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例的有關條文被當作或視為擁有的權益及淡倉)，或根據證券及期貨條例第352條須記錄於該條所述登記冊的權益或淡倉，或根據上市規則所載本公司董事進行證券交易的標準守則須知會本公司及聯交所的權益及淡倉。

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 31 December 2018, so far as the directors and chief executive officer of the Company were aware, the following persons and corporations (excluding the directors and chief executive officer of the Company) had interests or short positions in any of the shares or underlying shares of the Company which were required to be notified to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who, directly or indirectly, is interested in 10% or more of the nominal value of any class of share capital to vote in all circumstances at general meetings of any other member of the Group:

主要股東及其他人士於本公司股份及相關股份中的權益及淡倉

於2018年12月31日，就本公司董事及行政總裁所知，以下人士及法團（本公司董事及行政總裁以外）於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部的條文規定須知會本公司及聯交所的權益或淡倉，或直接或間接擁有可於在本集團任何其他成員公司的股東大會上投票的任何類別股本面值10%或以上的權益如下：

Name of Shareholder 股東姓名	Capacity/nature of interest 身份／權益性質	Number of shares held 所持股份數目	Approximate percentage of issued share capital 已發行股本之概約百分比
Rexell Technology Company Limited (Note 1) 銳士科技有限公司(附註1)	Beneficial owner 實益擁有人	128,120,000	59.09%
Mr. Yiu Chi To (Note 2) 姚志圖先生(附註2)	Interest of a controlled corporation 於受控法團的權益	128,120,000	59.09%
Ms. Luk Fong (Note 3) 陸方女士(附註3)	Interest of spouse 配偶權益	128,120,000	59.09%

Notes:

1. Rexell Technology Company Limited directly holds 128,120,000 shares representing approximately 59.09% of the issued share capital of the Company.
2. Mr. Yiu Chi To is the legal and beneficial owner of all the issued shares of Rexell Technology Company Limited and is therefore deemed to be interested in all the shares of the Company held by Rexell Technology Company Limited under the SFO.
3. Ms. Luk Fong, as the spouse of Mr. Yiu Chi To, is deemed to be interested in the shares held by Rexell Technology Company Limited by virtue of the SFO.

附註：

1. 銳士科技有限公司直接持有128,120,000股份代表公司已發行股本的約59.09%。
2. 姚志圖先生為銳士科技有限公司全部已發行股份的合法和實益擁有人，故此，根據證券及期貨條例，姚志圖先生被視為在銳士科技有限公司持有本公司股份及相關股份中擁有權益。
3. 陸方女士為姚志圖先生的配偶，根據證券及期貨條例，陸女士被視為擁有銳士科技有限公司所持股份的權益。

DIRECTORS' INDEMNITIES AND INSURANCE

As permitted by the articles of association of the Company, a director of the Company may be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the director shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his or her duty as a director of the Company, to the extent permitted by law. Such permitted indemnity provision has been in force since the adoption of the articles of association of the Company on 27 October 2014 and is currently in force at the time of approval of this report.

The Company has also taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover for certain legal actions brought against its directors and officers.

DEED OF NON-COMPETITION

Each of the controlling shareholders has confirmed to the Company of its/his compliance with the terms and undertakings of the deed of non-competition provided to the Company under the Deed of Non-competition (as defined in the Company's prospectus dated 4 November 2014). The INEDs of the Company have reviewed the status of compliance and confirmed that all the terms and undertakings under the Deed of Non-competition have been complied with by the controlling shareholders.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 188 of this annual report.

董事的彌償及保險

本公司組織章程細則允許本公司董事或前董事可在法律允許的範圍內，因應其履行作為本公司董事的責任時所作出的行動，贊成或遺漏而引致該董事需要或可能承受的行動、成本、費用、損失、損害或支出、可從本公司的資產或利潤中獲得補償。此等允許的彌償條款於2014年10月27日本公司採納的組織章程細則後及至於批准本報告時仍為有效。

本公司於年內已購買及維持董事及高級職員責任保險，為其董事及高級職員面對若干法律行動時提供適當的保障。

不競爭契約

各控股股東已向本公司確認其已遵守根據不競爭契約（定義見本公司於2014年11月4日刊發的招股章程）而向本公司提供的條款及承諾。本公司的獨立非執董已審查其遵守不競爭契約的情況，並確認控股股東已遵守該等條款及承諾。

財務報表概要

本集團過去五個財政年度已發表的業績及資產和負債之概要載於本年報第188頁。

CONNECTED TRANSACTION

During the year ended 31 December 2018, the Group has had two continuing connected transactions under the Listing Rules, which is required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. Details of such a continuing connected transaction (as defined under the Listing Rules) are set out below in accordance with the requirements of the Listing Rules:

Tenancy Agreement with Maxtone Electronics Limited (“Maxtone”)

Maxtone leased to our Group a property located at Unit A, 6th Floor, Liven House, Nos. 61–63 King Yip Street, Kowloon, Hong Kong (the “Property”). The term for the existing tenancy agreements in respect of the Property commenced from 1 April 2017, and will expire on 31 March 2019 at a monthly rent of HK\$90,000 exclusive of rates, air-conditioning, management charges and other outgoings. As at 31 December 2018, Maxtone was held as to 60% by Mr. Yiu Kwan Lok, the son of Mr. Yiu Chi To, as to 20% by Ms. Yiu Kwan Yu, a director of the Company and as to 20% by Ms. Yiu Oi Tung, formerly named Yiu Kwan Wai, the younger daughter of Mr. Yiu Chi To and therefore it is a connected party of the Company.

During the year ended 31 December 2018, total rental paid or payable by the Group under the Tenancy Agreement amounted to HK\$1,080,000 which did not exceed the annual caps for this transaction.

Opinion from the Independent Non-Executive Directors and Auditor on the Continuing Connected Transaction

The Directors (including all INEDs) have reviewed the continuing connected transaction and confirmed that this transaction was entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) in accordance with the relevant agreement governing it and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

關連交易

截至2018年12月31日止年度期內，本集團涉及兩項構成上市規則項下的持續關連交易，根據上市規則第14A章，須於本報告內予以披露。按照上市規則的規定，該持續關連交易（定義見上市規則）的詳情載列如下：

與萬事通電子有限公司（「萬事通」）訂立的租賃協議

萬事通出租一項位於香港九龍觀塘敬業街61–63號利維大廈6樓A室之物業（「該物業」）予本集團。該物業現有租賃協議的年期由2017年4月1日開始，將於2019年3月31日屆滿，月租為90,000港元（不包括差餉、空調費用、管理費及其他開支）。於2018年12月31日，萬事通由姚志圖先生之子姚君樂先生持有60%、本公司一名董事姚君瑜女士持有20%及姚志圖先生之幼女，姚藹桐女士（原名姚君慧）持有20%，因此，其為本公司之關連公司。

截至2018年12月31日止年度，根據租賃協議，本集團已付或應付的租金總額為1,080,000港元，並無超過該交易的年度上限。

獨立非執行董事及核數師對持續關連交易的意見：

董事（包括所有獨立非執行董事）已審閱持續關連交易，並確認該交易：

- (1) 於本集團日常業務過程中訂立；
- (2) 按一般商業條款進行；及
- (3) 根據監管交易的相關協議及按公平合理的條款訂立，並符合本公司股東整體利益。

REPORT OF THE DIRECTORS 董事會報告書

Pursuant to Rule 14A.56 of the Listing Rules, SHINEWING (HK) CPA Limited (“SHINEWING”), the auditor of the Company, was engaged in reporting on the Group’s continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The Company has received an unqualified letter from SHINEWING containing their finding and conclusions in respect of the continuing connected transaction disclosed above.

The Company’s auditors have reported to the Directors that during the year ended 31 December 2018, the above-mentioned continuing connected transaction had been approved by the Board, had been entered into in accordance with the terms of the agreement governing such transaction and the annual cap amount set out in the relevant agreement for the transaction had not been exceeded.

Personal Guarantee given by Controlling Shareholder

Certain banking facilities of the Group were guaranteed by Mr. Yiu Chi To, and Ms. Luk Fong, the controlling shareholders of the Company. As at 31 December 2018, the amount of such banking facilities was HK\$114,129,000 and HK\$45,652,000 respectively.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2018, the largest supplier accounted for 31% of the Group’s purchases and the five largest suppliers accounted for 47% of the Group’s total purchases. The largest customer accounted for 41% of the Group’s revenue and the five largest customers accounted for 77% of the Group’s total revenue.

To the best of the Directors’ knowledge, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) has an interest in the Group’s five largest suppliers and customers.

按上市規則第14A.56條規定，本公司核數師信永中和(香港)會計師事務所有限公司(「信永中和」)獲委聘，根據香港會計師公會頒佈的《香港其他鑒證業務服務準則》第3000號「歷史財務資料審核或審閱以外的鑒證」，及參考《實務說明》第740號「關於香港上市規則所述持續關連交易的核數師函件」，就本集團的持續關連交易作出滙報。本公司已收到信永中和發出有關上文所披露持續關連交易的無保留意見函件，當中載有其發現及結論。

本公司核數師向董事呈報，表示截至2018年12月31日止年度內，上述的持續關連交易已獲董事會批准，是根據規管該等交易的條款所訂立，及並無超出有關交易的相關協定所載的年度上限。

控股股東提供之個人擔保

於回顧年內，部分集團獲得的銀行融資額度由本公司控股股東姚志圖先生及陸方女士提供個人擔保。於2018年12月31日，該些銀行融資額度分別為114,129,000港元及45,652,000港元。

主要供貨商及客戶

於截至2018年12月31日止年度，本集團最大供貨商及首5大供貨商分別佔本集團總採購額31%及47%。本集團最大客戶及首5大客戶分別佔本集團總營業額41%及77%。

就本公司各董事所知，概無任何本公司各董事、聯繫人士或據董事所知擁有本公司股本5%以上權益之任何股東概無實益擁有任何本集團首5大供貨商及客戶之權益。

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK\$118,000 (2017: approximately HK\$35,000).

CORPORATE BOND

Details of movement in corporate bond issued by the Company during the year are set out in Note 28 to the Consolidated Financial Statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the INEDs to be independent.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries had purchased or redeemed any of the listed shares of the Company.

DIVIDEND POLICY

The Board considers sustainable returns to shareholders to be one of the main objectives. Stable dividend payment to shareholders is the primary objective of the Company. The basic policy is to pay interim and final dividends in each financial year.

Under the applicable laws of the Cayman Islands and the Articles of Association of the Company, all of the shareholders have equal rights to dividends and distributions. The Board determines the interim dividend and recommends the final dividend which requires the approval of shareholders. In addition to cash, dividends may be distributed in the form of shares. Any distribution of shares also requires the approval of shareholders.

慈善捐款

本集團於年內撥出之慈善捐款達約118,000港元(2017年：約35,000港元)。

公司債券

本公司本年度發行公司債券之變動詳情載於綜合財務報表附註28。

獨立性確認

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出的年度獨立性確認書，並認為全體獨立非執行董事均為獨立人士。

購回、出售或贖回本公司股份

截至2018年12月31日止年度內，本公司或其任何附屬公司概無購回或贖回本公司任何上市證券。

股息政策

董事會認為可持續的股東回報是主要目標之一。向股東支付穩定的股息是本公司的主要方針。基本政策是在每個財政年度支付中期和末期股息。

根據開曼群島的適用法律及本公司的組織章程細則，所有股東享有股息及分派的平等權利。董事會所釐定之中期股息及建議末期股息需要股東批准。除現金外，股息可以股份形式分派，任何股份分派亦需要股東批准。

REPORT OF THE DIRECTORS 董事會報告書

Retained surplus is used to achieve further gains in corporate value. For this purpose, the Board makes effective use of retained surplus to strengthen the operating base and fund growth of established businesses and the development of new businesses. The Board takes into account the following factors when considering the declaration and payment of dividends:

- liquidity position of the Company;
- financial results;
- shareholders' interests;
- general business conditions and strategies;
- capital requirements;
- contractual restrictions on the payment of dividends by the Company to the shareholders or by the subsidiaries to the Company, if any;
- taxation considerations;
- possible effects on the creditworthiness;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

The Company will not declare any dividend(s) where:

- there are reasonable grounds for believing that the Company is or would be, after a dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due;
- pursuant to dividend decision date, the Company is insolvent or bankrupt or where, as a result of paying dividends, the Company would be rendered insolvent or bankrupt; or
- there is any other case set forth by any law.

CORPORATE GOVERNANCE

The Company and its management are committed to maintain good corporate governance with an emphasis on the principles of transparency, accountability and independence to all shareholders. The Company believes that good corporate governance is essential for continual growth and enhancement of shareholder's value. For the year ended 31 December 2018, the Company has applied and complied with the code provisions stipulated in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Company periodically reviews its corporate governance practices with reference to the latest development in corporate governance. The Group's principal corporate governance practices and compliance with code provisions are set out in the Corporate Governance Report on pages 42 to 59 of this annual report.

保留溢利是用於達成企業價值的進一步增長。為此，董事會會有效地運用保留溢利以加強業務基礎、增長現有業務和發展新業務提供資金。董事會在考慮宣派及派付股息時，會考慮以下因素：

- 本公司的流動資金狀況；
- 財務業績；
- 股東利益；
- 一般商業條件和戰略；
- 資本需要；
- 本公司向股東或附屬公司向本公司支付股息的合約限制(如有)；
- 稅務考慮；
- 對信譽的潛在影響；
- 法定和監管限制；及
- 董事會可能認為相關的任何其他因素。

本公司在以下情況下將不會宣派任何股息：

- 有合理理由相信本公司在支付股息後出現或將會出現無法償還其債務或無法履行其責任；
- 根據股息釐定日期，本公司無力償債或破產、或因支付股息而導致本公司無力償債或破產；或
- 任何法律規定之任何其他情況。

企業管治

本公司及其管理層承諾維持良好的企業管治，著重於對全體股東的透明度、問責性及獨立性的原則。本公司相信良好的企業管治對達成持續增長及提升其股東價值實為重要。截至2018年12月31日，本公司已應用聯交所上市規則附錄14所載的企業管治守則及企業管治報告之原則，並加以遵守其中規定的守則條文。本公司參考企業管治的最新發展並定期審閱其企業管治常規。本集團的主要企業管治常規及遵守規定的詳情載於本年報第42至第59頁的企業管治報告內。

ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITIES

During the reporting period, the Group is committed to continuously promote the long-term, steady and sustainable development of employees, environmental protection and social responsibilities on a continuous basis.

The Group's environmental policies and performance are set out in the Environmental, Social and Governance Report on pages 60 to 67 of this annual report.

AUDIT COMMITTEE

The Audit Committee had reviewed with the management the Group's consolidated financial statements for the year ended 31 December 2018, the accounting principles and practices adopted and discussed auditing, internal controls and financial reporting matters.

AUDITOR

The Consolidated Financial Statements have been audited by SHINEWING. A resolution to re-appoint SHINEWING as our auditor will be submitted for shareholders' approval at our forthcoming AGM.

On behalf of the Board of Directors

Mr. YIU Chi To
Executive Director and Chairman

Hong Kong, 22 March 2019

環境及企業社會責任

本集團於報告期內不斷致力於推行從僱員、環境保護以及社會責任的長期、穩定和可持續發展。

有關本集團環境政策及表現之詳情載於本年報第60至67頁的環境、社會及管治報告內。

審核委員會

審核委員會已與管理層審閱本集團截至2018年12月31日止年度的綜合財務報表，所採納的會計原則及慣例，並就審核、內部監控及財務報告事宜進行磋商。

核數師

信永中和已審核綜合財務報表。本公司將於應屆股東週年大會上提呈一項決議案，供股東批准續聘信永中和為本公司核數師。

代表董事會

姚志圖
執行董事及主席

香港，2019年3月22日

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance (“CG”). The Board believes that adherence to CG practices will definitely be beneficial to the Company’s shareholders in the long term. For the year ended 31 December 2018 (“FY2018”), the Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules in force at that time.

The Board considers that good CG is central to safeguarding the interests of the shareholders and enhancing the performance of the Group. The Board will continuously review and improve the CG practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

With a view to further improving the Company’s CG practices, the following actions were taken in 2018:

- Appointment of INEDs with appropriate professional accounting qualifications and financial management experience with regulatory entities to further broaden the collective knowledge, perspectives and skills of the Board.
- All members of the Audit Committee are INEDs and all of them have appropriate professional accounting qualifications and financial management experience.
- Provision of internal training to the Board through implementing a continuous professional development programme.
- To adopt Board diversity policy in order to diversify the composition of the Board so as recognize and embrace the benefits of having a diverse Board and to enhance the quality of its performance. In designing the Board’s composition with regard to Board diversity, the Board has taken into account a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

企業管治守則

本公司致力維持高水平之企業管治（「企業管治」）。董事會相信，謹守企業管治守則必定為本公司股東帶來益處。截至2018年12月31日止年度（「2018年財政年度」），本公司已採納上市規則附錄14所載的企業管治常規守則（「企業管治守則」），及已遵從所有適用守則條文。

董事會認為，良好的企業管治是保障股東權益及提升本集團的表現之核心。董事會將不斷檢討及改善本公司之企業管治常規及標準，以確保業務活動及決策過程符合規管和審慎的態度。

為進一步改善本公司的企業管治常規，在2018年採取了以下行動：

- 委任具備適當專業會計資格及監管實體財務管理經驗的獨立非執董，以擴大董事會的集體知識、觀點和技能。
- 審計委員會的所有成員均為獨立非執董及所有成員已有專業會計資格及財務管理經驗。
- 透過採用持續專業發展程序，向董事會提供內部培訓。
- 董事會採取多元化政策，承認和接受其好處，使董事會多元化以提高其性能質量。在設計董事會的成員多樣化方面，董事會一直認為該從多個方面考慮，包括但不限於性別、年齡、文化和教育背景、種族、專業經驗、技能、知識和工齡。

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Pursuant to specific enquiry by the Company, all the Directors have confirmed that they have complied with the required standards regarding directors' securities transactions as set out in the Model Code and its code of conduct during the FY2018.

THE BOARD

The Board is mainly responsible for the overall strategic development of and is also responsible for monitoring the financial performance, risk management and the internal controls of the Group. With a wide range of expertise and a balance of skills, the INEDs bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings and committee work.

Distinctive Roles of the Board and the Management

The Board has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs. The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions.

While at all times the Board retains full responsibility for guiding and monitoring the operations of the Group, in discharging its duties, certain responsibilities are delegated to:

- i) the standing Board committees of the Company namely: the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. Each committee's constitution, powers and duties are clearly defined by its terms of reference, and the committees are accountable to the Board;
- ii) the Chief Executive Officer, being delegated with the day-to-day management of the businesses of the Group, is accountable to the Board; and
- iii) the senior management team of the Group, being delegated with the responsibilities to deal with daily operational functions, is answerable to the Board.

董事進行證券交易的操守指引

本公司已採納標準守則為本公司董事進行證券交易的操守指引。董事會全體成員經特別查詢後，確認彼等在2018年財政年度內已遵守操守指引所載有關董事進行證券交易的標準及其本身所訂有關的行為守則。

董事會

董事會主要負責本集團的整體策略發展，及負責監察財務表現，風險管理及本集團之內部監控。憑藉廣泛的專業知識和平均的技能，獨立非執行董事（「獨立非執董」）能就通過其在董事會會議及委員會的工作策略方針、發展、業績及風險管理作出獨立判斷。

董事會及管理層之角色區分

董事會透過指示及監督本集團事務，共同負責領導及監控本集團，以促進本集團之成就。董事會負責釐定整體策略和企業發展方針，確保業務營運獲妥善監察。董事會保留關於本集團所有政策事宜及重要交易之決策權。

儘管董事會一直承擔指引及監察本集團營運的全部責任，惟於董事會履行其職責時，亦已指派若干責任予：

- i) 本公司的常務董事委員會：審核委員會、提名委員會、薪酬委員會及風險管理委員會。各委員會的章程、權力及職責均以書面職權範圍清楚界定，並須向董事會負責；
- ii) 行政總裁，其獲指派管理本集團業務的日常管理，並須對董事會負責；及
- iii) 本集團的高級管理團隊，其獲指派處理日常營運工作的責任，並須對董事會負責。

THE BOARD (continued)

Distinctive Roles of the Board and the Management (continued)

The Board regularly reviews its arrangement for delegation of authority to ensure that such delegation is appropriate in view of the Company's prevailing circumstances and that appropriate reporting systems are in place.

Appointment and re-election of Directors

All of the Directors have entered into service agreements or letters of appointment and the details of their terms are set out in the Report of the Directors on pages 28 to 41 of this annual report. All Directors are subject to re-election by shareholders at the annual general meeting. Retiring Directors are eligible for re-election and re-election of retiring Directors at the annual general meeting is dealt with by separate resolutions for each individual Director. Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee as more fully explained below in the section on Nomination Committee.

Board Composition

As at the date of this report, the Board is composed of five executive Directors and three INEDs, as shown on page 3 of this annual report. Biographies of the Company's Directors are shown on pages 22 to 27 of this annual report.

INEDs ensure the Board accounts for the interests of all shareholders and considers major issues objectively. The Board has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all of the INEDs to be independent. INEDs represent 37.5% of the full Board.

To the best of the Directors' knowledge, there is no financial, business and family relationship among members of the Board except that Mr. Yiu Chi To is the father of Ms. Yiu Kwan Yu and father-in-law of Mr. Chen Chung Po and that Mr. Chen Chung Po and Ms. Yiu Kwan Yu are a married couple.

董事會(續)

董事會及管理層之角色區分(續)

董事會定期檢討其授權安排，以確保有關授權適合本公司的現行狀況及設有合適的申報系統。

董事委任及重選

所有董事均簽訂服務協約或委任書，相關條款載於本年報第28至第41頁董事會報告書內。惟彼等須於股東週年大會上接受股東重選。退任董事有資格重選。於股東週年大會上，重選退任董事乃按個別決議案單獨進行。誠如下文提名委員會一節更全面的列述，倘董事局產生空缺，候選人會由提名委員會向董事局建議及提呈。

董事會組合

於本報告日期，董事會有五名執行董事及三名獨立非執董如本年報第3頁所載。本公司董事會之履歷乃載於本年報第22至27頁。

獨立非執董確保董事會為所有股東的利益負責，並就重大議題作出客觀考慮。董事會已根據上市規則第3.13條取得各獨立非執董之年度確認，以確認其獨立性。董事會認為所有獨立非執董均具獨立性。獨立非執董佔全董事會的37.5%。

據董事所知，除了姚志圖先生為姚君瑜女士的父親及陳鐘譜先生的岳父，以及陳鐘譜先生與姚君瑜女士為夫婦之外，董事會成員之間概無任何財務、業務或家族關係。

THE BOARD (continued)

Chairman and the Chief Executive Officer

The Chairman of the Board (“**Chairman**”) and the Chief Executive Officer (“**CEO**”) are Mr. Yiu Chi To and Mr. Chen Chung Po, respectively.

Induction, Information and ongoing Development

All Directors have been kept informed on a timely basis of major changes that may have affected the Group’s businesses, including relevant rules and regulations. In addition, the Group has implemented a continuing development programme to update the Directors (in particular INEDs) on the macro-economic conditions and business environment relevant to the Group’s major operations.

In addition to the above, each newly-appointed Director has received a tailored induction programme, which covered briefing on the Company’s overview by the CEO, meeting with the management and the Company’s external legal adviser on directors’ legal role and responsibilities. To further maximize the contribution from INEDs, separate meeting between the Chairman and INEDs was held in November 2018 to address business and related issues. Written procedures are also in place for Directors to seek independent professional advice in performing their duties at the Company’s expense. No request was made by any Director for such independent professional advice during the FY2018.

During the FY2018, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills in accordance with code provision A.6.5 contained in the CG Code. Each of the Directors has received a series of training locally or overseas. Relevant trainings and briefings included, among others:

- development of national and global economy;
- national policy outlook;
- corporate governance;
- regulatory updates; and
- LED backlight and lighting industry development trend, etc.

董事會(續)

主席及行政總裁

董事會主席(「**主席**」)及行政總裁分別是姚志圖先生及陳鐘譜先生。

培訓、資訊和持續發展

所有董事均及時了解可能影響本集團業務的重大變化，包括相關規則及法規。此外，就本集團在主要業務的宏觀經濟情況和商業環境的最新消息，本集團已實行了一個董事持續發展課程(特別是獨立非執董)。

除上述外，每位新委任董事收到量身定制的培訓課程，其中包括由集團行政總裁介紹本公司的概述，參與就董事之法定角色及職能的議程上與管理層及外部法律顧問的會議。為了進一步提升獨立非執董的貢獻，集團主席及獨立非執董之間在2018年11月舉行了會議，以解決業務及相關問題。董事為履行其職責到位，亦可按書面程序尋求獨立專業意見，費用由本公司支付。在2018年財政年度沒有任何董事請求上述獨立專業意見。

根據企業守則第A.6.5條，在2018財政年度內，所有董事均已參加持續專業發展，以發展和更新他們的知識和技能。每名董事獲得了一系列的本地或海外培訓，相關的培訓和簡報包括：

- 國家和全球經濟的發展；
- 國家政策的前景；
- 企業管治；
- 最新的監管規定；及
- LED背光及照明行業的發展趨勢，等等。

THE BOARD (continued)

Induction, Information and ongoing Development (continued)

All of them have also provided to the Company their records of training attended or fulfillment of ongoing development for the FY2018, the information of which has been entered in the register of directors' training records maintained and updated by the Company from time to time. The following table summarises the compliance status of all Directors of the Company in respect of code provision A.6.5 during the FY2018:

董事會(續)

培訓、資訊和持續發展(續)

所有董事還對本公司提供了2018年財政年度他們已出席的培訓或符合持續發展要求的記錄，其中的信息已經寄存在董事培訓記錄保存檔，並由本公司不時更新。下面表格總結了按照守則第A.6.5條於2018年財政年度就本公司全體董事的遵守情況：

Name of Directors	董事姓名	In compliance with Code A.6.5 遵守守則第A.6.5條
Executive Directors	執行董事	
Mr. Yiu Chi To (<i>Chairman</i>)	姚志圖先生(主席)	✓
Mr. Chen Chung Po (<i>Chief Executive Officer</i>)	陳鐘譜先生(行政總裁)	✓
Ms. Yiu Kwan Yu	姚君瑜女士	✓
Mr. Chen Wei Wu	陳緯武先生	✓
Ms. Yong Jian Hui	雍建輝女士	✓
Independent non-executive Directors	獨立非執行董事	
Mr. Au Yeung Tin Wah	歐陽天華先生	✓
Mr. Chen Kwok Wang	陳國宏先生	✓
Mr. Ho Chi Wai	何志威先生	✓

THE BOARD (continued)

Role and Responsibilities of the Board

The Board delegates appropriate aspects of its management and administration functions to management. It also gives clear directions as to the powers of the management, in particular, with respect to the matters that the management must report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board determines on a regular basis which functions are reserved to the Board and which are delegated to the management.

The Board exercises a number of duties and powers which include:

- formulating the Group's long-term strategy;
- approving major acquisitions, disposals and capital investment;
- reviewing operational and financial performance;
- approving financial results and public announcements;
- reviewing the effectiveness of risk management and internal control;
- authorizing material borrowings;
- setting dividend policy;
- approving appointment of members to the Board and senior management; and
- setting the Group's remuneration policy.

To assist in fulfilling its duties and responsibilities, the Board has established four committees, namely the audit committee, the remuneration committee, the nomination committee, and the risk management committee.

董事會(續)

董事會之角色及職能

董事會就其管理及行政職能適當地授權予管理層。董事會亦就管理層之權力給予清晰指引，尤其對於管理層作出決定或訂立任何承擔前必須向董事會匯報及獲得董事會事前批准。董事會定期釐定由董事會保留及授權予管理層之職能。

董事會行使的職權包括：

- 制定本集團長遠策略；
- 批准主要收購、出售及資本投資；
- 檢討經營及財務表現；
- 批准財務業績及公佈；
- 檢討風險管理及內部監控成效；
- 審批重大借貸；
- 制訂股息政策；
- 批准委任董事會及高級管理層成員；及
- 制訂本集團之薪酬政策。

為協助達成其職務及責任，董事會已成立四個屬下委員會，即審核委員會、薪酬委員會、提名委員會及風險管理委員會。

THE BOARD (continued)

Board Processes

All Directors have been regularly updated on governance and regulatory matters. There is an established procedure for Directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties. The Company has also taken out appropriate director and officer liability insurance against liabilities that may be incurred as a result of potential legal actions that might be taken against the Directors.

The Board meets regularly throughout the year to review the overall strategies and monitor the operations as well as the financial performance of the Group. The Chairman mainly focuses on Group strategies and is responsible for chairing and managing the efficient operation of the Board and ensuring that all key issues are considered by the Board in a timely manner. Notice of at least 14 days has been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda whenever they consider appropriate and necessary. Agenda and accompanying Board papers in respect of regular Board meetings are despatched in full to all Directors within a reasonable time before the meeting. Directors have to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and abstain from voting as appropriate. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

董事會(續)

董事會程序

全體董事均定期獲得有關管治及監管事宜的更新信息。董事可按照既定程序尋求獨立專業意見以協助履行其責任，有關費用由本公司支付。本公司亦已就董事可能面臨法律行動的風險，購買適當的董事及行政人員責任保險。

董事會於年內定期開會，檢討整體策略及監察本集團的營運與及財務表現。主席主要負責本集團之策略，並負責有效領導及管理董事會，確保董事會及時顧及所有重點議題。就董事會所有定期會議，全體董事均獲發最少十四天通知，如彼等認為合適或有需要，董事可將討論事項納入有關議程。董事會定期會議的議程及附連之董事會文件會在開會前一段合理時間內派發予所有董事。董事須披露彼等於董事會會議上供董事會考慮之任何建議書或交易中所享有之直接或間接權益(如有)並放棄投票權(如需要)。所有董事會會議記錄草稿會在合理時間內交董事審閱，讓董事在確定會議記錄前提出意見。

THE BOARD (continued)

Board Processes (continued)

Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary. All Directors have free access to Board papers and related materials, and are provided with adequate information in a timely manner, enabling the Board to make informed decision on matters placed before it. In FY2018, four Board meetings were held and the attendance details are shown as follows:

Name of Directors	董事姓名	Board Meetings attended in FY2018 二零一八年財政年度 出席董事會會議次數
Executive Directors		
Mr. Yiu Chi To (<i>Chairman</i>)	姚志圖先生 (<i>主席</i>)	4/4
Mr. Chen Chung Po (<i>Chief Executive Officer</i>)	陳鐘譜先生 (<i>行政總裁</i>)	4/4
Ms. Yiu Kwan Yu	姚君瑜女士	4/4
Mr. Chen Wei Wu	陳緯武先生	4/4
Ms. Yong Jian Hui	雍建輝女士	4/4
Independent non-executive Directors		
Mr. Au Yeung Tin Wah	歐陽天華先生	4/4
Mr. Chen Kwok Wang	陳國宏先生	4/4
Mr. Ho Chi Wai	何志威先生	4/4

BOARD COMMITTEES

The Board has established four committees, namely audit committee, remuneration committee, nomination committee and risk management committee. Each of them has specific terms of reference and is responsible for reviewing matters relating to specific areas and for advising the Board on such matters. INEDs play a significant role in these committees to ensure that independent and objective views are taken. The list of the chairman and members of each Board committee is set out on page 3 of this annual report.

董事會 (續)

董事會程序 (續)

董事會及董事委員會的會議記錄由公司秘書保存。全體董事均有權查閱董事會的文件及有關資料，並會及時獲提供充份資料，使董事會可就提呈會議的事項作出知情決定。於2018年度內，董事會舉行了四次董事會大會，會議出席詳情如下：

董事會屬下委員會

董事會已設立四個委員會，即審核委員會、薪酬委員會、提名委員會及風險管理委員會。各委員會有其具體職權範圍，負責審議有關特定範疇的事項，並就該等事項向董事會提出意見。獨立非執董對該等委員會甚為重要，以確保採取獨立及客觀的意見。各董事會屬下委員會的主席及成員名單載於本年報第3頁。

BOARD COMMITTEES (continued)

(a) Audit Committee

The Audit Committee of the Company was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The Audit Committee comprises all three Independent Non-executive Directors. Mr. Au Yeung Tin Wah, was appointed as Chairman of the Audit Committee.

The Audit Committee has reviewed with the senior management and external auditors the Group's significant internal controls and financial matters (as set out in the Audit Committee's terms of reference), including:

- the Group's interim and annual financial statements with recommendation to the Board for approval;
- the Group's compliance with regulatory and statutory requirements;
- the Group's financial reporting, internal controls and risk management;
- formulating the working plan of the internal control audit department, discussing the review result of internal control system on a regular basis and reporting to the Board;
- discussing with the external auditors the nature and scope of the audit, significant accounting policies and other audit-related issues;
- connected transactions; and
- managing and overseeing the external auditors.

The Audit Committee is entitled to conduct investigations into any matter within its terms of reference and is authorised to obtain independent professional advice if it deems necessary in discharging its responsibilities.

The Audit Committee is satisfied with the audit scope, process and effectiveness and independence of the audit conducted by SHINEWING and has thus recommended the audited consolidated financial statements of the Group for the year ended 31 December 2018 to the Board for its approval.

In FY2018, three meetings were held by the Audit Committee with 100% attendance rate of all members of the Audit Committee.

董事會屬下委員會(續)

(a) 審核委員會

本公司審核委員會乃為符合上市規則第3.21條而成立，旨在審議本集團製定財務報告程序及內部監控，並就此作出監察。

審核委員會由全部三名獨立非執行董事組成。歐陽天華先生獲委任為審核委員會之主席。

審核委員會已與高級管理層及外聘核數師審閱本集團的重大內部監控措施及財務事宜(如審核委員會的職權範圍所載)，包括：

- 向董事會提供本集團中期及年度財務報表之意見予其批准；
- 本集團遵守法例及法定規定之情況；
- 本集團之財務報告、內部監控及風險管理；
- 製定集團內部控制監管部門之工作計劃，定期討論內部監控系統審查結果，並向董事會匯報；
- 與外聘審計師討論審計性質，範疇及重要會計政策及其他審核事宜；
- 關連交易；及
- 管理及監督外聘核數師。

審核委員會有權就審核委員會職能範圍以內之任何事宜進行調查，在履行其職責時如認為有需要，則可獲授權以取得獨立專業意見。

審核委員會已對信永中和審閱之審核範圍、過程和有效性，以及獨立性表示信納，故向董事會建議通過2018年的綜合財務報表。

於2018年財政年度，審核委員會舉行了三次會議，所有審核委員會成員之出席率均為100%。

BOARD COMMITTEES (continued)

(b) Remuneration Committee

The Remuneration Committee of the Company comprises all three Independent Non-executive Directors. Mr. Ho Chi Wai, was appointed as Chairman of the Remuneration Committee.

The Remuneration Committee makes recommendations to the Board on the Group's overall policy and structure for the remuneration of Directors and senior management, and ensures that no Director or any of his associates is involved in deciding his/her own remuneration. The Remuneration Committee also reviews and approves (i) compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms and is otherwise fair and not excessive; and (ii) compensation arrangement(s) relating to dismissal or removal of Director(s) for misconduct to ensure that such compensation arrangements is consistent with contractual terms and is otherwise reasonable and appropriate.

The Company has delegated the determination of the remuneration packages of individual executive Director and senior management to the Remuneration Committee.

In determining the remuneration of Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the suitability of performance-based remuneration.

The Remuneration Committee meets to determine the policy for the remuneration of Directors, assess the performance of executive Directors and approve the terms of executive Directors' service contracts. In FY2018, two meetings were held by the Remuneration Committee with 100% attendance rate of all members of the Remuneration Committee.

(c) Nomination Committee

The Nomination Committee of the Company comprises all three Independent Non-executive Directors. Mr. Chen Kwok Wang, was appointed as Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for reviewing the candidates' qualification and competence, and making recommendations to the Board on appointment of Directors, so as to ensure that all nominations are fair and reasonable.

董事會屬下委員會(續)

(b) 薪酬委員會

本公司之薪酬委員會由全部三名獨立非執行董事組成。何志威先生獲委任為薪酬委員會之主席。

薪酬委員會就本集團董事及高級管理層的整體薪酬政策及結構向董事會提供意見，並確保並無董事或其任何聯繫人士參與釐訂其薪酬。薪酬委員會亦檢討及批准(i)向執行董事及高級管理人員就其喪失或終止職務或委任而須支付的賠償，以確保該等賠償與合約條款一致，若未能與合約條款一致，賠償亦須公平，不致過多；及(ii)因董事行為失當而解僱或罷免有關董事所涉及的賠償安排，以確保該等安排與合約條款一致，若未能與合約條款一致，有關賠償亦須合理適當。

本公司已授權薪酬委員會決定執行董事及高級管理人員的薪酬。

薪酬委員會於釐訂應付予董事的酬金時，已考慮各種因素，包括同類公司支付的薪酬、董事貢獻的時間及責任及是否適宜提供與表現掛鈎的薪酬。

薪酬委員會開會釐訂董事的薪酬政策及衡量執行董事的表現及批准執行董事服務合約的條款。於2018年財政年度，薪酬委員會舉行了兩次會議，所有薪酬委員會成員之出席率均為100%。

(c) 提名委員會

本公司之提名委員會由全部三名獨立非執行董事組成。陳國宏先生獲委任為提名委員會之主席。

提名委員會主要負責覆核候選人的資歷及能力，並於提名董事時向董事會提出建議，以確保所有提名均為公平合理。

BOARD COMMITTEES (continued)

(c) Nomination Committee (continued)

The responsibilities of the Nomination Committee are:

- to establish a formal and transparent procedure for the appointment or reappointment of Directors;
- to make recommendations to the Board for new appointments or reappointments of executive and non-executive Directors;
- to evaluate the performance of Directors and determine if they should be reappointed; and
- to be responsible for significant issues concerning the nomination of Directors during the year.

The Nomination Committee meets to discuss the procedures and criteria which should be adopted by them in nominating candidates for directorship and has agreed that such criteria should include the candidates' professional background, their experience and their past track record with other listed companies (if any). In FY2018, two meetings were held by the Nomination Committee with 100% attendance rate of all Nomination Committee members of the Nomination Committee.

(d) Risk Management Committee

The Risk Management Committee comprises three members which include the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and one INED of the Company. The Board has appointed Mr. Chen Chung Po (CEO), Mr. Cheung Wai Hung (CFO) and Mr. Chen Kwok Wang (INED) as members of the Risk Management Committee. Mr. Chen Chung Po has also been appointed as the Chairman of the Risk Management Committee.

The primary responsibilities of the Risk Management Committee include reviewing the Company's corporate risk management framework, and the guidelines, policies and procedures for risk assessment and risk management and reviewing the effectiveness of the risk management function.

In FY2018, two meetings with attendance of all Risk Management Committee members were held.

董事會屬下委員會(續)

(c) 提名委員會(續)

提名委員會的職責是：

- 建立正規而具透明度的董事委任或重新委任程序；
- 向董事會作出執行董事及非執行董事的新委任或再度委任的建議；
- 評估董事的表現，並確定他們是否應該連任；及
- 負責有關董事提名於年內之主要問題。

提名委員會開會討論提名董事人選的程序及準則，並採納該等準則，包括人選的專業背景、他們的經驗與其他上市公司的過往記錄(如有)的程序和標準。於2018年財政年度，提名委員會舉行了兩次會議，所有提名委員會成員之出席率均為100%。

(d) 風險管理委員會

風險管理委員會由三位成員組成，當中包括本公司行政總裁、財務總監及一名獨立非執行董事。董事會已委任陳鐘譜先生(行政總裁)、張偉雄先生(財務總監)及陳國宏先生(獨立非執行董事)為風險管理委員會成員，並由陳鐘譜先生出任風險管理委員會主席。

風險管理委員會的主要職責包括檢討本公司企業風險管理架構、風險評估及風險管理的指引、政策及程序及檢討風險管理功能的有效性。

於2018年財政年度，風險管理委員會舉行了兩次會議，所有風險管理委員會成員均有出席。

AUDITOR'S REMUNERATION

During the year, the remuneration paid to the external auditors of the Company, SHINEWING, in respect of its audit services and non-audit services for FY2018 amounted to HK\$1,015,000 and HK\$220,000 respectively. The details and fee for non-audit services are set out below:

		HK\$ 港幣
2018 interim review	2018 中期檢閱	220,000

RISK MANAGEMENT AND INTERNAL CONTROLS

During the year, the Group has complied with Principle C.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. The management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. The main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following aspects:

- Identification: Identify occurrence and changes in the nature and extent of risks; identify business objectives and risks that could affect the achievement of those objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly; assess the Group's ability to manage risks.
- Management: Consider the risk response plan, ensure effective communication with the Board and monitor risks on an ongoing basis.

Based on the risk assessments conducted in 2018, no significant risk was identified.

核數師酬金

於年內，本公司就截至2018年12月31日止年度的審計服務及非審計服務支付外聘核數師信永中和的酬金分別為1,015,000港元及220,000港元。而非審計服務的性質及所支費用的詳情如下：

風險管理及內部監控

本集團於本年度，已遵守企業管治守則C.2原則，建立適當及有效的風險管理及內部監控系統。管理層負責相關系統的設計、實施和監控，董事會則負責持續監督管理層執行有關職責。風險管理和內部監控系統的主要特點如下面章節所述：

風險管理系統

本集團採用風險管理系統，管理與其業務及營運相關的風險。該系統包括以下各方面：

- 識別：識別風險的出現及其性質和程度的轉變；識別業務目標及可能影響目標實現的風險。
- 評估：分析風險的可能性和影響，並相應地評估風險組合；評核本集團的風險管理能力。
- 管理：考慮風險應對方案，確保與董事會的有效溝通，並持續監控風險。

根據2018年進行的風險評估，未發現重大風險。

RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”) 2013 framework. The framework enables the Group to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follows:

- Control Environment: A set of standards, processes and structures that provide the basis for the Group’s implementation of internal control.
- Risk Assessment: A dynamic and iterative process for identifying and analyzing risks to achieve the Group’s objectives, forming a basis for determining how risks should be managed.
- Control Activities: Development of policies and procedures to facilitate risk reduction and effective management.
- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day management.
- Monitoring: Ongoing and separate evaluations to ascertain whether each component of internal control exists and functions.

風險管理及內部監控(續)

內部監控系統

公司內設有一個內部監控系統，與特雷德韋委員會發起組織委員會(「**COSO**」) 2013框架兼容。該框架使本集團能夠達致運營的有效性和效率，財務報告的可靠性以及遵守適用法律和法規的目標。該框架包含以下元素：

- 環境監控：為本集團實施內部監控提供依據的一套標準，流程和結構。
- 風險評估：一個主動和持續的過程，用於識別和分析風險以實現集團的目標，為確定如何管理風險奠定基礎。
- 監控活動：通過政策和程序的建立，有助減低風險以達致實現管理的目標。
- 資訊與溝通：內部與外部溝通，為集團提供進行日常管理所需的信息。
- 監督：持續及個別評估，以確定內部監控的每個組成部分是否存在和運行

RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Internal Control System (continued)

In order to enhance the Group's inside information processing system and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. A series of appropriate measures have been taken from time to time to prevent any breach of the Group's disclosure requirements, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Non-disclosure agreements are in place when the Group conducts significant negotiations.
- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted in FY2018, no significant control deficiency was identified.

Internal Auditors

The Group has an Internal Audit ("IA") function, which is performed by professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operational effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted semi-annually and the results are reported to the Board via the Audit Committee afterwards.

風險管理及內部監控(續)

內部監控系統(續)

為加強本集團內幕消息處理制度，確保公開披露的真實性，準確性，完整性與及時性，本集團亦採納並實施內幕消息政策及程序。一系列合理措施已不時實施，以防止違反有關本集團的披露規定，包括：

- 僅有需要的員工可以獲取相關信息。擁有內幕消息的員工完全了解其保守機密的義務。
- 當本集團進行重大談判時，會備妥保密協議。
- 執行董事是與外界(如媒體，分析師或投資者)溝通時代表本公司發言的指定人士。

根據2018年財政年度進行的內部控制審查，未發現重大監控缺陷。

內部審計員

本集團設有內部審計(「內審」)職能，由具有相關專業知識的專業人員(如註冊會計師)執行。內審職能獨立於本集團的日常運作，並通過訪談，穿行測試和運行有效性測試對風險管理和內部監控系統進行評估。

內審計劃已經董事會批准。根據既定計劃，風險管理和內部監控系統的審核每半年進行一次，結果將通過審核委員會向董事會報告。

RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring that a review of the effectiveness of these systems which covers a period of 6 months since the last review has been conducted semi-annually. Several areas have been considered during the Board's reviews, which include but are not limited to (i) the changes in the nature and extent of significant risks since the last review, and the Group's ability to respond to changes in its business and the external environment and (ii) the scope and quality of the management's ongoing monitoring of risks and of the internal control systems.

The Board, through its reviews and the reviews conducted by IA function and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, the qualifications and experience of relevant staff were adequate, and the training programs and budget provided were sufficient to carry out such work.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Company and comply with the requirement of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Hong Kong Companies Ordinance**") and the applicable disclosure provisions of the Listing Rules. The auditors are responsible for forming an independent opinion, based on the audit, on the financial statements prepared by the Directors and reporting the opinion solely to the Company's shareholders. The Independent Auditor's Report is set out on pages 68 to 74 of this annual report.

風險管理及內部監控(續)

風險管理和內部監控系統的有效性

董事會負責本集團的風險管理和內部監控系統，並確保每半年對這些系統的有效性進行審查，而每次審查涵蓋自上次審查以來六個月的期間。董事會審查期間審議了若干領域，其中包括但不限於(i)自上次審查以來重大風險的性質和程度的變化以及本集團對其業務和外部環境變化做出反應的能力(ii)管理層持續監控風險和內部監控系統的範圍和質量。

董事會通過其審查以及內審職能部門和審核委員會的審查結論認為，風險管理和內部監控制度是有效和充分的。然而，此類系統旨在管理而不是消除未能實現業務目標的風險，並且只能提供合理且非絕對的保證，以防止重大錯報或損失。董事會亦認為已有足夠的資源，工作人員具備足夠的資格和經驗，亦提供了足夠的培訓和預算去進行該工作。

董事及核數師各自之責任

董事負責編製財務報表，以真實及公平地反映本公司的狀況及遵守香港法例第622章公司條例(「**香港公司條例**」)及上市規則適用披露條文的規定。核數師負責根據審核結果對董事編製的財務報表發表獨立意見，並僅向本公司股東匯報意見。獨立核數師報告載於本年報第68至第74頁。

INVESTOR AND SHAREHOLDER RELATION

The Company endeavors to continue maintaining a high level of transparency in communicating with shareholders and the investment community at large. Briefings and meetings with institutional investors and analysts are conducted regularly. The Company is committed to maintaining an open and effective investor communication policy and to update investors on relevant information on its business on a timely manner, subject to relevant regulatory requirements.

In order to ensure effective, clear and accurate communications with the investors and analysts, all corporate communications are arranged and handled by the CFO of the Company in accordance with the established practice and procedures.

Financial information and all shareholder corporate communications of the Company are made available on the Company's website at <http://www.waichiholdings.com> and updated regularly on a timely basis.

The Board and the management shall ensure shareholders' right and all shareholders are treated equitably and fairly. The Company has announced and published its interim and annual results despatched them to the shareholders in a timely manner, which is well before the time limits set out in the Listing Rules. Separate resolutions will be proposed at the general meetings on each major issue, including the re-election of individual Directors, if any.

The annual general meeting will provide an opportunity for direct communication between the Board and the Company's shareholders. The Company regards the annual general meeting as an important event in which the Chairman and all Directors will make an effort to attend. External auditors shall also be invited to attend the Company's annual general meeting and are also available to assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report. All shareholders will be given prior notice on a timely basis together with a detailed agenda. The Board, according to the Listing Rules, will conduct voting at the forthcoming AGM by poll. The results of the Company will be declared at the meeting, and announced timely on the Stock Exchange's website and the Company's website.

與投資者及股東的關係

本公司在與股東及投資界溝通時，一直盡量保持高透明度。本公司定期為機構投資者及分析員舉行簡報會及會議。本公司致力按照有關監管規定，維持公開及有效的投資者溝通政策，並及時向投資者提供最新的業務資料。

為確保與投資者及分析員保持有效、清晰及準確之溝通，所有企業通訊均由本公司財務總監按照本公司既定之常規及程序安排及處理。

本公司財務資料及所有與股東的公司通訊已載於本公司網站<http://www.waichiholdings.com>，並會適時定期更新。

董事會及管理層須確保股東權利，且全體股東均獲公平公正對待。本公司已適時宣佈及印發其中期及年度業績，並向股東寄發有關賬目，宣佈及寄發時間均早於上市規則規定的時間。就每個重大個別事項將於股東大會提呈個別決議案，包括重選個別董事（如有）。

股東週年大會將為董事會與本公司之股東提供直接的溝通機會。本公司視股東週年大會為重要事項，主席及全體董事均盡可能出席。外聘核數師亦獲邀請出席本公司的股東週年大會，並可協助董事回應股東對進行核數及核數師報告的編製及內容所提出的查詢。所有股東將會適時收取附有詳細議程的通知。根據上市規則，董事會將於應屆股東週年大會進行投票表決。本公司的業績將於會上宣佈，並適時於聯交所網站及本公司網站作出公佈。

SHAREHOLDERS' RIGHTS

Procedures for convening an extraordinary general meeting and putting forward proposals at shareholders' meeting

Any shareholder(s) individually or collectively holding 10% or more of the Company's total issued share capital shall be entitled to request the Board in writing to convene an extraordinary general meeting. Upon receiving such request, the Board shall issue a notice of extraordinary general meeting within 21 days and hold an extraordinary general meeting within two months from the receipt of such request. If within 21 days of the receipt of such request the Board fails to proceed to convene such meeting, the shareholder(s) proposing to convene an extraordinary general meeting in writing may himself/herself (themselves) convene an extraordinary general meeting in the same manner.

Procedures for shareholders to put enquires to the Board

Shareholders must prove to the Board that they really own the equity interests of the Company (e.g. by providing shareholding documents etc.). The Company suggests shareholders should submit their enquiries in writing (including by email, facsimile and mail) and provide sufficient contact details so that the Company can process their enquiries in a proper and timely manner.

Shareholders may contact the Company via the following means:

Address: 6/F, Liven House, 63 King Yip Street, Kwun Tong,
Kowloon, Hong Kong
Email: barry.cheung@waichi.com
Tel No.: (852) 3760 2805
Fax No.: (852) 2341 8144

股東權利

召開特別股東大會及於股東大會提出提案之過程

單獨或合計持有本公司全部已發行總股本10%或以上股份權益的一名或多名股東，有權以書面方式要求董事會召集特別股東大會，董事會在接獲有關要求後，應在21天內發出召集特別股東大會的通告，並於接獲有關要求後的2個月內舉行特別股東大會；如董事會未能於接獲有關要求後21天內進行召集特別股東大會，書面提出召集特別股東大會的股東可按照同一方式自行召集特別股東大會。

股東向董事會提出查詢的程序

股東須向董事會證明其確實擁有本公司股份權益（如提供持股文件等）。公司建議股東通過書面方式（包括電郵、傳真及郵寄）提出查詢要求，並提供足夠的聯絡資料以便有關查詢及時獲得公司恰當的處理。

股東可以通過以下聯繫方式向本公司提出查詢：

地址：香港九龍觀塘敬業街63號利維大廈6樓
電郵地址：barry.cheung@waichi.com
電話：(852) 3760 2805
傳真號碼：(852) 2341 8144

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the duties on corporate governance function as set out below:

- to develop and review the Company's policies and practices on corporate governance;
- 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 applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

Constitutional documents

Rights of the shareholders are also provided under the articles of association of the Company. The articles of association of the Company which was adopted on 27 October 2014 was drafted in line with provisions of the Hong Kong Companies Ordinance which came into effect on 3 March 2014, the Listing Rules and current corporate practices. An up-to-date consolidated version of the articles of association of the Company is available on the Company's website and the HKEx's website.

企業管治職能

董事會負責執行下文所載之企業管治職能：

- 制定及檢討本公司的企業管治政策和做法；
- 檢討及監察董事及高級管理人員的培訓及持續專業發展；
- 檢討及監察本公司的政策和做法以符合法律和監管要求；
- 制定、審閱及監察適用於僱員和董事的操守準則及管治守則；及
- 檢討本公司遵守企業管治守則和在企業管治報告內的披露。

組織章程文件

股東的權利已於本公司組織章程細則內闡述。本公司於2014年10月27日採納的組織章程細則，已符合於2014年3月3日生效的公司條例的條文，上市規則及目前企業常規。本公司的組織章程細則已登載於本公司網站及港交所網站，可供閱覽。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

1. OVERVIEW

Over the years, Wai Chi Holdings has adhered to the philosophy of environment-friendly management and committed to caring for staff needs, enhancing product quality and performing social responsibilities. This environmental, social and governance report will give an overview of each of the Group members in Hong Kong, Shenzhen, Huizhou and Yichang for the year ended 31 December 2018 through various aspects including environmental management, working environment, supply chain management, product responsibility and community engagement.

2. ENVIRONMENTAL PROTECTION AND RESPONSIBILITIES

a. Qualifications for environmental management

Our Group formulated effective Environmental Management System and Internal Compliance Manual in order to identify and comply with the laws and regulations on environmental protection in countries and regions where the Group operates its business. The production materials and products also satisfy the environmental protection requirements and standards in all the regions where the suppliers and customers are located. We have strictly controlled the use of the Group's vehicles as well as water and electricity consumption in each plant and reduced the use of materials and hazardous chemicals that are harmful to the environment. Owing to our manufacturing green products for customers, we are rewarded the title of Excellent Supplier in Environmental Protection by our customers.

We engage independent external evaluation institutions regularly to conduct professional assessment such as sewage inspection, and have obtained internationally recognised environmental certifications such as ISO 14001:2004 Environmental Management System certification and IECQ QC 08000:2005 Hazardous Substance Process Management certification.

1. 概述

多年來，偉志控股一直秉承環保管理理念，以關懷員工需求，提升產品品質，履行社會責任為己任。本份環境、社會及管治報告，將對2018年度香港、深圳、惠州、宜昌四地集團各公司，從環保管理、工作環境、供應鏈管理、產品責任、社會參與等方面進行綜述。

2. 環境保護及責任

a. 環境管理資質

偉志集團制定有效的環境管理系統及內部合規手冊，以便識別及遵守集團所經營之國家和地區環境保護法律法規。生產材料及產品亦符合供應商及客戶所在地區環保法規及標準。我們一直嚴格管控集團車輛使用情況、各工廠水電耗用水平，減少使用對環境有害的物質及危險化學品，由於為客戶生產綠色產品，得到客戶授予的優秀環保供應商稱號。

我們定期聘請獨立外部評測機構進行排污檢測等專業鑒定，並取得ISO14001:2004環境管理系統認證和IECQ QC 08000:2005有害物質處置管理符合性認證等國際化環保品質認證。

2. ENVIRONMENTAL PROTECTION AND RESPONSIBILITIES (continued)

b. Energy-saving and emission reduction

The Group strictly monitors each production step, and by designing and improving the production process, we endeavor to minimize and control the amount of gummed paper, tapes and other packaging materials we use. We have been improving the office environment to save energy and resources, including posting slogans of energy-saving and emission reduction in each plant. Staffs are required to switch off all the electrical appliances, lights and office equipments before they leave, and we also issue regular reminders and make spot checks so that our staff's awareness of environmental protection stays awoken. We regularly analyze the consumption of gummed paper and copy paper, promote double-sided printing, strive for paperless office and also encourage our staff to choose public transport for green commuting.

c. Development and application of environmental-friendly products

The Group is committed to research and development of energy-saving products, expanding ideas and making exploration with great courage. We take environmental protection as our responsibility and strive to promote energy-saving lighting product projects in relation to street lights and sizable public facilities of the government. We actively advocate to replacing traditional light bulbs with LED lights to increase the lifetime of lamp and save energy consumption significantly. In the long term, this also saves costs, decreases energy losses and reduces carbon emission. The Group has more than 300,000 shipments of energy-saving lighting products in 2018 (2017: more than 100,000).

2. 環境保護及責任(續)

b. 節能減排

集團於生產的各個環節嚴格把關，設計改良產品工藝，盡量減少和控制膠紙膠帶及其他包裝物的使用量。我們不斷改善辦公環境，節省能源和資源，包括各地廠房均有張貼節能減排標語。要求員工下班時間關掉所有電器電燈及辦公設備，並定期發出通告提醒及抽查，旨在令員工時刻保持環保意識。我們定期分析膠紙及複印紙耗用情況，積極倡導使用雙面印刷，努力推進辦公無紙化，亦鼓勵員工搭乘公共交通，綠色出行。

c. 環保產品開發與應用

集團致力於研發節能產品，拓展思路，勇於探索，以環保為己任，努力促成政府路燈及大型公共設施的節能燈品項目。我們積極倡導用LED燈替換傳統燈膽，用以增加燈具使用年限，並節省大量電能耗用量，長遠來說，亦可節約成本，減少能源損耗，降低碳排放量。2018年，集團的節能燈具錄得超過30萬件出貨量(2017年逾10萬件)。

3. WORKING ENVIRONMENT AND EMPLOYEE DEVELOPMENT

a. Human capital and quality training

As at 31 December 2018, the Group has a total of 2,114 employees, the majority of which are between 20 and 40 years old. The Group strictly complies with relevant laws and regulations to prevent child labour and forced labour. The Group encourages its employees to improve their motivation, concentration and innovation. During the year, we from time to time held over 100 training seminars on various topics for different positions with over 5,000 participants, in order to consistently improve the professionalism and proficiency of our employees in every aspect. Training hours in 2018 were over 1,200 (2017: over 970). The Group endeavors to attract and cultivate highly skilled technical personnel with various benefits and packages. Both of Shenzhen Wai Chi and Huizhou Wai Chi Electronics Company Limited have been accredited by local governments as high-tech enterprises and enjoyed corresponding tax concessions.

The Group adopts a monthly performance appraisal system to evaluate employees' performance with scientific and comprehensive indicators, the result of which are used as important references for employees' salary adjustment, promotion and annual bonus rating. We encourage employees to explore their own strengths. Without being subject to their positions and profession, we respect employees' personal career planning, support them to try and take up the challenge to work in different areas, open up horizontal and vertical career paths, and always put talented and competent people first.

3. 工作環境及員工發展

a. 人力資本及素質培養

於2018年12月31日，集團內在職員工共2,114人，以20-40歲為主。集團嚴格遵守相關法律及法規，以防止童工和強迫勞動。集團鼓勵員工改善其動力，專注力和創造力。本年度我們不定期針對不同崗位展開各種主題培訓講座百餘次，參加人次逾五千人，不斷提升員工各層面的職業素養和專業技能。2018年提供的培訓時數超過1,200（2017年：超過970）。集團大力吸納及培養高精技術人才，提供多種不同福利待遇。深圳偉志及惠州偉志電子有限公司均獲當地政府評定為高新技術企業，並享受相應稅務優惠。

集團採取績效考核制度，每月以科學、全面的績效指標評價員工表現，並作為員工調薪升職及年度獎金評級的重要參考。我們鼓勵員工發掘自身專長，不局限職位及專業，尊重員工個人職業規劃，支持員工嘗試及挑戰不同領域工作，開放橫向及縱向職位發展通道，任才為先，能者居之。

3. WORKING ENVIRONMENT AND EMPLOYEE DEVELOPMENT (continued)

b. Workplace safety

The Group is committed to providing employees with a safe and healthy working environment, abiding by the Labor Law of the People's Republic of China and Law of the People's Republic of China on the Protection of Rights and Interests of Workers and other applicable laws and regulations. The Group conducts strict and effective management in terms of the factors of production such as personnel, machinery, objects and operating methods in the production sites, carries out Safety Month activities on a regular basis and announces the inspection and evaluation results to all employees.

All new employees will be given a Staff Manual to ensure that they are informed in a timely manner of the Company's general information, regulations and corporate culture etc.. We regularly review and update the contents of the Staff Manual in order to keep up with the Company's strategy and development plan, and announce such contents timely on the Group's internal websites immediately after any changes are made. In addition to making timely payments for the pension and insurance on a pro-rata basis as required by law, the Group also regularly purchases commercial accident insurance for its employees. There were no illnesses and casualties caused by work or other material accidents and property loss incidents during the year.

c. Care for our employees

Each subsidiary of the Group sets up a labor union. Funds are appropriated to such unions on a regular basis for labor union activities, collection and resolution of staff's suggestions and requests in order to protect interests of individual employees. Collective birthday celebration activities are organised regularly for the employees, featuring elaborate meals, entertainment programs and birthday presents. A special fund for caring donations is set up by the Group and accrued monthly to help staff in need, making them feel cared for and building up a sense of belonging.

3. 工作環境及員工發展(續)

b. 職場安全

集團致力為員工提供安全及健康的工作環境，遵守《中華人民共和國勞動法》和《中華人民共和國勞動者權益保護法》及其他適用的法律法規。集團對生產現場中人員、機器、物件、操作方法等生產要素進行嚴格有效的管理，定期開展安全月活動，並對考察及評比結果進行全員通報。

新入職員工均發放員工手冊，確保使員工及時瞭解公司一般資料，管理規定及企業文化等，並定期檢討更新員工手冊內容，以便緊跟公司策略及發展規劃，並及時於集團內部網站公示。集團除為員工按照相關法例要求比例按時交納養老金及保險外，還定期為員工購買商業意外保險。本年度並無工作原因致病及死亡或其他重大事故引致員工受傷或財產損失事件發生。

c. 員工關愛

集團各子公司設立工會組織，定期撥付經費，以供開展工會活動，收集和解決員工建議及訴求，保障員工切身利益。定期組織員工集體慶生活動，包括精心準備聚餐及文娛節目，並派發生日禮品。集團內設立愛心捐款專項基金，每月計提經費，以供員工有特殊需要的愛心捐助撥備，使員工體味關愛，建立歸屬感。

4. SUPPLY CHAIN MANAGEMENT

a. Supplier relationships

We maintain a good communication and stable cooperation with the suppliers so as to ensure a highly efficient supply chain operation. The quality, timeliness and reliability of the products are guaranteed by an independent raw material quality inspection department, and our agreement with suppliers regarding schedule delivery and warranty.

b. ERP system

All the information of the suppliers are maintained in the ERP system. A supplier assessment mechanism is in place to perform a strict selection on the suppliers in respect of qualification, material quality, intellectual property qualification and price so as to ensure the suppliers meet the production standards in terms of raw material quality, price and production capacity.

c. Price management mechanism

A reasonable and effective price management mechanism with a quotation team to review material prices is set up, in which price comparison and monitoring for each kind of materials is conducted for a timely reminder and periodic summary, so as to make the procurement fair and transparent and to maintain healthy competition.

5. PRODUCT RESPONSIBILITY

a. Qualification certificates

We have been granted several qualification certificates, including ISO 9001:2008, ISO 14001:2004 of Quality and Environment Management System Certificates, and ISO/TS 16949:2009 of Quality Control System Certificates. By stringent and careful implementation of the management and control systems, the Group maintains an excellent standard in the industry for the quality and reliability of its product.

4. 供應鏈管理

a. 供應商關係

我們與供應商保持良好的溝通及穩定的合作，以確保供應鏈可高效運轉，設有獨立的原材料質檢及測試部門，與供應商達成如期交付、追溯保修的協議，從而保證產品品質、及時性和可靠性。

b. ERP系統

所有供應商資料均在ERP系統中維護，執行供應商審核機制，對供應商資質、材料品質、知識產權資質及價格嚴格篩選，確保供應商對於原材料的品質、價格、生產能力等方面合乎生產標準。

c. 價格管理機制

建立合理有效的價格管理機制，設置報價組對材料價格進行審核，並於系統中設置每種材料的價格比對及監控，做到及時提醒、定期匯總。使採購工作公平透明，保持良性競爭。

5. 產品責任

a. 資格認證

我們已獲授包括質量及環境管理系統認證ISO 9001:2008、ISO 14001:2004，及ISO/TS 16949:2009品質控制系統認證等多項認證。通過嚴格謹慎的實施各項管控，使得我們產品的質素及可靠性維持業內卓越標準。

5. PRODUCT RESPONSIBILITY (continued)

b. Product R&D

In response to the rapid technological advancement in the LED backlight and LED lighting industries, the Group has maintained strong R&D capabilities, upgraded the skills required in the production processes and actively improved the production technologies. The Group's R&D centre has core competitiveness in the industry, and its professional and dedicated R&D team has developed on its own more than 1,000 LED backlight and lighting products, which have obtained 93 (2017: 56) patents in China and Hong Kong. Some products have been recognised by the Science, Industry, Trade and Information Technology Commission of Shenzhen Municipality as "Independent and Creative Products of Shenzhen".

c. Quality control

The Group has fully adopted quality management system, and every employee involved is responsible for the product quality. We strive to achieve a flawless and smooth procedure from understanding customers' needs to providing after-sales services. The Group has purchased a series of advanced production and testing equipment with professional technical engineers, committing to improving production technology and enhancing output efficiency and product passing rate. There are strict quality control processes from procurement, design, production to storage. Such processes include incoming materials management, sample reliability testing, quality inspection during the process, ultimate quality control and quality assessment experiment for the final products.

Through the quality assessment experiment, the yield rate was improved and the customer return rate was reduced. In 2018, the customer return rate decreased by more than 20% from previous year.

5. 產品責任(續)

b. 產品研發

我們順應LED背光及LED照明行業技術急速改進的特點，集團一直保持強大的研發能力，提升生產過程所需技能水平，積極改良生產工藝。集團的研發中心在業內具有核心競爭力，研發團隊專業而專注，自主研發千餘種LED背光及照明產品，並已於中國及香港取得93項(2017年：56項)專利權。部份產品已獲深圳市科技工貿和信息化委員會認可為深圳市獨立創新產品。

c. 品質管控

集團全面採用質量管理體系，每個崗位的員工均需對產品質量負責。從瞭解客戶需求至售後服務，我們力求完善流暢。本集團已購置一系列先進的生產及檢測設備，配備專業技術工程師，致力於改進生產工藝提高產出效能及產品合格率。從採購環節開始經設計、生產至倉儲環節，均有嚴格的品質管控流程。包擴來料質量管理、樣品可靠性測試、進程質量檢查、最後質量控制及產成品品質評估實驗。

通過品質評估實驗，提升成品率，降低客戶退貨率，2018年客戶退貨率比上年度下降超過20%。

5. PRODUCT RESPONSIBILITY (continued)

d. After-sales service and information maintenance

We undertake the responsibility for each product and provide customers with warranty and replacement services. After the expiry of warranty period, we can continue to provide maintenance services and only charge for necessary costs. We have been well-received for providing excellent products and services to our customers. There are no substantial complaints, returns or reworks arising from product quality problems during the year.

We strive to protect customer information. All customer information is maintained in ERP system. Different management and operation permission are assigned to each process and position. The system information is updated in a timely manner, with layered audit and offsite backup to ensure the information of every customer can be properly kept and maintained.

6. ANTI-CORRUPTION

a. Inspection mechanism

The Group pursues business ethics and is committed to operation with integrity. Any form of bribery, fraud, extortion, corruption and money laundering is strictly prohibited. The Group has established an inspection mechanism to regularly scrutinise the implementation of regulations in each department, and is devoted to reducing adverse effects on the day-to-day business activities caused by improper operation and supervision.

b. Internal audit

The Group has established an internal audit department which is directly accountable to the Independent Audit Committee and monitors and improves all procedures of each member company in the Group to keep the operation system and procedures of the Company consistent with its operational development and changes. The Group has established a reporting and complaint mechanism and opened internal and external channels for whistle-blowing to maintain fairness, equity and high standards of the operational mechanism.

5. 產品責任(續)

d. 售後服務與信息維護

我們承諾對每一件產品負責，向客戶提供保修及更換服務，保修期滿後亦可繼續提供維修服務並僅收取必要成本費用，為客戶提供優質的產品及服務，受到廣大客戶好評。本年度未發生因產品質量問題產生的重大投訴、退貨或返修事故。

我們致力保護客戶資料信息。客戶全部資料均在ERP系統中維護，針對每個流程及不同職位設計開放不同管理和操作許可，系統資料及時更新、逐層審核、異地備份，確保每個客戶的信息都能被妥善保管及維護。

6. 反腐敗

a. 稽查機制

本集團恪守商業道德，堅持誠信經營，嚴禁任何形式的賄賂、欺詐、勒索、腐敗及洗錢行為。設立稽查機制，定期對各部門制度執行情況進行稽核，致力於減少因操作監管不當對日常經營活動造成不良影響。

b. 內部審核

設立內審部直接對獨立審核委員會負責，對集團內各公司全部流程進行監控及完善，使公司的經營制度和流程保持與經營發展及變更步調一致。設立舉報及投訴機制，開放內部及外部檢舉通道，保持工作場所實現高標準嚴要求、正直公平的運營機制。

7. COMMUNITY INVOLVEMENT

We have been committed to social responsibility and the contributions to environmental protection through the development of new LED energy-saving products. We actively participated in the government's street lamps replacement project and popularized the positive effects on saving resources by replacing the traditional lamps with LED lamps.

We care about charity, culture and education. In August 2018, we donated to the Baoan District Charity Association of Shenzhen. In September 2018, we provided food, quilts, and other necessities for 35 elders and villagers in need in Meihua village, Sanxu village and Liaodong village in Huizhou. We encourage the employees to participate in volunteer activities, and in the future we also plan to participate in more public welfare activities or projects.

8. SUMMARY

The Group adheres to the corporate culture of “bring light into life”, and has been persistent in making contribution to the development of global lighting industry with superb technology, reasonable prices and quality services. We strive for excellence and, continuous innovation, and aim to create more environmentally friendly products, commit to the practice of environmental protection, promote energy conservation and bring about benefits to customers, shareholders, employees and the whole society.

7. 社區參與

我們一直堅持履行社會責任，通過研發新LED節能產品為環保事業貢獻力量。積極參與政府路燈更換項目，普及用LED燈具代替傳統燈具對節約資源的積極作用。

我們關心關愛慈善、文化、教育事業。2018年8月，向深圳市寶安區慈善會捐款。2018年9月，為惠州市梅花，三徐，廖洞三村共35戶孤寡老人及需幫助村民，送去食物棉被等生活必需品。我們鼓勵員工參與義工活動，未來亦計畫參與更多的公益活動或項目。

8. 總論

集團秉承「將光明帶進生活」的企業文化精髓，一直堅持以精湛的技術、合理的價格和優質的服務為全球照明行業的發展貢獻力量，我們精益求精、不斷創新，志在創造更多的環保產品，投身環保事業，促進節能減排，回饋客戶，股東，僱員和整個社會。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF WAI CHI HOLDINGS COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wai Chi Holdings Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out on pages 75 to 186, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

致偉志控股有限公司列位股東
(於開曼群島註冊成立的有限公司)

意見

我們已審核第75至186頁所載偉志控股有限公司(「**貴公司**」)及其附屬公司(以下統稱為「**貴集團**」)的綜合財務報表，其包括於2018年12月31日的綜合財務狀況表，以及截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，連同綜合財務報表附註(包括主要會計政策概要)。

我們認為，綜合財務報表已根據香港會計師公會(「**香港會計師公會**」)頒布的香港財務報告準則(「**香港財務報告準則**」)真實而公平地反映 貴集團於2018年12月31日的綜合財務狀況及其於截至該日止年度的綜合財務表現及綜合現金流量，並已根據香港公司條例的披露規定妥善編製。

意見基礎

我們根據香港會計師公會頒布的香港核數準則(「**香港核數準則**」)進行審核工作。我們就該等準則承擔的責任已於報告內「核數師就審核綜合財務報表承擔的責任」一節作進一步闡述。根據香港會計師公會頒布的專業會計師道德守則(「**守則**」)，我們獨立於 貴集團，並根據守則履行我們的其他道德責任。我們相信我們已獲得足夠及適當的審核憑證，以為我們的審核意見提供基礎。

KEY AUDIT MATTERS

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

Valuation of inventories

Refer to Note 17 to the consolidated financial statements and the accounting policies on page 104.

The key audit matter

關鍵審核事項

As at 31 December 2018, the Group maintained inventories of HK\$188,406,000.

We have identified the valuation of inventories as a key audit matter because of their significance to the consolidated financial statements and the involvement of significant management judgement and estimation in identifying inventories with net realisable values that are lower than their carrying values, and obsolescence, with reference to the selling prices and condition of inventories.

於2018年12月31日，貴集團存置存貨約188,406,000港元。

由於存貨估值對綜合財務報表至關重要，於參考存貨的售價及狀況識別可變現淨值低於其賬面值的存貨及陳舊情況時，涉及重大管理層判斷或估計，我們已將其識別為一項關鍵審核事項。

關鍵審核事項

關鍵審核事項指以我們的專業判斷認為我們對本期綜合財務報表的審核工作中最為重要的事項。該等事項於我們審核整份綜合財務報表並就此形成有關意見的背景處理，而我們並不就該等事項發表獨立意見。

存貨估值

請參閱綜合財務報表附註17及第104頁會計政策。

How the matter was addressed in our audit

我們於審核時如何處理有關事項

Our audit procedures were designed to assess management estimations and judgements on the assessment of net realisable value of inventories and identification of obsolete item based on their subsequent usage and selling prices subsequent to the end of the reporting period and current market conditions.

We have assessed the net realisable value and utilisation of inventories subsequent to the end of the reporting period and discussed with the management in respect of the adequacy of the allowance made by the management based on subsequent usage and sales, ageing analysis and current market conditions. We have challenged the assumptions and critical judgements used by the management by assessing the reliability of the management's past estimates.

我們的審核程序旨在根據後續使用狀況及報告期末後售價以及當前市況，評估管理層就存貨可變現淨值評估及識別陳舊存貨的估計或判斷。

於報告期末後，我們已評估存貨的可變現淨值及動用情況，並就管理層根據後續使用狀況及銷售、賬齡風險及當前市況所作出的撥備是否充足與管理層進行討論。我們透過評估管理層過往估計的可靠性，對管理層所採用的假設及關鍵判斷提出質疑。

KEY AUDIT MATTERS (continued)

Valuation of trade receivables

Refer to Note 18 to the consolidated financial statements and the accounting policies on pages 105 to 113.

The key audit matter

關鍵審核事項

As at 31 December 2018, the Group had trade receivables of HK\$409,549,000, representing 34% of the Group's total current assets.

Allowance for impairment of trade receivables is based on lifetime expected credit losses model, which is estimated by taking into account the credit loss experience and forward looking information including both current and forecast general economic conditions.

We have identified valuation of trade receivables as a key audit matter because the impairment assessment of trade receivables involved a significant degree of management estimation and may be subject to management bias.

於2018年12月31日，貴集團的應收賬款為409,549,000港元，佔貴集團流動資產總值的34%。

應收賬款減值撥備乃基於存續期預期信貸虧損模式作出，而預期信貸虧損乃經計及信貸虧損經驗及前瞻性資料（包括對當前和預測整體經濟狀況）後估算得出。

由於應收賬款減值評估涉及重大管理估計及管理層可能出現偏頗，我們已將應收賬款估值識別為一項關鍵審核事項。

關鍵審核事項 (續)

應收賬款估值

請參閱綜合財務報表附註18及第105至113頁會計政策。

How the matter was addressed in our audit

我們於審核時如何處理有關事項

Our audit procedures were designed to assess the assumptions and judgements of the Group's expected credit losses model on impairment assessment of trade receivables.

We have assessed the reasonableness of management's estimates for impairment allowance by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

We have also inspected cash received from debtors after year end relating to trade receivables balance as at 31 December 2018 on a sample basis.

我們的審核程序旨在評估貴集團應收賬款減值評估的預期信貸虧損模式的假設及判斷。

我們藉檢測管理層用以構成相關判斷的資料（包括測試過往預設數據的準確性、評估過往虧損率是否按目前經濟狀況和前瞻性資料）來評估管理層減值撥備估算的合理性。

我們亦於年末後對2018年12月31日向債務人所收取與應收賬款結餘有關的現金進行了抽樣檢查。

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

除綜合財務報表及核數師報告外的資料

貴公司董事須對其他資料負責。其他資料包括所有載於年報的資料，但綜合財務報表及我們就此發出的核數師報告除外。

我們就綜合財務報表的意見並未涵蓋其他資料，且我們概不就此發表任何形式的保證結論。

就我們對綜合財務報表的審核工作而言，我們的責任是審閱該等其他資料，並在此過程中考慮該等其他資料是否與綜合財務報表或我們在審核工作中所知悉的情況存在重大不一致或以其他形式出現重大錯誤陳述。根據我們所執行的工作，倘我們斷定該等其他資料存在重大錯誤陳述，則我們須報告該事實。我們並無有關該方面的任何事項須作報告。

本公司董事及審核委員會就綜合財務報表承擔的責任

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及香港公司條例的披露規定編製真實及公平的綜合財務報表，以及落實 貴公司董事認為必要的內部控制，以便編製不存在由於欺詐或錯誤而導致重大錯誤陳述的綜合財務報表。

於編製綜合財務報表時，除非 貴公司董事有意將 貴集團清盤或停止經營，或除此之外並無其他實際可行的辦法，否則 貴公司董事須負責評估 貴集團可持續經營的能力，披露（如適用）與持續經營有關的事項，以及採用持續經營基準會計法。

審核委員會須負責監督 貴集團的財務報告流程。

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審核綜合財務報表承擔 的責任

我們的目標是合理保證綜合財務報表整體是否不存在任何重大錯誤陳述（不論是否因欺詐或錯誤而導致），並根據我們已協定的委聘條款僅向閣下全體出具載有我們意見的核數師報告，除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔責任。合理保證乃屬高水平保證，但並不保證根據香港核數準則進行的審核工作一定能發現重大錯誤陳述（倘存在）。錯誤陳述可能由欺詐或錯誤引起，並且倘若個別或整體合理預期可能影響使用者根據該等綜合財務報表所作出的經濟決定，則被視為重大錯誤陳述。

作為根據香港核數準則進行審核工作的一部分，我們在整個審核工作中運用專業判斷及維持專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對該等風險，以及獲取充足及適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而出現的重大錯誤陳述的風險高於未能發現因錯誤而出現的重大錯誤陳述的風險。
- 瞭解與審核相關的內部監控，以設計在有關情況下屬適當的審核程序，但目的並非對貴集團內部監控的有效性發表意見。

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

核數師就審核綜合財務報表承擔 的責任(續)

- 評估本公司董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。
- 對本公司董事採用持續經營基準會計法的適當性作出結論，並根據所獲取的審核憑證，確定是否存在與可能導致對貴集團持續經營能力產生重大疑慮的事項或情況有關的重大不確定因素。倘我們斷定存在重大不確定因素，則我們須在核數師報告中提請垂注綜合財務報表中的相關披露，或倘若有關披露不足，則修訂我們的意見。我們的結論乃基於截至核數師報告日期止所獲得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營業務。
- 評估綜合財務報表的整體呈列方式、結構及內容(包括披露事項)以及綜合財務報表是否公平呈列相關交易及事項。
- 就貴集團內實體或業務活動的財務資料獲取充足適當的審核憑證，以便對綜合財務報表發表意見。我們負責指引、監督及執行集團審核工作。我們僅為我們的審核意見承擔責任。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kwan Chi Fung.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong
22 March 2019

核數師就審核綜合財務報表承擔 的責任(續)

我們與審核委員會進行溝通，內容有關(其中包括)審核的計劃範圍及時間安排以及重大審核結果，包括我們在審核中發現的任何重大內部監控缺陷。

我們亦向審核委員會提交聲明，表明我們已符合有關獨立性的相關專業道德要求，並與其溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項及(倘適用)相關防範措施。

從與審核委員會進行溝通的事項中，我們確定對本期綜合財務報表的審核工作最為重要的事項，並因此將該等事項定為關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或於極端罕見情況下，倘合理預期在報告中溝通某事項造成的負面後果超過其產生的公眾利益，則我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為關志峰先生。

信永中和(香港)會計師事務所有限公司

執業會計師

關志峰

執業證書號碼：P06614

香港
2019年3月22日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

For the year ended 31 December 2018 截至2018年12月31日止年度

		Notes 附註	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Revenue	營業額	7	2,249,786	1,677,966
Cost of sales	銷售成本		(2,002,523)	(1,459,129)
Gross profit	毛利		247,263	218,837
Other income	其他收入	7	32,232	12,514
Selling and distribution expenses	銷售及分銷開支		(22,487)	(23,943)
Administrative expenses	行政開支		(91,034)	(87,638)
Other gains and losses	其他收益及虧損		(12,515)	(14,919)
Research and development expenses	研發開支		(75,719)	(51,873)
Finance costs	財務成本	9	(28,215)	(24,646)
Profit before tax	除稅前利潤		49,525	28,332
Income tax expense	所得稅開支	10	(4,418)	(6,002)
Profit for the year	年度利潤	11	45,107	22,330
			HK\$ 港元	HK\$ 港元
Earnings per share	每股盈利			
Basic and diluted	基本及攤薄	14	0.21	0.10

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2018 截至2018年12月31日止年度

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Profit for the year	年度利潤	45,107	22,330
Other comprehensive (expense) income that may be reclassified subsequently to profit or loss	其後可能重新分類至損益的其他全面(開支)收入		
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額	(31,594)	41,702
Total comprehensive income for the year	年度全面收入總額	13,513	64,032

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2018 於2018年12月31日

		Notes	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
		附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	245,008	245,238
Prepaid lease payments	預付租賃款項	16	35,062	37,665
Deferred taxation	遞延稅項	27	8,142	6,586
Deposits with bank	銀行存款	22	79,891	–
			368,103	289,489
Current assets	流動資產			
Inventories	存貨	17	188,406	207,631
Prepaid lease payments	預付租賃款項	16	874	915
Trade receivables	應收賬款	18	409,549	392,747
Bills receivables	應收票據	18	102,036	26,922
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	19	191,614	400,157
Available-for-sale investment	可供出售投資	20	–	23,926
Financial assets at fair value through profit or loss	按公允值計入損益之金融資產	21	152,967	–
Pledged bank deposits	已抵押銀行存款	22	129,785	144,353
Deposits with bank	銀行存款	22	–	186,623
Bank balances and cash	銀行結餘及現金	22	24,213	111,722
			1,199,444	1,494,996
Current liabilities	流動負債			
Trade payables	應付賬款	23	184,162	194,387
Bills payables	應付票據	23	252,698	327,304
Other payables and accruals	其他應付款項及預提費用	23	44,547	262,992
Contract liabilities	合約負債	24	80,969	–
Bank borrowings	銀行借款	25	313,714	321,441
Obligations under finance leases – due within one year	融資租賃債項 – 於1年內到期	26	916	974
Income tax payables	應付所得稅		10,042	9,706
			887,048	1,116,804
Net current assets	流動資產淨值		312,396	378,192

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

As at 31 December 2018 於2018年12月31日

		Notes 附註	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Total assets less current liabilities	總資產減流動負債		680,499	667,681
Non-current liabilities	非流動負債			
Obligations under finance leases	融資租賃債項			
– due more than one year	– 於多於1年後到期	26	1,183	90
Corporate bond	公司債券	28	1,816	1,776
Government grants	政府補助	29	17,947	19,793
Deferred taxation	遞延稅項	27	32	14
			20,978	21,673
Net assets	資產淨值		659,521	646,008
Capital and reserves	資本及儲備			
Share capital	股本	30	2,168	2,168
Reserves	儲備		657,353	643,840
Total equity	總權益		659,521	646,008

The consolidated financial statements on pages 75 to 186 were approved and authorised for issue by the board of directors on 22 March 2019 and are signed on its behalf by:

第75至186頁的綜合財務報表已於2019年3月22日經董事會批准及授權刊發，並由下列代表簽署：

Mr. Yiu Chi To
姚志圖先生
Director
董事

Mr. Chen Chung Po
陳鐘譜先生
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2018 截至2018年12月31日止年度

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Statutory reserve 法定儲備 HK\$'000 千港元 (Note a) (附註a)	Translation reserve 匯兌儲備 HK\$'000 千港元	Merger reserve 合併儲備 HK\$'000 千港元 (Note b) (附註b)	Retained profits 保留利潤 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2017	於2017年1月1日	2,168	331,977	45,043	(41,477)	34,561	209,704	581,976
Profit for the year	年度利潤	-	-	-	-	-	22,330	22,330
Other comprehensive income for the year	年度其他全面收入							
- exchange differences arising on translation of foreign operations	- 換算海外業務產生 的匯兌差額	-	-	-	41,702	-	-	41,702
Total comprehensive income for the year	年度全面收入總額	-	-	-	41,702	-	22,330	64,032
Transfer	轉撥	-	-	4,458	-	-	(4,458)	-
At 31 December 2017	於2017年12月31日	2,168	331,977	49,501	225	34,561	227,576	646,008

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表

For the year ended 31 December 2018 截至2018年12月31日止年度

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Statutory reserve 法定儲備 HK\$'000 千港元 (Note a) (附註a)	Translation reserve 匯兌儲備 HK\$'000 千港元	Merger reserve 合併儲備 HK\$'000 千港元 (Note b) (附註b)	Retained profits 保留利潤 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2018	於2018年1月1日	2,168	331,977	49,501	225	34,561	227,576	646,008
Profit for the year	年度利潤	-	-	-	-	-	45,107	45,107
Other comprehensive expense for the year	年度其他全面開支							
- exchange differences arising on translation of foreign operations	- 換算海外業務產生 的匯兌差額	-	-	-	(31,594)	-	-	(31,594)
Total comprehensive (expense) income for the year	年度全面(開支)收入 總額	-	-	-	(31,594)	-	45,107	13,513
Transfer	轉撥	-	-	7,270	-	-	(7,270)	-
At 31 December 2018	於2018年12月31日	2,168	331,977	56,771	(31,369)	34,561	265,413	659,521

Notes:

- (a) As stipulated by regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operated in the PRC are required to appropriate 10% of their after-tax profit (after offsetting prior year losses) as determined in accordance with the applicable laws and regulations in PRC, to statutory reserve until the reserve balance reaches 50% of the registered capital of the relevant subsidiaries. The transfer to this reserve must be made before distribution of a dividend to equity owners.
- (b) Merger reserve represented the difference between share capital of the new holding company and the aggregate of the share capital of the then holding company of the Group and the companies comprising the Group.

In 2013, as part of the pre-listing reorganisation, the Company issued 135 ordinary shares of HK\$1,000,000 each which, through its subsidiaries, were used to subscribe for new shares issued and allotted by Wai Chi Group (HK) Limited and became the holding company of the Group. The difference between the proceeds from the issuance of shares and the then share capital and capital reserve subscribed was recognised in the merger reserve.

附註：

- (a) 中華人民共和國(「中國」)法規規定本公司於中國成立及營運的附屬公司須根據中國適用法律及法規釐定劃撥其除稅後利潤(於抵銷過往年度虧損後)10%為法定儲備，直至儲備結餘達相關附屬公司註冊資本50%。轉撥至此儲備須於分派股息予權益擁有人前作出。
- (b) 合併儲備指新控股公司股本與本集團及本集團組成公司的當時控股公司股本總額的差額。

於2013年，作為上市前重組的一部分，本公司透過其附屬公司發行135股每股面值1,000,000港元的普通股，用作認購由偉志集團有限公司發行及配發的新股份，並成為本集團的控股公司。發行股份所得款項與已認購的當時股本及資本儲備間的差額於合併儲備確認。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2018 截至2018年12月31日止年度

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
Profit before tax	除稅前利潤	49,525	28,332
Adjustments for:	調整以下各項：		
Finance costs	財務成本	28,215	24,646
Interest income	利息收入	(10,581)	(7,224)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	41,863	37,658
Government grants	政府補助	(19,318)	(3,803)
Amortisation of prepaid lease payments	預付租賃款項攤銷	912	889
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	211	690
Loss on write-off of property, plant and equipment (Reversal of) impairment loss recognised in respect of trade and other receivables, net	撇銷物業、廠房及設備虧損就應收賬款及其他應收款項(撥回)確認減值虧損淨額	98	55
Write-down of inventories	撇減存貨	(1,840)	10,200
		14,355	4,719
Operating cash flows before movements in working capital	營運資金變動前經營現金流量	103,440	96,162
Increase in inventories	存貨增加	(4,306)	(6,995)
(Increase) decrease in trade receivables	應收賬款(增加)減少	(33,048)	60,371
(Increase) decrease in bills receivables	應收票據(增加)減少	(79,238)	36,447
Decrease (increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少(增加)	199,553	(290,127)
(Decrease) increase in trade payables	應付賬款(減少)增加	(2,593)	29,613
Decrease in bills payables	應付票據減少	(61,807)	(45,283)
Decrease in contract liabilities	合約負債減少	(123,398)	-
Increase in other payables and accruals	其他應付款項及預提費用增加	5,140	201,085
Cash generated from operations	經營所產生現金	3,743	81,273
PRC Enterprise Income Tax paid	已付中國企業所得稅	(5,517)	(6,071)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	經營活動(所用)所產生現金淨額	(1,774)	75,202

CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

For the year ended 31 December 2018 截至2018年12月31日止年度

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
INVESTING ACTIVITIES	投資活動		
Purchase of financial assets at fair value through profit or loss	購買按公允值計入損益之金融資產	(158,751)	–
Acquisition of property, plant and equipment	購置物業、廠房及設備	(51,237)	(35,915)
Placements of pledged bank deposits	存入已抵押銀行存款	(36,881)	(86,763)
Decrease in deposits with bank	銀行存款減少	101,862	–
Withdrawal of pledged bank deposits	提取已抵押銀行存款	45,288	192,910
Proceeds from disposal of financial assets at fair value through profit or loss	出售按公允值計入損益之金融資產所得款項	23,689	–
Interest received	已收利息	10,581	7,224
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	37	312
Placements of deposits with bank	存入銀行存款	–	(180,049)
Purchase of available-for-sale investment	購買可供出售投資	–	(23,083)
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(65,412)	(125,364)
FINANCING ACTIVITIES	融資活動		
New bank borrowings raised	新增銀行借款	352,958	423,116
Government grants received	已收政府補助	6,502	3,988
Repayment of bank borrowings	償還銀行借款	(349,288)	(395,348)
Interest paid	已付利息	(28,175)	(24,606)
Repayment of obligations under finance leases	償還融資租賃債項	(1,546)	(3,594)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(所用)所得現金淨額	(19,549)	3,556
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物減少淨額	(86,735)	(46,606)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於1月1日的現金及現金等價物	111,722	152,341
Effect of foreign exchange rate changes	匯率變動的影響	(774)	5,987
CASH AND CASH EQUIVALENTS AT THE END OF 31 DECEMBER, represented by bank balances and cash	於12月31日結束時的現金及現金等價物，包括銀行結餘及現金	24,213	111,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

1. GENERAL

Wai Chi Holdings Company Limited (the “**Company**”) is a company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 16 August 2013 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 November 2014. Its ultimate controlling party is Mr. Yiu Chi To. The address of the registered office of the Company is Offshore Incorporations (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is 6th Floor, Liven House, 63 King Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are set out in Note 37.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong dollars (“**HK\$**”) while that of the subsidiaries established in the People’s Republic of China (the “**PRC**”) are Renminbi (“**RMB**”). For the purpose of presenting the consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) adopted HK\$ as its presentation currency which is the same as the functional currency of the Company.

1. 一般資料

偉志控股有限公司(「**本公司**」)乃一間於2013年8月16日根據開曼群島公司法在開曼群島註冊成立的獲豁免有限公司，而其股份於2014年11月18日在香港聯合交易所有限公司(「**聯交所**」)主板上市。其最終控股方為姚志圖先生。本公司註冊辦事處的地址為Offshore Incorporations (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands，而本公司主要營業地點為香港九龍觀塘敬業街63號利維大廈6樓。

本公司主要從事投資控股。其附屬公司的主要業務載於附註37。

本公司及於香港註冊成立的附屬公司的功能貨幣為港元(「**港元**」)，而於中華人民共和國(「**中國**」)成立的附屬公司的功能貨幣為人民幣(「**人民幣**」)。就呈列綜合財務報表而言，本公司及其附屬公司(下文統稱「**本集團**」)採納同為本公司功能貨幣的港元為其呈列貨幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

本年度，本集團首次應用以下由香港會計師公會(「香港會計師公會」)頒佈的新訂及經修訂香港財務報告準則。

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	來自客戶合約之收益及相關修訂
香港(國際財務報告詮釋委員會)－詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號(修訂本)	以股份為基準之付款交易之分類及計量
香港財務報告準則第4號(修訂本)	採用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具
香港會計準則第28號(修訂本)	作為2014年至2016年週期香港財務報告準則年度改進之一部分
香港會計準則第40號(修訂本)	轉讓投資物業

採納香港財務報告準則第9號「金融工具」及香港財務報告準則第15號「來自客戶合約之收益」之影響已於下文概述。於本年度應用其他新訂及經修訂香港財務報告準則對本集團當前及過往年度之財務表現及狀況及／或本綜合財務報表內所載之披露資料並無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 January 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue.

The Group’s accounting policies for its revenue streams are disclosed in detail in Note 3 below.

The transition to HKFRS 15 had no significant impact on the retained profits at 1 January 2018.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第15號來自客戶合約之收益

香港財務報告準則第15號取代了香港會計準則第11號建築合約、香港會計準則第18號收益及相關詮釋並適用於與客戶簽訂的合約產生的所有收益，除非該等合約屬於其他準則的範圍。新準則確立一個五步模式，以釐定是否、多少與何時確認收益。本集團已選擇就於首次應用日期(即2018年1月1日)尚未完成的客戶合約採納經修訂追溯法，首次應用香港財務報告準則第15號的累計影響則作為對保留溢利期初結餘的期初結餘的調整，且並無重列比較資料。因此，若干比較資料未必能與根據香港會計準則第18號收益所編製之比較資料作出比較。

本集團有關收益流的會計政策詳情於下文附註3披露。

過渡至香港財務報告準則第15號對2018年1月1日的保留溢利並無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

HKFRS 15 Revenue from Contracts with Customers (continued)

The amount of adjustment for each financial statement line item of the consolidated statement of financial position at 1 January 2018 affected by the application of HKFRS 15 is illustrated below. Line items that were not affected by the changes have not been included.

			Carrying amount previously reported as at 31 December 2017	Impact on adoption of HKFRS 15 – Reclassification	Carrying amounts under HKFRS 15 as at 1 January 2018
	Note 附註		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Current liabilities		流動負債			
Other payables and accruals	(a)	其他應付款項及預提費用	262,992	(207,179)	55,813
Contract liabilities	(a)	合約負債	–	207,179	207,179

Note:

- (a) At the date of initial application, an amount of HK\$207,179,000 related to advance consideration received from customers was included in other payables and accruals. The balance was reclassified to contract liabilities upon application of HKFRS 15 as it represented the Group's performance obligation to transfer goods in the future.

附註：

- (a) 於首次應用日期，與客戶墊款代價有關的207,179,000港元計入其他應付款項以及預提費用。由於該等結餘代表本集團對將來可轉換貨物的履約，在應用香港財務報告準則第15號後，則重新分類為合約負債。

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第15號來自客戶合約之收益(續)

於2018年1月1日的綜合財務狀況表內受應用香港財務報告準則第15號影響的各財務報表項目的調整金額載列如下。概無呈列不受變動影響的項目。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

HKFRS 15 Revenue from Contracts with Customers (continued)

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018

The following table summarises the impact of applying HKFRS 15 on the Group’s consolidated statement of financial position at 31 December 2018, by comparing the amounts reported under HKAS 18 that were in effect before the change. Line items that were not affected by the adjustments have not been included. The adoption of HKFRS 15 did not have material impact on the Group’s consolidated statement of profit or loss, operating, investing and financing cash flows.

Impact on the consolidated statement of financial position as at 31 December 2018

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第15號來自客戶合約之收益(續)

就截至2018年12月31日止年度披露因於2018年1月1日採納香港財務報告準則第15號而列報的金額之估計影響

下表概述通過比較根據於變動前生效的香港會計準則第18號所列報的金額，應用香港財務報告準則第15號對本集團綜合財務狀況表的影響。概無呈列不受調整影響的項目。採納香港財務報告準則第15號對本集團的綜合損益表、經營、投資及融資現金流量並無重大影響。

對2018年12月31日的綜合財務狀況表的影響

	As reported	Impact of adopting HKFRS 15	Amounts excluding impact of adopting HKFRS 15
	呈報金額	採納香港財務報告準則第15號的影響	不計及採納香港財務報告準則第15號之影響的金額
	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元
Current liabilities			
Other payables and accruals	44,547	80,969	125,516
Contract liabilities	80,969	(80,969)	-

流動負債

其他應付款項及預提費用
合約負債

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 January 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in retained profits as at 1 January 2018.

The Group’s accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in Note 3 below.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial instruments upon adoption of HKFRS 9 on 1 January 2018.

			Carrying amount at 31 December 2017 (HKAS 39) 於2017年 12月31日的 賬面值(香港會計 政策第39號)	Adoption of HKFRS 9 – Reclassification 採納香港財務 報告準則第9號 – 重新分類	Carrying amount at 1 January 2018 (HKFRS 9) 於2018年 1月1日的賬面值 (香港財務報告 準則第9號)
	Note 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Available-for-sale (“AFS”) investment					
Unlisted funds	(a)	23,926	(23,926)	–	
Financial assets at fair value through profit or loss (“FVTPL”)					
Unlisted funds	(a)	–	23,926	23,926	

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具

香港財務報告準則第9號取代香港會計準則第39號有關金融資產及金融負債確認、分類及計量、金融工具終止確認、金融資產減值及一般對沖會計處理方法的規定。本集團已根據香港財務報告準則第9號項下的過渡條文對首次應用日期(即2018年1月1日)尚未終止確認的金融工具追溯應用香港財務報告準則第9號，而並無選擇重列比較資料。於首次應用時金融資產與金融負債賬面值之間的差額，於2018年1月1日之保留溢利中確認。

本集團有關金融工具分類及計量以及金融資產減值之會計政策之詳情於下文附註3披露。

首次應用香港財務報告準則第9號所產生的影響概要

下表說明於2018年1月1日採納香港財務報告準則第9號後金融工具的分類及計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

HKFRS 9 Financial instruments (continued)

Summary of effects arising from initial application of HKFRS 9 (continued)

Note:

- (a) Unlisted funds investments previously classified as AFS investment carried at fair value:

These investments amounting to HK\$23,926,000 do not meet the criteria to be classified either as at fair value through other comprehensive income (“FVTOCI”) or at amortised cost under HKFRS 9 and were reclassified to financial assets at FVTPL upon its initial application of HKFRS 9. The Group measures it at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised in profit or loss. There was no difference between the previous carrying amount and the fair value relating to these investments which were required to adjust to retained profits as at 1 January 2018 upon initial application of HKFRS 9.

Except for the above, all the other financial assets and financial liabilities within the scope of HKFRS 9 are continued to be classified and measured on the same basis as they were under HKAS 39.

Loss allowance for expected credit losses (“ECL”)

The adoption of HKFRS 9 has changed the Group’s accounting for impairment losses for financial assets by replacing HKAS 39’s incurred loss model with a forward-looking ECL approach. As at 1 January 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9.

It is concluded that, as at 1 January 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under the ECL model were not significantly different from the impairment losses previously recognised under HKAS 39.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具(續)

首次應用香港財務報告準則第9號所產生的影響概要(續)

附註：

- (a) 先前分類為按公允價值計量之可供出售投資之非上市基金投資：

該等投資金額23,926,000港元並不符合根據香港財務報告準則第9號按公允價值計入其他收益(「按公允價值計入其他收益」)或以攤銷成本分類的標準，及於首次應用香港財務報告準則第9號時重新分類為按公允價值計入損益之金融資產。本集團在其後報告期末以公允價值將其計量，並將公允價值盈利或虧損於損益內確認。須於2018年1月1日首次應用香港財務報告準則第9號時調整至保留溢利的該等投資的先前賬面價值與其公允價值之間並無差異。

除上文所述外，香港財務報告準則第9號範圍內的所有其他金融資產及金融負債繼續按香港會計準則第39號項下相同的基準予以分類及計量。

預期信貸虧損(「預期信貸虧損」)虧損撥備

香港財務報告準則第9號透過以前瞻性預期信貸虧損法取代香港會計準則第39號之產生虧損模式，故採納香港財務報告準則第9號已改變本集團金融資產減值虧損的會計處理。於2018年1月1日，本公司董事按照香港財務報告準則第9號的規定使用毋須花費不必要的成本或努力獲取的合理有根據資料審閱及評估本集團現有金融資產的減值。

結論為於2018年1月1日，概無就保留溢利確認額外信貸虧損撥備，原因為預期信貸虧損模式項下估計撥備與先前根據香港會計準則第39號確認之減值虧損並無顯著差異。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after a date to be determined.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則及詮釋：

香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ³
香港(國際財務報告詮釋委員會)－詮釋第23號	所得稅處理之不確定性 ¹
香港財務報告準則第3號(修訂本)	業務的定義 ⁴
香港財務報告準則第9號(修訂本)	具有負面賠償之預付款項特徵 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資方及其聯營公司或合營企業間之銷售或資產貢獻 ⁵
香港會計政策第1號及香港會計準則第8號(修訂本)	重大的定義 ²
香港會計準則第19號(修訂本)	計劃修訂、縮減或結清 ¹
香港會計準則第28號(修訂本)	於聯營公司及合資企業之長期權益 ¹
香港財務報告準則(修訂本)	2015年至2017年週期之香港財務報告準則年度改進 ¹

¹ 於2019年1月1日或其後開始的年度期間生效。

² 於2020年1月1日或其後開始的年度期間生效。

³ 於2021年1月1日或其後開始的年度期間生效。

⁴ 對收購日期為2020年1月1日或之後開始的首個年度期間初或之後的業務合併及資產收購生效。

⁵ 於待定期日或其後開始的年度期間生效。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

New and amendments to HKFRSs issued but not yet effective (continued)

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

本公司董事預期，除下文所述者外，應用其他新訂及經修訂香港財務報告準則將不會對本集團之業績及財務狀況有重大不利影響。

香港財務報告準則第16號租賃

香港財務報告準則第16號為租賃安排的識別以及其於出租人及承租人財務報表的處理方式提供一個綜合模型。

就承租人會計處理而言，該準則引入單一承租人會計處理模式，規定承租人就租賃期超過12個月的所有租賃確認資產及負債，惟相關資產價值較低則除外。

於租賃開始日期，承租人須按成本確認使用權資產，包括租賃負債的初始計量金額，加上於開始日期或之前向出租人作出的任何租賃付款，扣除任何已收取的租賃優惠、初始估計修復成本及承租人所產生的任何初始直接成本。租賃負債初步按於租賃付款於該日尚未支付的現值確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

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

New and amendments to HKFRSs issued but not yet effective (continued)

HKFRS 16 Leases (continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$2,882,000 as disclosed in Note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise right-of-use assets and corresponding liabilities in respect of all these leases unless they are exempt from the reporting obligations under HKFRS 16. The directors of the Company expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts reported in the Group's consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(續)

其後，使用權資產按成本減任何累計折舊及任何累計減值虧損計量，並就任何重新計量的租賃負債作出調整。租賃負債的其後計量方式為透過增加賬面值以反映租賃負債的利息，透過削減賬面值以反映所作出的租賃付款，以及透過重新計量賬面值以反映任何重新評估或租賃修訂或反映經修訂的實質固定租賃付款。使用權資產的折舊及減值費用(如有)將按照香港會計準則第16號物業、廠房及設備的規定計入損益，而租賃負債的應計利息將於損益內扣除。

就出租人會計處理而言，香港財務報告準則第16號大致上沿用香港會計準則第17號租賃的出租人會計規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並以不同方式將此兩類租賃入賬。

香港財務報告準則第16號生效後，將取代現有租賃準則，包括香港會計準則第17號租賃及相關詮釋。

於2018年12月31日，本集團的不可撤銷經營租賃承擔為2,882,000港元(誠如附註32所披露)。按初步評估顯示該等安排將符合香港財務報告準則第16號中租賃之定義，故本集團將對所有該等租賃確認使用權資產及相關負債，惟該等租賃獲豁免遵守香港財務報告準則第16號項下的申報責任則除外。本公司董事預期，除上文所示的計量、呈列及披露變動外，採納香港財務報告準則第16號將不會對本集團綜合財務報表內的報告金額造成其他重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

3. 主要會計政策

綜合財務報表乃按照香港會計師公會頒布的香港財務報告準則編製。此外，綜合財務報表包括聯交所證券上市規則及香港公司條例規定的適用披露。

除若干財務工具於各報告期末按公允值計量外，綜合財務報表乃按歷史成本基準編製。

歷史成本一般按交換貨品及服務代價的公允值計算。

公允值指於計量日主要市場(或最有利市場)的市場參與者在現行市場情況下，於有秩序交易中出售資產可收取或轉讓負債須支付的價格(即平倉價)，不論該價格是否可直接觀察或使用其他估值方法估計所得。公允值計量的詳情於下文載列的會計政策中詳述。

主要會計政策載列如下。

綜合基準

綜合財務報表載入本公司及由本公司及其附屬公司控制的實體的財務報表。

當本集團(i)擁有對被投資者的權力；(ii)可透過參與被投資者事務而承擔或有權取得可變回報；及(iii)可利用對被投資者的權力影響本集團回報的金額，則取得控制權。

倘事實及情況顯示上述其中一項或多項控制要素出現變動，本集團將重新評估是否對被投資者擁有控制權。

對附屬公司的綜合入賬，於本集團獲得該附屬公司的控制權時開始，並於本集團失去該附屬公司的控制權時終止。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company.

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

Revenue recognition

Policy applicable to the year ended 31 December 2018 (with application of HKFRS 15)

Revenue is recognised to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods underlying the particular performance obligation is transferred to customers.

3. 主要會計政策(續) 綜合基準(續)

附屬公司的收入及開支自本集團獲得控制權當日開始計入綜合損益表，直至本集團不再擁有附屬公司控制權當日止。

附屬公司的損益及其他全面收益各部分歸屬於本公司擁有人。

所有與本集團實體之間交易相關的集團內公司間資產及負債、權益、收入、開支及現金流量於綜合入賬時全數撇銷。

收益確認

適用於截至2018年12月31日止年度之政策(包括應用香港財務報告準則第15號)

實體應以反映該實體因交換約定商品預期將獲得的代價的方式確認收益，以說明向客戶轉讓相關商品。具體而言，本集團使用5步收益確認法：

- 第1步：與客戶確認合約
- 第2步：確認合約內的履約責任
- 第3步：釐定交易價格
- 第4步：將交易價格分配至合約內的履約責任
- 第5步：當實體完成履約責任時確認收入。

本集團於完成履約責任時(或就此)確認收益，即與特定履約責任相關的商品的「控制權」轉讓予客戶時。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Policy applicable to the year ended 31 December 2018 (with application of HKFRS 15) (continued)

A performance obligation represents a good (or a bundle of goods) that is distinct or a series of distinct goods that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the asset is created and enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

3. 主要會計政策(續)

收益確認(續)

適用於截至2018年12月31日止年度之政策(包括應用香港財務報告準則第15號)(續)

履約責任指一個明確商品(或一批明確商品)或一系列大致相同的明確商品。

倘符合下列其中一項標準，則控制權在一段時間內轉移，而收入確認會參考一段時間內已完成相關履約責任的進度進行：

- 於本集團履約時，客戶同時取得並享用本集團履約所提供的利益；
- 於資產增設或優化時，本集團的履約增設或優化一項由客戶控制的資產；或
- 本集團的履約並未創造對本集團有替代用途的資產，且本集團對迄今已完成履約的付款具有可強制執行的權利。

否則，收入會在當客戶獲得明確商品的控制權時在某一時點確認。

收益乃根據與客戶簽訂的合約中規定的代價計算，不包括代表第三方收取的金額、折讓及與銷售相關的稅項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Policy applicable to the year ended 31 December 2018 (with application of HKFRS 15) (continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented.

The Group recognised revenue from the sales of goods including (i) Light-Emitting Diode ("LED") backlight; (ii) LED lighting; and (iii) high-tech electronic components and products.

Sales of goods

Revenue from sales of goods is recognised when goods delivered to location specified by the customers and accepted by the customers, which is the point of time the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

3. 主要會計政策(續)

收益確認(續)

適用於截至2018年12月31日止年度 之政策(包括應用香港財務報告準則 第15號)(續)

合約資產及合約負債

合約資產指本集團就本集團已向客戶轉讓的商品或服務而於交換中收取代價的權利(尚未成為無條件)，根據香港財務報告準則第9號評估減值。相反，應收賬款指本集團收取代價的無條件權利，即代價到期付款前僅需時間推移。

合約負債指本集團因已向客戶收取代價，而須向客戶轉讓商品或服務的責任。

就與客戶的單一合約而言，淨合約資產或淨合約負債得以呈列。

本集團就銷售商品確認收益，該等商品包括(i)發光二極體(「LED」)背光；(ii) LED照明；及(iii)高科技電子零部件及產品。

銷售商品

銷售商品收益於商品交付至客戶指定的地點並獲客戶接納時確認，即客戶有能力指示產品使用並獲得產品的基本上所有剩餘利益的時間點。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Policy applicable to the year ended 31 December 2017

Revenue is measured at the fair value of the consideration received or receivables for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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 the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

3. 主要會計政策(續)

收益確認(續)

適用於截至二零一七年十二月三十一日止年度之政策

收益按日常業務過程中所售商品、扣除折扣及相關銷售稅項後已收或應收代價的公允值計量。

銷售貨品收益於貨物交付及業權移交後以及於符合下列所有條件時確認：

- 本集團已將貨品所有權上的絕大部份風險及回報轉移予買方；
- 本集團並無參與一般與已售貨品擁有權有關的持續管理，亦無保留有關已售貨品的實際控制權；
- 收益金額可以可靠地計量；
- 與交易相關的經濟利益很可能流入本集團；及
- 有關交易所產生或將予產生的成本可以可靠地計量。

倘經濟利益可能流向本集團，且收益金額能夠可靠計量，則確認金融資產的利息收入。利息收入會根據未償還本金及適用實際利率以時間為基礎予以累計，而該利率乃為於金融資產的預計期限準確折現估計未來現金收入至該資產於初始確認時的賬面淨值的利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessee

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

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

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

3. 主要會計政策(續)

租賃

倘租賃條款將絕大部分所有權風險及回報轉移至承租人，則租賃分類為融資租賃。所有其他租賃則分類為經營租賃。

本集團作為承租人

根據融資租賃持有的資產按其於租賃開始時的公允值或(倘金額較低)按最低租賃付款的現值確認為本集團的資產。出租人的相應負債計入綜合財務狀況表作為融資租賃債項。

租賃付款於融資開支與租賃債項減幅之間分配，以就餘下負債結餘達致固定利率。除非其直接歸屬於合資格資產，否則融資開支即時於損益確認，於此情況下，有關融資開支會根據本集團有關借款成本的政策(見下文會計政策)資本化。

經營租賃款項於租期內按直線法確認為開支。

租賃土地及樓宇

當租賃包括土地及樓宇部分時，本集團根據各部分土地及樓宇擁有權的絕大部分風險與回報是否已撥歸本集團分別評估每部分應分類為融資或經營租賃，除非各部分皆顯然為經營租賃時，則整份租賃視作經營租賃。具體來說，最低租賃付款(包括任何一筆過預付款項)按土地及樓宇部分於租約開始時的租賃權益相對公允值比例於土地及樓宇部分之間分配。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land and building (continued)

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. 主要會計政策(續)

租賃土地及樓宇(續)

倘能可靠地分配租賃付款，作為經營租賃入賬的租賃土地權益應於綜合財務狀況表列作預付租賃付款，並於租期內以直線法攤銷，倘租賃付款無法於土地及樓宇部分之間作可靠分配，則整份租賃通常歸類為融資租賃，並入賬為物業、廠房及設備。

外幣

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣(外幣)進行的交易按交易日期適用匯率以相關功能貨幣(即實體營運所在主要經濟環境的貨幣)入賬。於報告期末，以外幣列值的貨幣項目乃按該日現行匯率重新換算。按外幣歷史成本計量的非貨幣項目則不作重新換算。

結算貨幣項目及重新換算貨幣項目所產生的匯兌差額於其產生期間在損益確認。

就呈列綜合財務報表而言，本集團海外業務的資產及負債按各報告期末適用匯率換算為本集團的呈列貨幣(即港元)。收入及開支項目按年內平均匯率換算，所產生匯兌差額(如有)於其他全面收入確認並累計至匯兌儲備項下的權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

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

Retirement benefit costs

Payments to stage-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the “MPF Scheme”) are recognised as an expense when employees have rendered services entitling them to the contributions.

3. 主要會計政策(續)

借款成本

收購、興建或生產合資格資產(即需要長時間方可用於其擬定用途或可供出售的資產)直接應佔的借款成本加入該等資產的成本內，直至資產大致上可用於其擬定用途或可供出售時為止。

其他借款成本於其產生期間在損益確認。

政府補助

政府補助於可合理確認本集團將遵守補助金附帶的條件及收取補助金時方予確認。

政府補助乃於本集團確認有關補助擬補償的相關成本為開支期間按系統化基準在損益中確認。具體來說，首要條件為本集團應購買、建設或以其他方式收購非流動資產的政府補助於綜合財務狀況表確認為遞延收入，並在有關資產的可用年期內按系統化及合理基準轉撥至損益。

作為已產生開支或虧損的補償或向本集團提供即時財務資助(並無日後相關成本)而可收取的政府補助，乃於其成為可收取的期間在損益中確認。

退休福利成本

向國家管理退休福利計劃(「強積金計劃」)及強制性公積金計劃所作的供款於僱員提供服務而有權獲得有關供款時確認為開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

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

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

3. 主要會計政策(續)

短期及其他長期僱員福利

負債乃就相關服務提供期間的工資及薪金、年假及病假按為交換該項服務而預計將支付的福利的未貼現金額對屬於僱員的福利進行確認。

就短期僱員福利確認的負債乃按為交換相關服務而預計將支付的福利的未貼現金額計量。

稅項

所得稅開支指即期應付稅項與遞延稅項之和。

即期應付稅項根據年內應課稅利潤計算。應課稅利潤與綜合損益表呈報的除稅前利潤不同，原因為其不包括其他年度的應課稅或可扣減收入或開支項目，亦不包括毋須課稅或不可扣減項目。本集團的即期稅項負債採用於各報告期末已實施或實質上已實施的稅率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3. 主要會計政策(續)

稅項(續)

遞延稅項按綜合財務報表內資產及負債的賬面值與計算應課稅利潤所採用的相應稅基之間的暫時性差額確認。所有應課稅的暫時性差額一般確認為遞延稅項負債。所有可扣減的暫時性差額一般確認為遞延稅項資產，惟以有應課稅利潤可用作抵銷可扣減暫時性差額為限。倘暫時性差額因初步確認既不影響應課稅利潤亦不影響會計利潤的交易中資產及負債而產生，則不會確認該等遞延稅項資產及負債。

遞延稅項負債乃就於附屬公司投資產生的應課稅暫時性差額予以確認，惟本集團能夠控制暫時性差額的撥回且暫時性差額於可見未來可能不會撥回則除外。與該等投資相關的可扣減暫時性差額所產生的遞延稅項資產，僅於可能有足夠應課稅利潤可用作抵銷暫時性差額的利益，且暫時性差額預期會於可見未來撥回的情況下，方予以確認。

遞延稅項資產賬面值於各報告期末審閱，並作出扣減，惟以不再可能有足夠應課稅利潤以收回全部或部分資產為限。

遞延稅項資產及負債按預期適用於清償負債或變現資產期間的稅率，根據於報告期末已實施或實質上已實施的稅率(及稅法)計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss.

Property, plant and equipment

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

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

3. 主要會計政策(續)

稅項(續)

遞延稅項負債及資產的計量反映本集團預期於報告期末收回或結算其資產及負債賬面值的方式產生的稅項結果。

即期及遞延稅項於損益確認。

物業、廠房及設備

物業、廠房及設備(包括持有用作生產或供應貨品或服務或作行政用途的樓宇, 不包括下文所述的在建工程)按成本減其後累計折舊及累計減值虧損(如有)於綜合財務狀況表入賬。

折舊乃採用直線法按物業、廠房及設備項目(在建工程除外)的估計可使用年期分配其成本(減去其剩餘價值)確認。估計可使用年期、剩餘價值及折舊方法於各報告期末予以檢討, 並對任何估計變動的影響進行核算。

正在興建作生產、供應或行政用途的物業按成本減任何已確認的減值虧損列賬。成本包括專業費用, 以及(就合資格資產而言)根據本集團會計政策資本化的借款成本。該等物業於竣工及可作擬定用途時被分類為適當類別的物業、廠房及設備。該等資產於其可投入擬定用途時按與其他物業資產相同的基準開始計提折舊。

根據融資租賃持有的資產於預期可使用年期按與自有資產同一基準計提折舊。然而, 倘未能合理確定將於租賃期結束時獲得所有權, 資產將以租賃期或其可使用年期較短者計算折舊。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Investment in a subsidiary

Investment in a subsidiary is stated on the statement of financial position of the Company at cost less accumulated impairment loss.

3. 主要會計政策(續)

物業、廠房及設備(續)

物業、廠房及設備項目乃於出售時或預期不會因持續使用該資產而產生未來經濟利益時終止確認。出售或報廢物業、廠房及設備項目所產生的任何收益或虧損乃按資產的銷售所得款項與其賬面值的差額計算，並於損益確認。

存貨

存貨按成本與可變現淨值兩者間的較低者列賬。存貨成本採用加權平均法計算。可變現淨值為存貨的估計售價減所有估計完成成本及銷售的必要成本。

現金及現金等價物

綜合財務狀況表的銀行結餘及現金包括銀行及手頭現金以及到期日為3個月或以下的短期存款。

就綜合現金流量表而言，現金及現金等價物包括上文定義的銀行結餘及現金。

於一間附屬公司的投資

於一間附屬公司的投資乃按成本值減累計減值虧損在本公司的財務狀況表內呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Under HKFR 9 (Applicable on or after 1 January 2018)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

3. 主要會計政策(續)

財務工具

當一個集團實體成為工具合約條文的訂約方時，金融資產及金融負債會於綜合財務狀況表確認。

金融資產及金融負債初步按公允值計量。收購或發行金融資產及金融負債(按公允值計入損益的金融資產或金融負債除外)直接應佔的交易成本，於初步確認時在金融資產或金融負債(倘適用)公允值中計入或扣除。

根據香港財務報表準則第9號(於2018年1月1日或之後適用)

金融資產

所有常規方式買賣的金融資產概於交易日予以確認及取消確認。常規方式買賣乃指遵循法規或市場慣例在約定時間內交付資產的金融資產買賣。

所有已確認的金融資產，視乎金融資產的分類而定，其後全面按攤銷成本或公允值計量。於初始確認時，金融資產分類取決於金融資產的合約現金流量特點及本集團管理該等金融資產的業務模式。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融資產(續)

按攤銷成本計量之金融資產(債務工具)

本集團僅會於同時符合以下兩項條件的情況下，才會計量其後按攤銷成本計量之金融資產：

- 該財務資產由一個業務模式持有，而持有財務資產之目的為收取合約現金流量；及
- 財務資產的合約條款於指定日期產生的現金流量純粹為支付本金及未償還本金的利息。

按攤銷成本計量的金融資產其後採用實際利率法計量及可能出現減值。

攤銷成本及實際利率法

實際利率法乃計算債務工具攤銷成本及於有關期間分配利息收入之方法。

就購入或源生信貸減值金融資產以外的金融資產(如於初次確認時信貸減值的資產)而言，實際利率乃按債務工具預計存續期或(如適用)較短期間，準確貼現估計未來現金收入(包括構成實際利率不可或缺部分之一切已付或已收費用及點數、交易成本及其他溢價或折讓)(不包括預期信貸虧損)至其初步確認時債務工具之賬面總值之利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments) (continued)

Amortised cost and effective interest method (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income" line item (Note 7).

Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融資產(續)

按攤銷成本計量之金融資產(債務工具)(續)

金融資產的攤銷成本指金融資產於初始確認時計量的金額減去本金還款，加上初始金額與到期金額間的任何差額使用實際利率法計算的累計攤銷(就任何虧損撥備作出調整)。金融資產的賬面總值指金融資產就任何虧損撥備作出調整前的攤銷成本。

就其後按攤銷成本計量的債務工具而言，利息收入採用實際利率法確認。就購買或發起的信貸減值金融資產以外的金融資產而言，利息收入透過對金融資產的賬面總值應用實際利率計算，惟其後出現信貸減值的金融資產除外。

利息收入於損益確認並計入「其他收入」項目(附註7)。

按公允值計入損益之金融資產

不符合按攤銷成本計量或按公允值計入計入其他全面收入計量標準的金融資產按以公允值計入損益計量。

於各報告期末，按公允值計入損益之金融資產按公允值計量，而任何公允值收益或虧損於損益中確認並不屬指定對沖關係。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised costs. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融資產(續)

金融資產減值

本集團就按攤銷成本計量之債券工具投資確認預期信貸虧損之減值準備。預期信貸虧損金額於各報告日期更新，以反映信貸風險自初始確認有關金融票據以來之變動。

本集團一直就應收賬款確認存續期預期信貸虧損。該等金融資產之預期信貸虧損乃基於本集團之過往信貸虧損經驗使用撥備矩陣估計，並就債務人特定因素、整體經濟狀況以及對於報告日期狀況之目前及預測方向(包括金錢時間值，如適用)的評估作出調整。

就所有其他金融工具而言，本集團計量相等於十二個月預期信貸虧損的虧損撥備，除非信貸風險自初始確認以來顯著增加，則本集團確認存續期預期信貸虧損。評估應否確認存續期預期信貸虧損乃視乎自初始確認以來發生違約的可能或風險是否顯著增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial assets (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融資產(續)

信貸風險顯著增加

評估金融工具的信貸風險是否自初始確認以來顯著增加時，本集團比較於報告日期金融工具發生違約的風險與於初始確認日期金融工具發生違約的風險。作出該評估時，本集團考慮合理可作為依據的定量及定性資料，包括毋須付出不必要成本或資源獲得的過往經驗及前瞻資料。

具體而言，評估信貸風險自初始確認以來曾否顯著增加時考慮下列資料：

- 金融工具的外部(如有)或內部信貸評級實際或預期嚴重轉差；
- 業務、財務或經濟狀況的現存或預計不利變動預期會導致債務人履行其債務責任的能力大幅下降；
- 債務人經營業績的實際或預期顯著惡化；
- 同一債務人的其他金融工具的信貸風險顯著增加；
- 債務人的監管、經濟或技術環境實際或預期出現重大不利變動而導致債務人履行其債務責任的能力大幅下降。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

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

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融資產(續)

信貸風險顯著增加(續)

不論上述評估結果如何，本集團假設當合約付款逾期超過30日時，金融工具的信貸風險已自初始確認以來顯著增加，除非本集團有合理可作為依據的資料顯示並非如此則作別論。

儘管上文所述，本集團假設倘金融工具釐定為於報告日期具有低信貸風險，則金融工具的信貸風險自初始確認以來並無顯著增加。倘屬以下情況，金融工具釐定為具有低信貸風險：(i)金融工具具有低違約風險(即並無違約記錄)，(ii)借款人於短期內具備雄厚實力履行其合約現金流量責任及(iii)長期經濟及業務狀況的不利變動可能但不一定削減借款人履行其合約現金流量責任的能力。本集團認為，若根據眾所周知的定義，資產的外部信貸測評為「投資級」，則該金融資產具有較低信貸風險，或倘不可獲得外部評級，該項資產具有內部評級「履約級」。履約級指交易對手方具有強勁的財務狀況且並無預期款項。

本集團定期監察用以確定信貸風險曾否顯著增加的標準的成效，並於適當時候作出修訂，從而確保有關標準能夠於款項逾期前確定信貸風險顯著增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial assets (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the debtor will undergo bankruptcy or other financial restructuring; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融資產(續)

違約的定義

本集團認為以下情況就內部信貸風險管理目的而言構成違約事件，因為過往經驗表明符合以下任何一項條件的應收款項一般無法收回：

- 債務人違反財務契諾；或
- 內部產生或獲取自外部來源的資料表明，債務人不太可能向債權人(包括本集團)全額還款(不考慮本集團持有的任何抵押品)。

本集團認為，倘金融資產逾期超過90天，則發生違約事件，除非本集團具有說明更寬鬆的違約標準更為合適的合理可靠資料，則作別論。

信貸減值金融資產

當發生對金融資產的估計未來現金流產生不利影響的一件或多件事件之時，該金融資產即出現信貸減值。金融資產信貸減值的證據包括以下事件的可觀察數據：

- 債務人出現重大財務困難；
- 違反合約，例如違約或逾期事件；
- 債務人可能破產或進行其他財務重組；或
- 因財務困難令該項資產失去活躍市場。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial assets (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融資產(續)

撇銷政策

當有資料顯示債務人陷入嚴重財困，且並無實際收回的可能之時(例如交易對手已清算或進入破產程序)，本集團會撇銷金融資產。已撇銷的金融資產仍可根據本集團的收回程序實施強制執行，在適當情況下考慮法律意見。任何收回款項會於損益中確認。

預期信貸虧損之計量及確認

預期信貸虧損的計量為違約概率、違約損失率(即違約時的損失程度)及違約風險暴露的函數。評估違約概率及違約損失率的依據是過往數據，並按前瞻性資料調整。而金融資產的違約風險暴露則由資產於報告日期的賬面總值代表。

就金融資產而言，預期信貸虧損乃根據合約應付本集團之所有合約現金流與本集團可望收取之現金流(按最初實際利率折讓)兩者間之差額作出估計。

倘本集團於上個報告期間以相等於可使用年期預期信貸虧損的金額計量一項財務工具的虧損撥備，但於本報告日期釐定該可使用年期預期信貸虧損的條件不再符合，則本集團於本報告日期按相等於12個月預期信貸虧損的金額計量虧損撥備，惟使用簡化法的資產除外。

本集團於損益確認所有金融工具之減值收益或虧損時，會透過虧損撥備賬對其賬面值進行相應調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融資產(續)

終止確認金融資產

僅於資產現金流量的合約權利屆滿時，或將金融資產所有權的絕大部分風險及回報轉讓予另一方時，本集團方會取消確認金融資產。倘本集團並未轉讓亦未保留所有權的絕大部分風險及回報，並繼續控制已轉讓資產，則本集團於其須支付相關款項的資產及相關負債中確認其保留權益。倘本集團保留已轉讓金融資產所有權的絕大部分風險及回報，則本集團繼續確認該金融資產並亦確認已收所得款項的有抵押借款。

於終止確認按攤銷成本計量的金融資產時，該資產賬面值與已收及應收代價總額的差額於損益內確認。

金融負債及權益工具

分類為債務或權益

集團實體發行的債務及權益工具乃根據合約安排的實質內容及金融負債及權益工具的定義分類為金融負債或權益。

權益工具

權益工具乃證實扣除集團實體所有負債後其資產的剩餘權益的任何合約。集團實體發行之權益工具按已收所得款項扣除直接發行成本入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKFR 9 (Applicable on or after 1 January 2018) (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. 主要會計政策(續)

財務工具(續)

根據香港財務報表準則第9號(於2018年1月1日或之後適用)(續)

金融負債及權益工具(續)

金融負債

所有金融負債其後使用實際利率法按攤銷成本計量。

其後按攤銷成本計量的金融負債

並非(i)收購人於業務合併中的或然代價，(ii)持作買賣，或(iii)指定為按公允值計入損益的金融負債其後使用實際利率法按攤銷成本計量。

實際利率法為計算金融負債的攤銷成本以及分配相關期間的利息開支之方法。實際利率乃於按金融負債的預期可使用年期或適用的較短期間內確切貼現估計未來現金款項(包括構成實際利率不可或缺部分的所有已付或已收費用及點數、交易成本及其他溢價或貼現)至金融負債攤銷成本的利率。

終止確認金融負債

本集團僅會於本集團責任遭解除、註銷或屆滿時終止確認財務負債。已終止確認之財務負債賬面值與已付及應付代價(包括任何已轉讓非現金資產或所承擔的負債)之差額於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKAS 39 (applicable before 1 January 2018)

Financial assets

The Group's financial assets are classified into loans and receivables and AFS financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, bills receivables, deposits and other receivables, pledged bank deposits, deposits with bank and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. 主要會計政策(續)

財務工具(續)

根據香港會計政策第39號(於2018年1月1日之前適用)

金融資產

本集團的金融資產分類為貸款及應收款項以及可供出售金融資產。金融資產的分類取決於其性質及用途並在初步確認時予以確定。所有以常規途徑買賣的金融資產乃按交易日期基準確認及終止確認。常規途徑買賣乃要求於市場法規或慣例所確定的時間框架內交付資產的金融資產買賣。

實際利率法

實際利率法為計算債務工具攤銷成本及於有關期間分配利息收入的方法。實際利率為將估計日後現金收入(包括所付或所收構成實際利率組成部分的所有費用、交易成本及其他溢價或折讓)按債務工具預期年期或較短期間(倘適用)準確貼現至初步確認時賬面淨值的利率。

就債務工具而言，利息收入按實際利率法確認。

貸款及應收款項

貸款及應收款項為具有固定或可釐定付款的非衍生金融資產，該等資產於活躍市場上並無報價。於初步確認後，貸款及應收款項(包括應收賬款、應收票據、按金及其他應收款項、已抵押銀行存款、銀行存款以及銀行結餘及現金)乃使用實際利率法按攤銷成本減任何已識別減值虧損(見下文有關金融資產減值虧損的會計政策)入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKAS 39 (applicable before 1 January 2018) (continued)

Financial assets (continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Debt securities held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. 主要會計政策(續)

財務工具(續)

根據香港會計政策第39號(於2018年1月1日之前適用)(續)

金融資產(續)

可供出售金融資產

可供出售金融資產為指定為可供出售或並非分類為按公允值計入損益之金融資產之非衍生工具、貸款及應收款項或持至到期投資。

本集團所持有分類為可供出售金融資產之債務證券於各報告期末按公允值計量。當有關投資被出售或釐定為已減值時，先前於投資重估儲備中累計的累計收益或虧損重新分類至損益(見下文有關金融資產減值虧損之會計政策)。

金融資產減值虧損

在各報告期末會評估金融資產(按公允值計入損益的金融資產除外)是否有任何減值跡象。倘有客觀證據顯示，由於一宗或多宗於初始確認金融資產後發生的事件，金融資產的估計未來現金流受到影響，則金融資產會視為已減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKAS 39 (applicable before 1 January 2018) (continued)

Financial assets (continued)

Impairment loss on financial assets (continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will undergo bankruptcy or financial restructuring; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade, bills and other receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 15 to 180 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

3. 主要會計政策(續)

財務工具(續)

根據香港會計政策第39號(於2018年1月1日之前適用)(續)

金融資產(續)

金融資產減值虧損(續)

減值的客觀證據可能包括：

- 發行人或交易對手方出現嚴重財務困難；或
- 違反合約，例如欠繳或拖欠利息及本金付款；或
- 借款人很有可能將宣告破產或進行財務重組；或
- 該金融資產的活躍市場因財政困難而消失。

就若干類別的金融資產而言(如應收賬款、票據及其他應收款項)，經評估並無個別減值的資產其後會再次整體評估有否減值。應收款項組合減值的客觀證據可包括本集團的過往收款經驗，組合內超過平均信貸期15至180日仍未付款的款項增加以及全國或地方經濟狀況出現與拖欠應收款項有關的明顯變化。

就按攤銷成本入賬的金融資產而言，已確認減值虧損金額為資產賬面值與按金融資產原實際利率貼現的估計未來現金流現值間的差額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKAS 39 (applicable before 1 January 2018) (continued)

Financial assets (continued)

Impairment loss on financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade, bills and other receivables, where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade, bills or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策(續)

財務工具(續)

根據香港會計政策第39號(於2018年1月1日之前適用)(續)

金融資產(續)

金融資產減值虧損(續)

就所有金融資產而言，金融資產的賬面值直接按減值虧損扣減，惟應收賬款、票據及其他應收款項的賬面值乃透過使用撥備賬扣減。撥備賬的賬面值變動於損益確認。倘應收賬款、票據或其他應收款項被認為不可收回，則於相應的撥備賬撇銷。其後收回的過往撇銷款項計入損益內。

當可供出售金融資產被視為已減值時，先前於其他全面收益確認之累計收益或虧損乃於發生減值之期間重新分類至損益。

就可供出售債務投資而言，倘投資之公允價值增加在客觀上與確認減值虧損後發生之事件有關，則減值虧損其後於損益予以撥回。

就按攤銷成本計量的金融資產而言，倘於往後期間，減值虧損金額減少，而該減少可客觀地與確認減值虧損後發生的事件有關，則先前確認的減值虧損透過損益撥回，惟該資產於撥回減值日期的賬面值不得超過在並無確認減值情況下應有的攤銷成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKAS 39 (applicable before 1 January 2018) (continued)

Financial liabilities and equity instruments

Debts and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities are classified into other financial liabilities.

Other financial liabilities

Other financial liabilities including trade payables, bills payables, other payables and accruals, bank borrowings and corporate bond are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

3. 主要會計政策(續)

財務工具(續)

根據香港會計政策第39號(於2018年1月1日之前適用)(續)

金融負債及權益工具

集團實體發行的債務及權益工具按合約安排內容以及金融負債與權益工具的定義分類為金融負債或權益。

本集團的金融負債分類為其他金融負債。

其他金融負債

其他金融負債(包括應付賬款、應付票據、其他應付款項及預提費用、銀行借款及公司債券)其後使用實際利率法按攤銷成本計量。

實際利率法

實際利率法為計算金融負債攤銷成本及按有關期間分配利息開支的方法。實際利率為將估計日後現金付款(包括已付或已收構成實際利率組成部分的所有費用及點子、交易成本及其他溢價或折讓)按金融負債的預期使用年期或較短期間(倘適用)實際貼現至初步確認時賬面淨值的利率。

利息開支按實際利率基準確認。

權益工具

權益工具為證明實體資產扣除全部負債後剩餘權益的任何合約。集團實體發行的權益工具按已收所得款項扣除直接發行成本確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Under HKAS 39 (applicable before 1 January 2018) (continued)

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 主要會計政策(續)

財務工具(續)

根據香港會計政策第39號(於2018年1月1日之前適用)(續)

終止確認

本集團僅在自資產收取現金流量的合約權利屆滿，或其轉讓金融資產以及該資產所有權的絕大部分風險及回報至另一實體時終止確認金融資產。倘本集團既無轉讓亦無保留所有權的絕大部分風險及回報而繼續控制已轉讓資產，則本集團將確認其於資產的保留權益及可能需要支付的相關負債款項。倘本集團保留已轉讓金融資產所有權的絕大部分風險及回報，則本集團繼續確認金融資產，亦會確認已收所得款項的有抵押借款。

於全面終止確認金融資產時，該資產賬面值與已收及應收代價及已於其他全面收入內確認並於權益累計的累計收益或虧損的總和兩者間的差額於損益內確認。

本集團在且僅在其責任獲解除、註銷或到期時終止確認金融負債。終止確認的金融負債的賬面值與已付及應付代價的差額於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generation units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. 主要會計政策(續)

有形資產減值虧損

於報告期末，本集團檢討其有形資產賬面值，以確定是否有任何跡象顯示該等資產已產生減值虧損。倘存在任何有關跡象，則會估計資產的可收回金額以確定減值虧損(如有)程度。如果無法估計單個資產的可收回金額，本集團會估計該資產所屬的現金產出單元的可收回金額。如果可以識別一個合理和一致的分配基準，企業資產亦會分配至單個現金產出單元，否則會按能識別的、合理且一致的基準分配至最小的現金產出單元組合。

可收回金額是指公允值減去出售費用後的餘額與使用價值兩者間的較高者。在評估使用價值時，估計未來現金流會採用稅前貼現率貼現為現值，該稅前貼現率應反映當前市場對貨幣時間價值的評估及該資產特有的風險(未就此調整估計未來現金流者)。

倘估計資產(或現金產出單元)的可收回金額低於其賬面值，則資產(或現金產出單元)的賬面值將調低至其可收回金額。減值虧損即時於損益確認。

倘減值虧損於其後撥回，資產(或現金產出單元)的賬面值將調升至其經修訂的估計可收回金額，惟調升後的賬面值不得超過倘該資產(或現金產出單元)在過往年度並無確認減值虧損時原應確認的賬面值。減值虧損撥回即時確認為收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development expenditure

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

Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories and value in use of property, plant and equipment for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

- | | | |
|---------|---|---|
| Level 1 | – | Quoted (unadjusted) market prices in active markets for identical assets or liabilities. |
| Level 2 | – | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. |
| Level 3 | – | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. |

At the end of the reporting period, the Group determines whether transfer occurs between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

3. 主要會計政策(續)

研發開支

研究活動開支於其產生期間確認為開支。

公允值計量

於計量公允值時(本集團的租賃交易、存貨可變現淨值及評估減值所用物業、廠房及設備價值除外)，本集團會考慮市場參與者於計量日對資產或負債定價時所考慮的資產或負債特點。

計量非金融資產公允值時，須考慮市場參與者藉資產的最高及最佳用途所得經濟效益、或售予另一以最高及最佳用途使用資產的市場參與者所得經濟效益。

本集團所用的估值方法，務求切合情況，且有充足數據用以計量公允值，盡量使用相關可觀察輸入數據，而盡量避免不可觀察輸入數據。具體而言，本集團按輸入數據特性將公允值計量分成如下三級：

- | | | |
|-----|---|--|
| 第一級 | – | 就相同資產或負債於活躍市場的市場報價(未經調整)。 |
| 第二級 | – | 以對公允值有重大影響，而可直接或間接觀察的最低輸入數據，作為估值技術的基礎。 |
| 第三級 | – | 以對公允值有重大影響，而不可觀察的最低層輸入數據，作為估值技術的基礎。 |

於報告期末，以公允值定期計量的資產及負債，本集團檢視其各自所計得公允值，以釐定其公允值層級間有否劃撥。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Principal versus agent consideration

The Group engages in trading of high-tech electronic components and products. Upon application of HKFRS 15, the Group reassessed whether the Group should continue to recognise revenue on gross basis based on the requirements in HKFRS 15. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk and discretion in establishing selling prices of the goods.

4. 關鍵會計判斷及估計不確定因素的主要來源

應用附註3所述本集團的會計政策時，本公司董事須就綜合財務報表中的資產及負債、收益及開支賬面值呈報金額及披露作出判斷、估計及假設。估計及相關假設乃以過往經驗及認為相關的其他因素為基礎。實際結果可能有別於該等估計。

估計及相關假設會持續予以檢討。倘會計估計修訂僅影響修訂估計期間，則修訂只會於該期間確認，或倘修訂同時影響現時及未來期間，則會在修訂期間及未來期間確認。

應用會計政策時的關鍵判斷

以下為除涉及估計(見下文)之外的關鍵判斷，即本公司董事在應用本集團會計政策過程中作出及對該等於綜合財務報表內已確認金額及所作披露具有最大影響的判斷。

主體與代理考慮事項

本集團從事高科技電子零部件及產品貿易。於應用香港財務報告準則第15號後，本集團重新評估其是否應繼續根據香港財務報告準則第15號的規定按總額基準確認收益。經考慮本集團主要負責履行提供貨品的承諾等指標後，本集團認為其為該等交易的主體，原因為本集團在特定貨品轉讓予客戶之前對該等貨品進行控制。本集團在確定貨品的售價時面臨存貨風險及擁有酌情權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

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

Estimated allowance for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price for inventories, less all the estimated costs of completion and costs necessary to make the sales. The management reviews the inventory ageing listing on a periodic basis for those aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the consolidated financial statements for any obsolete and slow moving items. Although the Group carried periodic review on the net realisable value of inventory, the actual realisable value of inventory is not known until the sale was concluded. As at 31 December 2018, the carrying amount of inventories of the Group was HK\$188,406,000 (2017: HK\$207,631,000).

Estimated impairment of trade receivables

The impairment of trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss. As at 31 December 2018, the carrying amount of trade receivables of the Group was HK\$409,549,000 (2017: HK\$392,747,000).

4. 關鍵會計判斷及估計不確定因素的主要來源(續)

估計不確定因素的主要來源

以下為與未來有關且具重大風險使下個財政年度的資產及負債賬面值出現重大調整的主要假設及於報告期末估計不確定因素的其他主要來源。

估計存貨撥備

存貨按成本與可變現淨值兩者間的較低者列賬。可變現淨值為存貨的估計售價減所有估計完成成本及銷售的必要成本。管理層定期檢視存貨賬齡清單，以識別出陳舊存貨。此涉及將陳舊存貨項目之賬面值與各自的可變現淨值互相比較，以確定是否需要在綜合財務報表中就任何陳舊及滯銷存貨作出撥備。雖然本集團定期檢視存貨之可變現淨值，但存貨的實際可變現價值要待銷售敲定時才能得知。於2018年12月31日，本集團的存貨賬面值為188,406,000港元(2017年：207,631,000港元)。

應收賬款估計減值

應收賬款的減值乃根據有關預期信貸虧損的假設作出。本集團在作出該等假設及選擇減值計算的輸入數據時，乃根據個人應收賬款未清償的天數以及本集團於報告期末的歷史經驗及前瞻性資料作出判斷。該等假設及估計的變動或會對評估結果產生重大影響，及可能需於綜合損益表中作出額外減值撥備。於2018年12月31日，本集團的應收賬款賬面值為409,549,000港元(2017年：392,747,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and future period. As at 31 December 2018, the carrying values of property, plant and equipment of the Group were HK\$245,008,000 (2017: HK\$245,238,000), net of accumulated depreciation of HK\$293,567,000 (2017: HK\$266,922,000).

Estimated impairment of property, plant and equipment

The Group determines whether the property, plant and equipment are impaired whenever there is indication of impairment presented. The impairment loss for property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates such as future revenue and discount rates. As at 31 December 2018, the carrying values of property, plant and equipment of the Group were HK\$245,008,000 (2017: HK\$245,238,000), net of accumulated impairment loss of HK\$12,988,000 (2017: HK\$13,614,000).

4. 關鍵會計判斷及估計不確定因素的主要來源(續)

估計不確定因素的主要來源(續)

物業、廠房及設備折舊

物業、廠房及設備按直線法於其估計可使用年期計提折舊。可使用年期的釐定涉及管理層的估計。本集團每年評估物業、廠房及設備的可使用年期，假如預期與原有估計有差異，則可能影響該年度及將來期間的折舊。於2018年12月31日，本集團的物業、廠房及設備賬面值為245,008,000港元(2017年：245,238,000港元)，扣除累計折舊293,567,000港元(2017年：266,922,000港元)。

物業、廠房及設備估計減值

本集團於出現減值跡象時便會釐定物業、廠房及設備是否減值。物業、廠房及設備的減值虧損根據本集團的會計政策，就賬面值超出其可收回金額的數額而確認。物業、廠房及設備的可收回金額按使用價值計算法釐定。該等計算須對未來收益及貼現率作出判斷及估計。於2018年12月31日，本集團的物業、廠房及設備賬面值為245,008,000港元(2017年：245,238,000港元)，扣除累計減值虧損12,988,000港元(2017年：13,614,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Deferred tax assets

Deferred tax assets are recognized for certain deductible temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. As at 31 December 2018, the carrying values of deferred tax assets of the Group were HK\$8,142,000 (2017: HK\$6,586,000), further details of which are disclosed in Note 27.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consist of net debt (which includes bank borrowings, obligations under finance leases, corporate bond, net of pledged bank deposits, deposits with bank and bank balances and cash) and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or the redemption of borrowings.

4. 關鍵會計判斷及估計不確定因素的主要來源(續)

遞延稅項資產

會就若干可扣減暫時性差額確認遞延稅項資產。在釐定可確認遞延稅項資產的金額時，需要根據未來應課稅利潤可能發生的時間與金額作出重大管理判斷。於2018年12月31日，本集團的遞延稅項資產賬面值為8,142,000港元(2017年：6,586,000港元)，其進一步詳情披露於附註27。

5. 資本風險管理

本集團的資本管理旨在確保本集團內所有實體均可持續經營，同時透過優化債務及權益結餘，竭力為股東帶來最大回報。本集團的整體策略與往年相比保持不變。

本集團的資本架構由債務淨額(包括銀行借款、融資租賃債項、公司債券，扣除已抵押銀行存款、銀行存款及銀行結餘及現金)以及本公司擁有人應佔權益(包括已發行股本及儲備)組成。

本公司董事定期檢討資本結構，當中涉及考慮資本成本及與各類資本相關的風險。本集團將透過派付股息、發行新股，以及發行新債或贖回借款以平衡其整體資本結構。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

6. 財務工具

財務工具的類別

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Financial assets	金融資產		
Financial assets at FVTPL	按公允值計入損益之金融資產		
– Financial assets mandatory measured at FVTPL	– 強制按公允值計入損益計量之金融資產	152,967	–
AFS investment	可供出售投資	–	23,926
Amortised cost/loans and receivables (including bank balances and cash)	攤銷成本／貸款及應收款項 (包括銀行結餘及現金)	778,330	901,253
		931,297	925,179
Financial liabilities	金融負債		
Amortised cost	攤銷成本	773,804	880,214

Financial risk management objectives and policies

The Group's major financial instruments include unlisted funds investments, trade receivables, bills receivables, deposits and other receivables, available-for-sale investment, pledged bank deposits, deposits with bank, bank balances and cash, trade payables, bills payables, other payables and accruals, obligations under finance leases, bank borrowings and corporate bond. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

財務風險管理目標及政策

本集團的主要財務工具包括非上市基金投資、應收賬款、應收票據、按金及其他應收款項、可供出售投資、已抵押銀行存款、銀行存款、銀行結餘及現金、應付賬款、應付票據、其他應付款項及預提費用、融資租賃債項、銀行借款及公司債券。該等金融工具的詳情披露於相關附註。與該等金融工具有關的風險包括市場風險(貨幣風險及利率風險)、信貸風險及流動資金風險。降低該等風險的政策載於下文。管理層管理及監察該等風險，以確保及時及有效地採取適當措施。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

Currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. During the year ended 31 December 2018, approximately 5% (2017: approximately 5%) of the Group's sales are denominated in United States dollars ("US\$") and approximately 11% (2017: approximately 12%) of total cost of sales are denominated in US\$ which are different from the functional currencies of the group entities carrying out the transactions.

Also, certain trade, bills and other receivables, cash and bank balances, trade, bills and other payables and bank borrowings are denominated in RMB, US\$, HK\$, Japanese Yen ("JPY") and other currencies which are currencies other than the functional currency of the relevant group entities. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Assets 資產		Liabilities 負債	
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
RMB	人民幣	384	4,849	-	-
US\$	美元	34,988	24,152	83,724	31,938
HK\$	港元	523	12,117	689	777
JPY	日圓	-	-	3,098	2,549

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

6. 財務工具(續)

財務風險管理目標及政策(續)

市場風險

貨幣風險

本集團有外幣銷售及採購活動，令本集團面對外幣風險。截至2018年12月31日止年度，本集團約5% (2017年：約5%) 的銷售額以美元(「美元」)列值及約11% (2017年：約12%) 的總銷售成本以美元列值，與集團實體進行交易的功能貨幣不同。

此外，若干應收賬款、應收票據及其他應收款項、現金及銀行結餘、應付賬款、應付票據及其他應付款項以及銀行借款以人民幣、美元、港元、日圓(「日圓」)及相關集團實體功能貨幣以外的其他貨幣列值。本集團於報告期末以外幣計值貨幣資產及貨幣負債的賬面值如下：

本集團現時並無外幣對沖政策。然而，本公司董事持續監管有關外幣匯兌風險，並將於需要時考慮對沖重大外幣風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to RMB, US\$, HK\$ and JPY.

The following table details the Group's sensitivity to a 5% increase or decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% (2017: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% (2017: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in post-tax profit where the respective functional currencies strengthen by 5% (2017: 5%) against the relevant currency. For a 5% (2017: 5%) weakening of the respective functional currencies against the relevant foreign currency, there would be an equal and opposite impact on the profit.

6. 財務工具(續)

財務風險管理目標及政策(續)

市場風險(續)

貨幣風險(續)

敏感度分析

本集團主要面對人民幣、美元、港元及日圓的風險。

下表詳列本集團有關集團實體的功能貨幣兌相關外幣上升或下跌5%的敏感度。5% (2017年：5%)為內部向主要管理人員報告外匯風險所使用的敏感比率，代表管理層對外幣匯率合理可能變動的評估。敏感度分析僅包括尚未處理並以外幣列值的貨幣項目，並就匯率變動5%(2017年：5%)而對於各報告期末的換算作出調整。下文所列的正(負)數顯示倘各自功能貨幣兌相關外幣升值5%(2017年：5%)時除稅後利潤增加(減少)。倘各自功能貨幣兌相關外幣貶值5%(2017年：5%)，將對利潤構成相等金額的相反影響。

		2018 2018年 HK\$'000 千港元		2017 2017年 HK\$'000 千港元	
Impact on profit for the year	對年度利潤影響				
RMB	人民幣	(i)	(16)		(202)
US\$	美元	(ii)	2,031		303
HK\$	港元	(iii)	7		(482)
JPY	日圓	(iv)	129		108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

- (i) This is mainly attributable to the exposure to bank balances and cash and trade receivables denominated in RMB at the end of the reporting period.
- (ii) This is mainly attributable to exposure to bank balances and cash, pledge bank deposits, trade receivables, trade and bills payables and bank borrowings denominated in US\$ at the end of the reporting period.
- (iii) This is mainly attributable to exposure to bank balances, trade receivables and trade payables denominated in HK\$ at the end of the reporting period.
- (iv) This is mainly attributable to exposure to trade payables denominated in JPY at the end of the reporting period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to, fixed-rate pledged bank deposits and deposits with bank (see Note 22), fixed-rate bank borrowings (see Note 25) and fixed-rate obligations under finance leases (see Note 26). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances (see Note 22) and variable-rate bank borrowings (see Note 25). It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

6. 財務工具(續)

財務風險管理目標及政策(續)

市場風險(續)

貨幣風險(續)

敏感度分析(續)

- (i) 此乃主要歸因於報告期末以人民幣計值的銀行結餘及現金以及應收賬款所面對的風險。
- (ii) 此乃主要歸因於報告期末以美元計值的銀行結餘及現金、已抵押銀行存款、應收賬款、應付賬款及應付票據以及銀行借款所面對的風險。
- (iii) 此乃主要歸因於報告期末以港元計值的銀行結餘、應收賬款及應付賬款所面對的風險。
- (iv) 此乃主要歸因於報告期末以日圓計值的應付賬款所面對的風險。

利率風險

本集團承受與固定利率已抵押銀行存款及銀行存款(見附註22)、固定利率銀行借款(見附註25)及固定利率融資租賃債項(見附註26)有關的公允值利率風險。本集團現時並無利率對沖政策。然而,管理層監管利率風險,並將於預見重大利率風險時,考慮採取其他必要行動。

本集團承受與浮動利率已抵押銀行存款及銀行結餘(見附註22)及浮動利率銀行借款(見附註25)有關的現金流量利率風險。本集團的政策為將借款按浮動利率計息以盡量減低公允值利率風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR")/ London Interbank Borrowing Rate ("LIBOR") arising from the Group's Hong Kong dollars denominated borrowings and the fluctuation of the rate offered by the People's Bank of China ("PBOC rate") and Loan Prime Rate ("LPR") arising from the Group's Renminbi denominated borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount of assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point (2017: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2017: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would decrease/increase by HK\$439,000 (2017: post-tax profit decrease/increase by HK\$641,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

6. 財務工具(續)

財務風險管理目標及政策(續)

市場風險(續)

利率風險(續)

本集團金融負債所承受的利率風險於本附註流動資金風險管理一節詳述。本集團的現金流量利率風險主要集中於由本集團以港元計值的借款產生的香港銀行同業拆息利率(「香港銀行同業拆息利率」)/倫敦銀行同業拆息利率(「倫敦銀行同業拆息利率」)波動以及由本集團以人民幣計值的借款產生的中國人民銀行利率(「中國人民銀行利率」)及最優惠貸款利率(「最優惠貸款利率」)波動。

敏感度分析

以下敏感度分析根據於報告期末非衍生工具的利率風險釐定。有關分析假設於報告期末尚未償還的資產及負債金額於整個年度均未償還。在內部向主要管理人員報告利率風險時，50個基點(2017年：50個基點)上升或下降代表管理層對利率合理可能變動的評估。

倘利率上升/下降50個基點(2017年：50個基點)，而所有其他可變因素均維持不變，本集團截至2018年12月31日止年度的除稅後利潤將減少/增加439,000港元(2017年：除稅後利潤減少/增加641,000港元)，主要歸因於本集團就其浮動利率銀行借款面臨現金流量利率風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of our Group mainly arises from bank balances, pledged bank deposits, deposits with bank, trade receivables, bills receivables and deposits and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

As at 31 December 2017, impairment loss was recognised when there was objective evidence of impairment loss.

Starting from 1 January 2018, for trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL for customers with long relationship and significant balances on an individual basis and for the remaining balances, collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For bills receivable and deposits and other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

6. 財務工具(續)

財務風險管理目標及政策(續)

信貸風險

於2018年12月31日，本集團因交易對手方未能履行責任，而將導致本集團蒙受財務虧損的最高信貸風險，乃因綜合財務狀況表所列有關已確認金融資產的賬面值而產生。

本集團的信貸風險主要來自銀行結餘、已抵押銀行存款、銀行存款、應收賬款、應收票據及按金以及其他應收款項。本集團就金融資產面臨的最大信貸風險為該等結餘的賬面值。

為盡量降低信貸風險，本集團管理層已委派一組人員負責制訂信貸限額、信貸審批及其他監控措施，以確保採取跟進措施收回逾期未付的債項。

於2017年12月31日，當存在減值虧損客觀憑證時確認減值虧損。

自2018年1月1日起，就應收賬款而言，本集團已應用香港財務報告準則第9號的簡化法計量存續期預期信貸虧損的虧損撥備。本集團基於過往信貸虧損經驗及債務人經營所在行業的一般經濟狀況，就具有長期關係及涉及重大結餘的客戶個別確定及就剩餘結餘使用撥備矩陣共同確定預期信貸虧損。就此而言，本公司董事認為，本集團的信貸風險已顯著降低。

就應收票據、存款及其他應收款項而言，本集團已對自初始確認以來信貸風險是否有顯著增加作出評估。倘信貸風險顯著增加，本集團將以存續期而非12個月的預期信貸虧損來計量虧損撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. In particular, the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked a team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

6. 財務工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

由於交易對手方為獲國際信貸評級機構給予高信貸評級的銀行，故流動資金的信貸風險有限。

本集團於初始確認資產時考慮違約的可能性，也評估報告期內信貸風險是否會持續顯著增加。在評估信貸風險是否顯著增加時，本集團將資產於報告期內發生違約的可能性與初始確認之日發生違約的可能性進行比較，同時也考慮可獲得的合理及有依據的前瞻性資料。特別是結合了以下指標：

- 內部信貸評級
- 業務、財務或經濟狀況的實際或預計發生重大不利變動而預期導致債務人償還債務的能力產生重大變動
- 債務人預期表現及行為發生重大變化，包括本集團債務人付款情況的變動及債務人營運業績變動。

本集團面臨之信貸風險

為將信貸風險降至最低，本集團已設立團隊制定及維持本集團的信貸風險評級，以根據其違約風險的程度對風險敞口進行分類。管理層使用其他公開財務資料及本集團的自有交易記錄對其主要客戶及其他債務人進行評級。本集團的風險及其交易對手方的信貸評級將被持續監控，並將所完成交易的總值分攤至經批准的交易對手方。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk (continued)

The Group's current credit risk grading framework comprises the following categories:

Category 類別	Description 描述	Basis for recognising ECL 確認預期信貸虧損的基準
Performing 履約	For financial assets where there has been low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1) 就違約風險較低且於初始確認以來信貸風險並無顯著增加及並無出現信貸減值的金融資產(指第一階段)	12-month ECL 12個月預期信貸虧損
Doubtful 存疑	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2) 就於初始確認以來信貸風險顯著增加但並無出現信貸減值的金融資產(指第二階段)	Lifetime ECL – not credit impaired 存續期預期信貸虧損 – 並無出現信貸減值
Default 違約	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3) 當發生會對該資產估計未來現金流量造成不利影響的一項或多項事件，則金融資產會被評定為出現信貸減值(指第三階段)	Lifetime ECL – credit impaired 存續期預期信貸虧損 – 出現信貸減值
Write-off 撇銷	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有證據顯示債務人陷入嚴重的財務困難且本集團不認為日後可收回有關款項	Amount is written off 撇銷有關金額

The tables below detail the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

6. 財務工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

本集團面臨之信貸風險(續)

本集團目前之信貸風險評級框架包括以下類別：

下表詳述按信貸風險評級劃分之本集團金融資產之信貸質素以及本集團面臨之最大信貸風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk (continued)

31 December 2018	Notes	Internal credit rating	12-month or lifetime ECL 12個月或存續期 預期信貸虧損	Gross carrying amount	Loss allowance	Net carrying amount
2018年12月31日	附註	內部信貸評級	預期信貸虧損	賬面總值 HK\$ 港元	虧損撥備 HK\$ 港元	賬面淨值 HK\$ 港元
Trade receivables 應收賬款	18	(Note) (附註)	Lifetime ECL (simplified approach) 存續期預期信貸虧損 (簡化法)	439,204	(29,655)	409,549
Bills receivables 應收票據	18	Performing 履約	12-month ECL 12個月預期信貸虧損	102,036	-	102,036
Deposits and other receivables 按金及其他應收款項	19	Performing 履約	12-month ECL 12個月預期信貸虧損	34,388	(1,532)	32,856
				(31,187)		

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on trade receivables individually and collectively by using a provision matrix, estimated based on historical credit loss experience and the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 18 includes further details on the loss allowance for these assets.

The Group has concentration of credit risk as 71% (31 December 2017: 47%) of the total trade receivables was due from the Group's five largest customers.

6. 財務工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

本集團面臨之信貸風險(續)

附註：就應收賬款而言，本集團應用香港財務報告準則第9號的簡化法計量存續期內預期信貸虧損的虧損撥備。本集團通過使用撥備矩陣個別及共同釐定應收賬款的預期信貸虧損，及根據債務人的歷史信貸虧損經驗及過往逾期狀況作出估計，並作出適當調整以反映當前狀況及未來經濟狀況的估計。附註18載有該等資產虧損撥備的進一步詳情。

由於本集團應收本集團五大客戶的款項佔總應收賬款的71% (2017年12月31日：47%)，故面對集中的信貸風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2018, the Group has available unutilised trade financing and bank loan facilities of HK\$221,911,000 (2017: HK\$452,058,000), details of which are set out in Note 25(e).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivatives financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

6. 財務工具(續)

財務風險管理目標及政策(續)

流動資金風險

就管理流動資金風險而言，本集團監察及維持管理層認為足夠撥付本集團業務的現金及現金等價物水平，以及減低現金流量波動的影響。管理層監控銀行借款的使用情況，以及確保遵守貸款契諾。

本集團依賴銀行借款作為流動資金的主要來源。於2018年12月31日，本集團擁有可用的未動用貿易融資及銀行貸款融資221,911,000港元(2017年：452,058,000港元)。有關詳情載於附註25(e)。

下表詳列本集團非衍生金融負債的剩餘合約期。下表根據金融負債的未貼現現金流量編製，並按本集團可能須付款的最早日日期分類。具體而言，含有須按要求償還條款的銀行貸款計入最早時間段，而不論銀行是否可能選擇行使彼等的權利。其他非衍生金融負債的到期日根據協定償還日期編製。下表包括利息及本金現金流量。倘利息流為浮動利率，則非貼現金額以各報告期末的利率曲線計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

6. 財務工具(續)

財務風險管理目標及政策(續)

流動資金風險(續)

		As at 31 December 2018 於2018年12月31日				
		On demand or within 1 year 應要求 或1年內 HK\$'000 千港元	More than 1 year but less than 2 years 超過1年 但少於2年 HK\$'000 千港元	More than 2 years but less than 5 years 超過2年 但少於5年 HK\$'000 千港元	Total undiscounted cash flows 未貼現 現金流總額 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
Trade payables	應付賬款	184,162	-	-	184,162	184,162
Bills payables	應付票據	252,698	-	-	252,698	252,698
Other payables and accruals	其他應付款項及 預提費用	19,315	-	-	19,315	19,315
Bank borrowings	銀行借款	313,714	-	-	313,714	313,714
Obligations under finance leases	融資租賃債項	1,017	1,233	-	2,250	2,099
Corporate bond	公司債券	160	160	2,440	2,760	1,816
		771,066	1,393	2,440	774,899	773,804

		As at 31 December 2017 於2017年12月31日					
		On demand or within 1 year 應要求 或1年內 HK\$'000 千港元	More than 1 year but less than 2 years 超過1年 但少於2年 HK\$'000 千港元	More than 2 years but less than 5 years 超過2年 但少於5年 HK\$'000 千港元	Over 5 years 超過5年 HK\$'000 千港元	Total undiscounted cash flows 未貼現 現金流總額 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
Trade payables	應付賬款	194,387	-	-	-	194,387	194,387
Bills payables	應付票據	327,304	-	-	-	327,304	327,304
Other payables and accruals	其他應付款項及 預提費用	34,242	-	-	-	34,242	34,242
Bank borrowings	銀行借款	321,441	-	-	-	321,441	321,441
Obligations under finance leases	融資租賃債項	995	92	-	-	1,087	1,064
Corporate bond	公司債券	160	160	480	2,120	2,920	1,776
		878,529	252	480	2,120	881,381	880,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank borrowings with a repayment on demand clause are included in the “on demand or within 1 year” time band in the above maturity analysis. At 31 December 2018, the aggregate amounts of these bank borrowings amounted to HK\$313,714,000 (2017: HK\$321,441,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK\$317,992,000 (2017: HK\$331,772,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of each reporting period.

6. 財務工具(續)

財務風險管理目標及政策(續)

流動資金風險(續)

設有應要求償還條款的銀行借款於上述到期日分析計入「應要求或1年內」的時間組別。於2018年12月31日，該等銀行借款的總額為313,714,000港元(2017年：321,441,000港元)。經考慮本集團的財務狀況後，本公司董事並不認為銀行可能將行使其酌情權要求即時還款。本公司董事認為該等銀行借款將根據載於貸款協議的協定還款日期償還。屆時，本金及利息現金流出總額將達到317,992,000港元(2017年：331,772,000港元)。

倘浮動利率變動有別於各報告期末釐定的估計利率，上述非衍生金融負債浮動利率工具金額或須變更。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Fair value

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into Levels 2 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

6. 財務工具(續)

財務風險管理目標及政策(續)

公允值

下表提供於各報告期末按公允值計量的財務工具分析，並根據本集團會計政策基於公允值可觀察之程度分類為第二級。

		31 December 2018 2018年 12月31日 Level 2 第二級 HK\$'000 千港元
Financial assets at FVTPL	按公允值計入損益之金融資產	
Wealth management product	理財產品	152,967
		31 December 2017 2017年 12月31日 Level 2 第二級 HK\$'000 千港元
Available-for-sale financial assets	可供出售金融資產	
Unlisted funds	非上市基金	23,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Fair value (continued)

The following table gives information about how the fair value of these investment is determined.

Financial Instruments 財務工具	Fair value hierarchy 公允價值層級	Fair value as at 於以下日期之公允價值		Valuation technique and key inputs 估值技術及主要輸入數據
		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元	
Wealth management product 理財產品	Level 2 第二級	152,967	N/A不適用	Quoted by the relevant banks 相關銀行報價
Unlisted funds 非上市基金	Level 2 第二級	N/A不適用	23,926	Quoted by the relevant banks 相關銀行報價

During both reporting periods, there were no transfers between levels of fair value hierarchy.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values.

6. 財務工具(續)

財務風險管理目標及政策(續)

公允價值(續)

下表列示有關如何釐定該等投資之公允價值資料。

於兩個報告期間內，公允價值層級之等級間並無轉移。

本公司董事認為，綜合財務報表以攤銷成本按實際利率法入賬的金融資產及金融負債的賬面值與其公允價值相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

7. REVENUE AND OTHER INCOME

7. 收益及其他收入

		2018 2018年 HK\$'000 千港元	2017* 2017年* HK\$'000 千港元
Revenue from contracts with customers within the scope of HKFRS 15 for the year ended December 2018	截至2018年12月31日止年度香港財務報告準則第15號範圍內之來自客戶合約之收益		
Disaggregated by major products	按主要產品劃分之明細		
Sales of goods	銷售貨品		
LED backlight	LED背光	847,556	756,075
LED lighting	LED照明	81,995	54,531
High-tech electronic components and products	高科技電子零部件及產品	1,320,235	867,360
		2,249,786	1,677,966

		2018 2018年 HK\$'000 千港元
Disaggregation of revenue by timing of recognition	按確認時間劃分之收益明細	
Timing of revenue recognition	收益確認時間	
At a point in time	在某個時間點	2,249,786

* The amounts for the year ended 31 December 2017 were recognised under HKAS 18.

* 截至2017年12月31日止年度之金額乃根據香港會計準則第18號確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

7. REVENUE AND OTHER INCOME (continued)

An analysis of the Group's other income for the year is as follows:

		2018 2018年 HK\$'000 千港元	2017* 2017年* HK\$'000 千港元
Other income	其他收入		
Bank interest income	銀行利息收入	10,581	7,224
Government grants (Note)	政府補助(附註)	19,318	3,803
Sales of scrapped materials	銷售廢料	9	9
Sundry income	雜項收入	2,324	1,478
		32,232	12,514

Note: Included in the amount of government grants immediately recognised as other income during the year ended 31 December 2018 of HK\$6,502,000 (2017: HK\$3,388,000) which were received from the PRC government in respect of certain research projects and under export incentive scheme, the relevant granting criteria for which have been fulfilled. For the year ended 31 December 2018, amount of HK\$12,816,000 (2017: HK\$415,000) were government grants recognised as deferred income utilised during the year (see Note 29).

7. 收益及其他收入(續)

本集團年內的其他收入分析如下：

附註：截至2018年12月31日止年度即時確認為其他收入的政府補助為6,502,000港元(2017年：3,388,000港元)，包括就若干研究項目及鼓勵出口計劃於達成相關補助標準後自中國政府收取的款項。截至2018年12月31日止年度，政府補助12,816,000港元(2017年：415,000港元)已確認為年內已動用的遞延收入(見附註29)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker (the “CODM”) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. In addition, for both LED backlight and LED lighting operations and sourcing business of high-tech electronic components and products, the information reported to the CODM is further broken down into different type of products and application of products. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

- | | |
|----------------------|---|
| 1. LED backlight | – Manufacture and trading of LED backlight products in different sizes and applications |
| 2. LED lighting | – Manufacture and trading of LED lighting products for public and commercial use |
| 3. Sourcing business | – Provision of high-tech electronic components and products sourcing business |

8. 分部資料

向本公司行政總裁(即主要營運決策人(「主要營運決策人」))呈報的資料，就資源分配及評估分部表現而言，著重於交付或提供貨品或服務的種類。此外，就LED背光及LED照明業務以及高科技電子零部件及產品的採購業務向主要營運決策人呈報的資料，進一步將產品分為不同類別及應用方法。於設定本集團的可呈報分部時，概無彙合主要營運決策人已識別的營運分部。

具體而言，本集團根據香港財務報告準則第8號劃分的可呈報營運分部如下：

- | | |
|----------|--------------------------|
| 1. LED背光 | – 製造及買賣不同大小及應用的LED背光產品 |
| 2. LED照明 | – 製造及買賣用作公用及商用用途的LED照明產品 |
| 3. 採購業務 | – 提供高科技電子零部件及產品的採購業務 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2018

		LED backlight LED背光	LED lighting LED照明	Sourcing business 採購業務	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
REVENUE	收益				
External sales	外部銷售	847,556	81,995	1,320,235	2,249,786
Segment profit	分部利潤	114,317	12,058	16,038	142,413
Unallocated income	未分配收入				12,905
Unallocated expenses	未分配開支				(77,578)
Finance costs	財務成本				(28,215)
Profit before tax	除稅前利潤				49,525

For the year ended 31 December 2017

		LED backlight LED背光	LED lighting LED照明	Sourcing business 採購業務	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
REVENUE	收益				
External sales	外部銷售	756,075	54,531	867,360	1,677,966
Segment profit	分部利潤	102,478	9,602	7,343	119,423
Unallocated income	未分配收入				8,702
Unallocated expenses	未分配開支				(75,147)
Finance costs	財務成本				(24,646)
Profit before tax	除稅前利潤				28,332

8. 分部資料(續)

分部收益及業績

本集團可呈報營運分部的收益及業績分析如下。

截至2018年12月31日止年度

截至2017年12月31日止年度

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' emoluments, interest income, net foreign exchange losses, sundry income and finance costs. This is the measure reported to the Chief Executive Officer of the Company for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
LED backlight	LED背光	854,972	856,005
LED lighting	LED照明	72,096	49,419
Sourcing business	採購業務	190,949	353,806
Total segment assets	分部資產總值	1,118,017	1,259,230
Unallocated assets	未分配資產	449,530	525,255
Consolidated total assets	綜合資產總值	1,567,547	1,784,485

8. 分部資料(續)

分部收益及業績(續)

營運分部的會計政策與附註3所述本集團會計政策一致。分部利潤乃各分部賺取的利潤，不包括中央行政費用、董事酬金、利息收入、匯兌虧損淨額、雜項收入及財務成本的分配。這是向本公司行政總裁所報告作為資源分配及表現評估用途。

分部資產及負債

本集團按可呈報營運分部劃分的資產及負債分析如下：

分部資產

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

Segment liabilities

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
LED backlight	LED背光	444,932	544,766
LED lighting	LED照明	56,877	54,147
Sourcing business	採購業務	76,865	204,017
Total segment liabilities	分部負債總額	578,674	802,930
Unallocated liabilities	未分配負債	329,352	335,547
Consolidated total liabilities	綜合負債總額	908,026	1,138,477

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than deferred tax assets, AFS investment, financial assets at FVTPL, pledged bank deposits, deposits with bank, bank balances and cash and certain unallocated head office assets. Assets used jointly by operating segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to operating segments other than income tax payables, bank borrowings, obligations under finance leases, corporate bond, deferred tax liabilities and certain unallocated head office liabilities. Liabilities for which operating segments are jointly liable are allocated in proportion to segment revenue.

8. 分部資料(續)

分部資產及負債(續)

分部負債

	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
LED backlight	444,932	544,766
LED lighting	56,877	54,147
Sourcing business	76,865	204,017
Total segment liabilities	578,674	802,930
Unallocated liabilities	329,352	335,547
Consolidated total liabilities	908,026	1,138,477

就監察分部表現及分配分部間資源而言：

- 所有資產分配至營運分部，除了遞延稅項資產、可供出售投資、按公允值計入損益之金融資產、已抵押銀行存款、銀行存款、銀行結餘及現金及若干未分配總部資產。由營運分部共同使用的資產按個別可呈報分部所得收益分配；及
- 所有負債分配至營運分部，除了應付所得稅、銀行借款、融資租賃債項、公司債券、遞延稅項負債及若干未分配總部負債。由營運分部共同承擔的負債按分部收益的比例分配。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

For the year ended 31 December 2018

8. 分部資料(續)

分部資產及負債(續)

截至2018年12月31日止年度

		LED backlight LED背光 HK\$'000 千港元	LED lighting LED照明 HK\$'000 千港元	Sourcing business 採購業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Amounts included in the measure of segment profit or loss or segment assets:	計入分部損益或分部資產計量的金額：					
Additions to non-current assets [#]	添置非流動資產 [#]	50,014	3,635	-	-	53,649
Amortisation of prepaid lease payments	預付租賃款項攤銷	485	427	-	-	912
Depreciation of property, plant and equipment	物業、廠房及設備折舊	39,563	2,300	-	-	41,863
Loss (gain) on disposal of property, plant and equipment, net	出售物業、廠房及設備虧損(收益)淨額	237	(26)	-	-	211
Loss on write-off of property, plant and equipment	撇銷物業、廠房及設備虧損	89	9	-	-	98
(Reversal of) impairment loss recognised in respect of trade and other receivables	就應收賬款及其他應收款項確認的減值虧損(撥回)	(2,236)	396	-	-	(1,840)
Write-down of inventories	撇減存貨	10,772	3,583	-	-	14,355
Amounts regularly provided to the Chief Executive Officer of the Company but not included in the measure of segment profit or loss or segment assets:	定期向本公司行政總裁提供但不計入分部損益或分部資產計量的金額：					
Interest income	利息收入	-	-	-	10,581	10,581
Finance costs	財務成本	-	-	-	28,215	28,215

[#] Non-current assets excluded deferred tax assets.

[#] 非流動資產不包括遞延稅項資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

For the year ended 31 December 2017

		LED backlight LED背光 HK\$'000 千港元	LED lighting LED照明 HK\$'000 千港元	Sourcing business 採購業務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Amounts included in the measure of segment profit or loss or segment assets:	計入分部損益或分部資產計量的金額：					
Additions to non-current assets [#]	添置非流動資產 [#]	35,627	288	–	–	35,915
Amortisation of prepaid lease payments	預付租賃款項攤銷	510	379	–	–	889
Depreciation of property, plant and equipment	物業、廠房及設備折舊	36,676	982	–	–	37,658
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	690	–	–	–	690
Loss on write-off of property, plant and equipment	撇銷物業、廠房及設備虧損	55	–	–	–	55
Impairment loss recognised in respect of trade and other receivables	就應收賬款及其他應收款項確認的減值虧損	9,950	250	–	–	10,200
Written-down (reversal) of allowance on inventories	就存貨撥備撤減(撥回)	4,795	(76)	–	–	4,719
Amounts regularly provided to the Chief Executive Officer of the Company but not included in the measure of segment profit or loss or segment assets:	定期向本公司行政總裁提供但不計入分部損益或分部資產計量的金額：					
Interest income	利息收入	–	–	–	7,224	7,224
Finance costs	財務成本	–	–	–	24,646	24,646

[#] Non-current assets excluded deferred tax assets.

[#] 非流動資產不包括遞延稅項資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Revenue from major products

Analysis by type of products

8. 分部資料(續)

來自主要產品的收益

按產品類別劃分的分析

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
LED backlight	LED背光		
– Small dimension	– 小尺寸	302,990	331,363
– Medium dimension	– 中尺寸	414,713	295,997
– Large dimension	– 大尺寸	129,853	128,715
Sub-total	小計	847,556	756,075
LED lighting	LED照明		
– Indoor lighting	– 室內照明	56,535	19,395
– Outdoor lighting	– 室外照明	25,460	35,136
Sub-total	小計	81,995	54,531
Sourcing business	採購業務	1,320,235	867,360
Total	合計	2,249,786	1,677,966

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Revenue from major products (continued)

Analysis by application of products

8. 分部資料(續)

來自主要產品的收益(續)

按產品應用劃分的分析

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
LED backlight	LED背光		
– Automobile displays	– 車載顯示	489,285	357,110
– Equipment displays	– 儀器顯示	229,117	270,145
– Televisions	– 電視機	129,154	128,820
Sub-total	小計	847,556	756,075
LED lighting	LED照明		
– Public lighting	– 公用照明	25,755	34,839
– Commercial lighting	– 商用照明	56,240	19,692
Sub-total	小計	81,995	54,531
Sourcing business	採購業務	1,320,235	867,360
Total	合計	2,249,786	1,677,966

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Hong Kong and the PRC (country of domicile). The Group's customers are mainly located in Hong Kong and the PRC.

An analysis of the Group's revenue from external customers is presented based on the location of customers as below:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
The PRC	中國	2,137,964	1,583,375
Hong Kong	香港	18,301	21,804
Others	其他	93,521	72,787
		2,249,786	1,677,966

The Group's information about its non-current assets is presented based on location of the assets as below:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
The PRC	中國	279,651	282,154
Hong Kong	香港	419	749
		280,070	282,903

Non-current assets excluded deferred tax assets and deposits with bank.

8. 分部資料(續)

地域資料

本集團的營運業務位於香港及中國(所在國家)。本集團的客戶主要位於香港及中國。

本集團按客戶地理位置劃分來自外部客戶的收益分析如下：

本集團按資產地理位置劃分的非流動資產資料如下：

非流動資產不包括遞延稅項資產及銀行存款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

8. SEGMENT INFORMATION (continued)

Information about major customers

Details of the customers accounting for 10% or more of aggregate revenue of the Group are as follows:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Customer A**	客戶A**	N/A 不適用***	460,290
Customer B**	客戶B**	914,186	343,904
Customer C*	客戶C*	408,793	328,957
Customer D**	客戶D**	236,255	N/A 不適用***

* Revenue from LED backlight.

** Revenue from sourcing business.

*** The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. 分部資料(續)

主要客戶資料

佔本集團收益總額10%或以上的客戶詳情如下：

* 來自LED背光的收益。

** 來自採購業務的收益。

*** 相應收益貢獻並無超過本集團收益總額10%。

9. FINANCE COSTS

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Interest expenses on:	以下各項的利息開支：		
– Bank borrowings	– 銀行借款	27,949	24,271
– Corporate bond	– 公司債券	200	200
– Finance leases	– 融資租賃	66	175
		28,215	24,646

9. 財務成本

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

10. INCOME TAX EXPENSE

10. 所得稅開支

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Current income tax	當期所得稅		
PRC Enterprise Income Tax	中國企業所得稅		
– Current year	– 本年度	10,862	9,447
– Over-provision in prior years	– 過往年度超額撥備	(4,534)	(2,390)
		6,328	7,057
Deferred taxation (Note 27)	遞延稅項(附註27)	(1,910)	(1,055)
Total income tax expense for the year	年度所得稅開支總額	4,418	6,002

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2018 and 2017.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25% for the year ended 31 December 2018 (2017: 25%).

Pursuant to the relevant laws and regulation in the PRC, the Group’s subsidiaries, Wai Chi Opto Technology (Shenzhen) Limited* (偉志光電(深圳)有限公司) and Huizhou Wai Chi Electronics Company Limited* (惠州偉志電子有限公司), were accredited as high-tech enterprises. They are entitled to the preferential tax rate of 15% for both years.

* The English name is for identification purpose only

根據開曼群島及英屬處女群島(「英屬處女群島」)的規則及法規，本集團毋須繳納開曼群島及英屬處女群島的任何所得稅。

由於本集團於截至2018年及2017年12月31日止年度並無任何須繳納香港利得稅的應課稅利潤，故本集團並無作出香港利得稅撥備。

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，於截至2018年12月31日止年度，中國公司的稅率為25% (2017年：25%)。

根據中國相關法律及法規，本集團的附屬公司偉志光電(深圳)有限公司及惠州偉志電子有限公司獲評定為高新技術企業，可於兩個年度內享有優惠稅率15%。

* 英文名稱僅供識別

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

10. 所得稅開支(續)

年度所得稅開支與綜合損益表所示除稅前利潤對賬如下：

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Profit before tax	除稅前利潤	49,525	28,332
Tax calculated at the domestic income tax rate of 25% (2017: 25%)	按國內所得稅稅率25%計算的稅項(2017年：25%)	12,381	7,083
Effect of preferential tax rate in the PRC	中國優惠稅率的影響	(6,580)	(4,643)
Effect of different tax rate of subsidiaries operating in other jurisdictions	其他司法權區營運的附屬公司不同稅率的影響	1,250	1,804
Tax effect of expenses not deductible for tax purposes	不可扣稅開支的稅務影響	938	585
Tax effect of income not taxable for tax purposes	毋須課稅收入的稅務影響	(90)	(68)
Additional tax deduction for research and development expenses	研發開支的額外稅項減免	(1,194)	(1,008)
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	2,051	3,027
Tax effect of other temporary differences not recognised	未確認其他暫時性差異的稅務影響	735	1,619
Utilisation of tax losses previously not recognised	動用過往未確認的稅項虧損	(539)	(7)
Over-provision in respect of prior years	過往年度超額撥備	(4,534)	(2,390)
Income tax expense for the year	年度所得稅開支	4,418	6,002

Details of the deferred taxation are set out in Note 27.

有關遞延稅項的詳情載於附註27。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

11. PROFIT FOR THE YEAR

11. 年度利潤

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Profit for the year has been arrived at after charging (crediting):	年度利潤於扣除(計入)下列各項後達致:		
Directors' emoluments (Note 12(a))	董事酬金(附註12(a))	6,050	6,174
Salaries and allowances (excluding directors' emoluments)	薪金及津貼(不包括董事酬金)	171,973	148,225
Retirement benefit scheme contributions (excluding directors)	退休福利計劃供款(不包括董事)	11,634	10,835
Total staff costs	員工成本總額	189,657	165,234
Auditor's remuneration	核數師薪酬	1,015	975
Amortisation of prepaid lease payments	預付租賃款項攤銷	912	889
Net foreign exchange losses	匯兌虧損淨額	514	8,205
Cost of inventories recognised as expenses (included in cost of sales) (Note a)	確認為開支的存貨成本(計入銷售成本)(附註a)	2,002,523	1,459,129
Write-down of inventories (included in other gains and losses) (Note b)	撇減存貨(計入其他收益及虧損)(附註b)	14,355	4,719
Depreciation of property, plant and equipment	物業、廠房及設備折舊	41,863	37,658
Impairment loss on trade and other receivables, net (included in other gains and losses)	應收賬款及其他應收款項的減值虧損淨額(計入其他收益及虧損)	-	10,200
Reversal of impairment loss recognised in respect of trade and other receivables, net (included in other gains and losses)	撥回就應收賬款及其他應收款項確認的減值虧損淨額(計入其他收益及虧損)	(1,840)	-
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	211	690
Loss on write-off of property, plant and equipment	撇銷物業、廠房及設備虧損	98	55
Minimum lease payments paid under operating lease on premises	物業經營租賃項下已支付最低租賃款項	7,408	10,155

Notes:

- (a) Cost of inventories recognised as an expense included depreciation of property, plant and equipment and staff costs of HK\$34,862,000 (2017: HK\$31,115,000) and HK\$119,010,000 (2017: HK\$100,188,000) respectively. The amounts were also included in the respective amounts disclosed above.
- (b) During the year ended 31 December 2018, a provision of HK\$14,355,000 (2017: HK\$4,719,000) was made for write-down of obsolete inventories that are no longer suitable for use in production or saleable in the market.

附註:

- (a) 確認為開支的存貨成本分別包括物業、廠房及設備折舊以及員工成本34,862,000港元(2017年: 31,115,000港元)及119,010,000港元(2017年: 100,188,000港元)。該等金額亦已計入上文所披露的相關金額中。
- (b) 截至2018年12月31日止年度, 就不再適用於生產或在市場銷售的陳舊存貨作出撇減計提撥備14,355,000港元(2017年: 4,719,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the eight (2017: nine) directors and the chief executive officer ("CEO") of the Group during the year were as follows:

12. 董事、行政總裁及僱員酬金

(a) 董事及行政總裁酬金

年內分別已付或應付本集團各八名(2017年：九名)董事及行政總裁(「行政總裁」)的酬金如下：

	Executive directors 執行董事					Independent non-executive directors 獨立非執行董事			Total
	Mr. Yiu Chi To (Chairman)	Mr. Chen Chung Po (CEO)	Ms. Yiu Kwan Yu (Sales and Marketing Manager)	Mr. Chen Wei Wu (Financial Controller)	Ms. Yong Jian Hui (Deputy General Manager)	Mr. Au Yeung Tin Wah	Mr. Chen Kwok Wang	Mr. Ho Chi Wai	
For the year ended 31 December 2018	姚志園先生 (主席)	陳鐘譜先生 (行政總裁)	姚君瑜女士 (銷售及市場 推廣經理)	陳緯武先生 (財務總監)	雍建輝女士 (副總經理)	歐陽天華 先生	陳國宏 先生	何志威 先生	合計
截至2018年12月31日止年度	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	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking	就董事服務(無論就本公司或其附屬公司的事務)已支付該人士或該人士應收的酬金								
Fees	袍金	-	-	-	-	240	144	144	528
Other emoluments	其他酬金								
Salaries	薪金	2,794	1,300	844	312	164	-	-	5,414
Contributions to retirement benefits scheme	退休福利計劃供款	18	18	18	24	30	-	-	108
		2,812	1,318	862	336	194	240	144	6,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and chief executive's emoluments (continued)

	Executive directors 執行董事					Independent non-executive directors 獨立非執行董事					Total
	Mr. Yiu Chi To (Chairman)	Mr. Chen Chung Po (CEO)	Ms. Yiu Kwan Yu (Sales and Marketing Manager) 姚君瑜女士	Mr. Chen Wei Wu (Financial Controller)	Ms. Yong Jian Hui (Deputy General Manager)	Mr. Peng Jian (Note i)	Mr. Au Yeung Tin Wah	Mr. Chen Kwok Wang	Mr. Ho Chi Wai		
For the year ended 31 December 2017											
截至2017年12月31日止年度											合計
	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
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking	就董事服務(無論就本公司或其附屬公司的事務)已支付該人士或該人士應收的酬金										
Fees	袍金	-	-	-	-	-	240	144	144	-	528
Other emoluments	其他酬金										
Salaries	薪金	3,050	1,300	797	242	167	-	-	-	-	5,556
Contributions to retirement benefits scheme	退休福利計劃供款	18	18	18	6	30	-	-	-	-	90
		3,068	1,318	815	248	197	-	240	144	144	6,174

Note i: Resigned on 16 January 2017

Apart from Mr. Pang Jian, who agreed not to receive any emoluments as agreed under the service agreement, none of the directors waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2018 and 2017.

Mr. Chen Chung Po is also the Chief Executive Officer of the Company and the emoluments disclosed above include those for services rendered by him as the Chief Executive Officer of the Company.

There were no performance related incentive payments to the directors and chief executive officer during the years ended 31 December 2018 and 2017.

附註i：於2017年1月16日辭任

於截至2018年及2017年12月31日止年度，除彭建先生同意不收取任何服務協約下訂明的酬金外，概無董事放棄或同意放棄任何酬金。

陳鐘譜先生亦為本公司行政總裁，上文披露的酬金包括有關彼擔任本公司行政總裁所提供服務的酬金。

於截至2018年及2017年12月31日止年度，並無支付與表現掛鈎獎金予董事及行政總裁。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2017: three) were directors or chief executive officer of the Company for the year ended 31 December 2018. The emoluments of these directors are included in the disclosures in Note 12(a) above. The emoluments of the remaining two (2017: two) individuals for the year ended 31 December 2018 were as follows:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Salaries and other allowances	薪金及其他津貼	1,564	1,421
Retirement benefit scheme contributions	退休福利計劃供款	36	36
		1,600	1,457

Their emoluments were within the following bands:

		2018 2018年 No. of employees 僱員數目	2017 2017年 No. of employees 僱員數目
Not more than HK\$1,000,000	不多於1,000,000港元	2	2

There were no performance related incentive payments during the years ended 31 December 2018 and 2017.

No emoluments were paid by the Group to the five highest paid individuals and any of the directors and CEO of the Company as an incentive payment to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2018 and 2017.

12. 董事、行政總裁及僱員酬金 (續)

(b) 僱員酬金

截至2018年12月31日止年度，本集團五名最高酬金人士中，三名(2017年：三名)為本公司董事或行政總裁。該等董事的酬金已於上文附註12(a)披露。截至2018年12月31日止年度，餘下兩名(2017年：兩名)人士的酬金如下：

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Salaries and other allowances	薪金及其他津貼	1,564	1,421
Retirement benefit scheme contributions	退休福利計劃供款	36	36
		1,600	1,457

該等人士的酬金介乎下列範圍：

		2018 2018年 No. of employees 僱員數目	2017 2017年 No. of employees 僱員數目
Not more than HK\$1,000,000	不多於1,000,000港元	2	2

於截至2018年及2017年12月31日止年度，並無支付與表現掛鈎的獎金。

於截至2018年及2017年12月31日止年度，本集團並無向五名最高薪人士及本公司任何董事以及行政總裁支付酬金，作為加入本集團或加入本集團時的獎勵或離職補償。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

13. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

13. 股息

概無派付或建議派付截至2018年12月31日止年度之股息，自報告期末起亦無建議派付任何股息(2017年：無)。

14. EARNINGS PER SHARE

14. 每股盈利

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Earnings for the purpose of basic and diluted earnings per share	作計算每股基本及攤薄盈利用途的盈利	45,107	22,330
		2018 2018年	2017 2017年
Number of ordinary shares for the purpose of basic and diluted earnings per share	作計算每股基本及攤薄盈利用途的普通股數目	216,825,000	216,825,000
Basic and diluted earnings per share (HK\$ per share)	每股基本及攤薄盈利 (每股港元)	0.21	0.10

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2018 and 2017.

由於截至2018年及2017年12月31日止年度內並無已發行具潛在攤薄效應的普通股，故每股攤薄盈利與每股基本盈利相同。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Plant and machinery 廠房及機器	Motor vehicles 汽車	Office equipment 辦公室設備	Leasehold improvements 租賃物業裝修	Buildings 樓宇	Construction in progress 在建工程	Total 合計
		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	HK\$'000 千港元	HK\$'000 千港元
COST	成本							
At 1 January 2017	於2017年1月1日	278,565	6,585	18,617	22,158	119,715	12,777	458,417
Additions	添置	34,289	-	1,588	-	-	38	35,915
Disposals/write-off	出售/撇銷	(1,476)	-	(196)	-	-	-	(1,672)
Exchange realignment	匯兌調整	20,726	258	1,336	1,505	8,392	897	33,114
At 31 December 2017 and 1 January 2018	於2017年12月31日及 2018年1月1日	332,104	6,843	21,345	23,663	128,107	13,712	525,774
Additions	添置	33,740	83	936	17,411	-	1,479	53,649
Disposals/write-off	出售/撇銷	(1,911)	-	(71)	-	-	-	(1,982)
Exchange realignment	匯兌調整	(16,431)	(184)	(998)	(1,690)	(5,891)	(684)	(25,878)
At 31 December 2018	於2018年12月31日	347,502	6,742	21,212	39,384	122,216	14,507	551,563
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS	累計折舊及減值虧損							
At 1 January 2017	於2017年1月1日	170,599	4,196	13,739	11,535	13,678	12,722	226,469
Provided for the year	年內計提	30,621	840	2,827	869	2,501	-	37,658
Eliminated on disposals/write-off	出售時對銷/撇銷	(434)	-	(181)	-	-	-	(615)
Exchange realignment	匯兌調整	13,060	177	1,052	793	1,050	892	17,024
At 31 December 2017 and 1 January 2018	於2017年12月31日及 2018年1月1日	213,846	5,213	17,437	13,197	17,229	13,614	280,536
Provided for the year	年度計提	35,437	701	1,694	1,465	2,566	-	41,863
Eliminated on disposals/write-off	出售時對銷/撇銷	(1,570)	-	(66)	-	-	-	(1,636)
Exchange realignment	匯兌調整	(11,067)	(148)	(853)	(628)	(886)	(626)	(14,208)
At 31 December 2018	於2018年12月31日	236,646	5,766	18,212	14,034	18,909	12,988	306,555
CARRYING VALUES	賬面值							
At 31 December 2018	於2018年12月31日	110,856	976	3,000	25,350	103,307	1,519	245,008
At 31 December 2017	於2017年12月31日	118,258	1,630	3,908	10,466	110,878	98	245,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Plant and machinery	10% – 25%
Motor vehicles	10% – 33%
Office equipment	10% – 20%
Leasehold improvements	5% – 50%
Buildings	Over the shorter of term of the lease or 2.5%

As at 31 December 2018, the carrying values of plant and machinery of HK\$110,856,000 (2017: HK\$118,258,000) includes an amount of HK\$13,582,000 (2017: HK\$18,279,000) which have been pledged to secure banking facilities granted to the Group.

As at 31 December 2018, buildings with carrying values of HK\$103,307,000 (2017: HK\$110,878,000) have been pledged to secure banking facilities granted to the Group.

As at 31 December 2018, the carrying values of plant and machinery of HK\$110,856,000 (2017: HK\$118,258,000) includes an amount of HK\$2,979,000 (2017: HK\$5,010,000) in respect of assets held under finance leases.

As at 31 December 2017, the carrying values of motor vehicles of HK\$1,630,000 (2018: HK\$976,000) includes an amount of HK\$31,000 (2018: Nil) in respect of assets held under finance leases.

15. 物業、廠房及設備(續)

上述物業、廠房及設備項目以直線法按下列年率計提折舊：

廠房及機器	10%–25%
汽車	10%–33%
辦公室設備	10%–20%
租賃物業裝修	5%–50%
樓宇	按租賃年期或2.5% (以較短者為準)

於2018年12月31日，廠房及機器的賬面值為110,856,000港元(2017年：118,258,000港元)，包括已予以抵押的13,582,000港元(2017年：18,279,000港元)，作為授予本集團銀行融資的抵押。

於2018年12月31日，賬面值為103,307,000港元(2017年：110,878,000港元)的樓宇已予以抵押，作為授予本集團銀行融資的抵押。

於2018年12月31日，廠房及機器的賬面值為110,856,000港元(2017年：118,258,000港元)，包括與於融資租賃項下持有的資產有關的款項2,979,000港元(2017年：5,010,000港元)。

於2017年12月31日，汽車的賬面值為1,630,000港元(2018年：976,000港元)，包括與於融資租賃項下持有的資產有關的款項31,000港元(2018年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

16. PREPAID LEASE PAYMENTS

Prepaid lease payments comprise leasehold land held in the PRC and are analysed for reporting purposes as follows:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Current assets	流動資產	874	915
Non-current assets	非流動資產	35,062	37,665
		35,936	38,580

As at 31 December 2018, leasehold land with carrying values of HK\$20,148,000 (2017: HK\$21,658,000) have been pledged to secure banking facilities granted to the Group.

16. 預付租賃款項

預付租賃款項包括於中國持有的租賃土地，就報告用途分析如下：

於2018年12月31日，已質押賬面值20,148,000港元(2017年：21,658,000港元)的租賃土地，作為授予本集團銀行融資的抵押。

17. INVENTORIES

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Raw materials	原材料	21,356	27,025
Work-in-progress	在製品	64,264	81,091
Finished goods	製成品	102,786	99,515
		188,406	207,631

17. 存貨

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

18. TRADE AND BILLS RECEIVABLES

18. 應收賬款及票據

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Receivables at amortised cost comprise:	按攤銷成本計量的應收款項		
	包括：		
Trade receivables	應收賬款	439,204	427,722
Less: allowance for impairment of trade receivables	減：應收賬款減值撥備	(29,655)	(34,975)
		409,549	392,747
Bills receivables	應收票據	102,036	26,922
		511,585	419,669

As at 31 December 2018, the gross amount of trade receivable arising from contracts with customers amounted to HK\$439,204,000 (1 January 2018: HK\$427,722,000).

The Group allows an average credit period of 15 to 180 days (2017: 15 to 180 days) to its trade customers. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

於2018年12月31日，來自客戶合約之應收賬款總額為439,204,000港元(2018年1月1日：427,722,000港元)。

本集團向其貿易客戶授予15至180天(2017年：15至180天)的平均信貸期。以下為於報告期末按發票日期(與相關收益確認日期相若)呈列之應收賬款(扣除應收賬款減值撥備)之賬齡分析。

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
0 to 90 days	0至90天	395,080	375,159
91 to 180 days	91至180天	11,007	4,387
181 to 365 days	181至365天	3,462	723
Over 365 days	超過365天	-	12,478
		409,549	392,747

All the bills receivables are aged within 365 days.

所有應收票據的賬齡均為365天內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

18. TRADE AND BILLS RECEIVABLES (continued)

At 31 December 2017, the aged analysis of trade receivables that was neither past due nor impaired and past due but not impaired are as follows:

Total	Neither past due nor impaired	Past due but not impaired					
		Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days		
合計	亦無減值	少於30天	31至60天	61至90天	超過90天		
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		
At 31 December 2017	於2017年12月31日	392,747	329,253	34,019	10,646	5,342	13,487

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Starting from 1 January 2018, the Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As at 31 December 2018, debtors with long relationship and significant outstanding balances with gross carrying amount of HK\$292,029,000 was assessed for ECL individually.

In respect of the remaining trade receivables of HK\$147,175,000, as they relate to a large number of customers with common risk characteristics and the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

18. 應收賬款及票據(續)

於2017年12月31日，既未逾期亦無減值以及已逾期但並未減值的應收賬款賬齡分析如下：

既未逾期亦無減值的應收賬款乃與並無近期違約記錄的不同類型客戶有關。

自2018年1月1日起，本集團按存續期預期信貸虧損計量應收賬款的虧損撥備。應收賬款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及債務人目前財務狀況的分析，根據於報告日期債務人特定的因素、債務人營運所在行業的一般經濟狀況以及目前及預測狀況方向的評估作出調整。

於2018年12月31日，擁有長期關係及其重大尚未償還結餘的總賬面值達292,029,000港元的債務人乃就預期信貸虧損進行個別評估。

就餘下應收賬款147,175,000港元而言，由於其與具一般風險特性的大量客戶有關及根據本集團的歷史信貸虧損經驗，不同細分客戶群體發生損失的情況沒有顯著差異，因此在根據逾期信息計算虧損撥備時未進一步區分不同的客戶群體。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

18. TRADE AND BILLS RECEIVABLES (continued)

The following table provides information which are assessed based on provision matrix.

18. 應收賬款及票據(續)

下表提供根據撥備矩陣評估的資料。

		Weighted average expected loss rate 加權平均 預期虧損率 %	Gross carrying amount 賬面總值 HK\$'000 千港元	Allowance 撥備 HK\$'000 千港元
Individually assessed	個別評估	2.35%	292,029	6,850
Collectively assessed	集體評估			
0 to 90 days	0至90天	2.10%	114,889	2,413
91 to 180 days	91至180天	14.64%	11,470	1,679
181 to 365 days	181至365天	28.04%	2,923	820
Over 365 days	365天以上	100.00%	17,893	17,893
			147,175	22,805
			439,204	29,655

Generally, trade receivables are written-off when there is information indicating that the debtor is in serve financial difficulty and there is no realistic prospect of recovery and are not subject to enforcement activity. The Group does not hold collateral as security.

一般而言，資料顯示債務人處於嚴重財務困難及無實際收回可能，且無法進行強制執行活動時，則撇銷應收賬款。本集團並無持有抵押品作為抵押。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

18. TRADE AND BILLS RECEIVABLES (continued)

The movements of impairment of trade receivables are as follows:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
At 1 January	於1月1日	34,975	23,600
Impairment losses recognised	已確認減值虧損	2,330	9,545
Reversal of impairment loss recognised in prior years	於過往年度確認的減值虧損撥回	(4,932)	(153)
Written off	撇銷	(1,258)	–
Exchange realignment	匯兌調整	(1,460)	1,983
At 31 December	於12月31日	29,655	34,975

18. 應收賬款及票據(續)

應收賬款的減值變動如下：

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Deposits and other receivables	按金及其他應收款項	34,388	39,680
Less: allowance for impairment of other receivables	減：其他應收款項減值撥備	(1,532)	(794)
Value added tax receivables	應收增值稅	32,856	38,886
Prepayments for:	預付款項：	12,009	5,094
– Sourcing business	– 採購業務	137,082	344,112
– Others	– 其他	9,667	12,065
		191,614	400,157

19. 預付款項、按金及其他應收款項

Details of impairment assessment of other receivables for the year ended 31 December 2018 are set out in Note 6.

有關截至2018年12月31日止年度的其他應收款項減值評估之詳情載於附註6。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The movements of impairment of other receivables are as follows:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
At 1 January	於1月1日	794	1,636
Impairment losses recognised	已確認減值虧損	999	1,731
Reversal of impairment loss recognised in prior years	於過往年度確認的減值虧損撥回	(237)	(923)
Write-off	撇銷	-	(1,731)
Exchange realignment	匯兌調整	(24)	81
At 31 December	於12月31日	1,532	794

19. 預付款項、按金及其他應收款項(續)

其他應收款項的減值變動如下：

20. AVAILABLE-FOR-SALE INVESTMENT

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Unlisted funds managed by the bank in the PRC	中國之銀行管理之非上市基金	-	23,926

20. 可供出售投資

The unlisted funds managed by the bank in the PRC with underlying financial instrument mainly consisted of the bank deposits and bonds of the PRC.

由中國之銀行管理之非上市基金及相關金融工具主要組成中國之銀行存款及債券。

The unlisted funds carried fixed interest rate at 4.25% per annum at 31 December 2017.

於2017年12月31日，非上市基金按4.25%的固定年利率計息。

At 31 December 2017, the carrying amount of the available-for-sale investment which had been pledged as security for the borrowings was HK\$23,926,000 (2018: Nil).

於2017年12月31日，可供出售投資之賬面值(其已作借款之擔保抵押)為23,926,000港元(2018年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

21. FINANCIAL ASSETS AT FVTPL

		2018 2018年 HK\$'000 千港元	1 January 2018 2018年1月1日 HK\$'000 千港元
Wealth management products	理財產品	152,697	-

The wealth management products at 31 December 2018 consist of structured deposits of HK\$152,697,000 denominated in RMB and were issued by banks in the PRC. The structured deposits carry interest at expected interest rate that range from 1.66% to 3.55% per annum, which is refer to the performance of the underlying money market instruments and debt instruments. The structured deposits are with maturity of less than 1 year. As at 31 December 2018, the directors consider the fair value of the structured deposits approximate their carrying values. All the structured deposits will be redeemed in March 2019.

於2018年12月31日，理財產品包括以人民幣計值且由中國境內銀行發行的結構性存款152,697,000港元。結構性存款按每年介乎1.66%至3.55%之預期利率（參考相關貨幣市場工具及債務工具的表現）計息。結構性存款於一年內到期。於2018年12月31日，董事認為，結構性存款的公允價值與其賬面值相若。所有結構性存款將於2019年3月贖回。

22. PLEDGED BANK DEPOSITS/DEPOSITS WITH BANK/BANK BALANCES AND CASH

Pledged bank deposits

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK\$129,785,000 (2017: HK\$144,353,000) as at 31 December 2018 had been pledged to secure bank borrowings and bills payables falling due within one year and are therefore classified as current assets.

The pledged deposits carried interest rates ranging from 0.3% to 2% (2017: 0.3% to 2%) per annum at 31 December 2018.

Deposits with bank

As at 31 December 2018, deposits with bank of HK\$79,891,000, with maturity in February 2020, carry interest rates ranging from 1.66% to 3.6% per annum.

22. 已抵押銀行存款／銀行存款／銀行結餘及現金

已抵押銀行存款

已抵押銀行存款指已質押予銀行作為授予本集團銀行融資抵押的存款。於2018年12月31日，已質押存款129,785,000港元（2017年：144,353,000港元），作為一年內到期的銀行借款及應付票據的抵押，因此被分類為流動資產。

於2018年12月31日，已抵押存款按介乎0.3%至2%（2017年：0.3%至2%）的年利率計息。

銀行存款

於2018年12月31日，銀行存款為79,891,000港元，於2020年2月到期，按介乎1.66%至3.6%的年利率計息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

22. PLEDGED BANK DEPOSITS/DEPOSITS WITH BANK/BANK BALANCES AND CASH (continued)

Bank balances and cash

The bank balances and cash comprised cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances at 31 December 2018 carried interest at the prevailing market rate ranging from 0.01% to 0.35% (2017: 0.01% to 0.35%).

The Group's bank balances and cash denominated in RMB amounted to HK\$21,336,000 (2017: HK\$48,989,000) at 31 December 2018. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

22. 已抵押銀行存款／銀行存款／銀行結餘及現金(續)

銀行結餘及現金

銀行結餘及現金包括本集團持有的現金及原到期日為三個月或以內的短期銀行存款。於2018年12月31日的銀行結餘按現行市場利率計息，介乎0.01%至0.35% (2017年：0.01%至0.35%)。

於2018年12月31日，本集團以人民幣計值的銀行結餘及現金為21,336,000港元 (2017年：48,989,000港元)。人民幣兌換成外幣須遵守中國外匯管理條例及結匯、售匯及付匯管理規定。

23. TRADE, BILLS AND OTHER PAYABLES AND ACCRUALS

23. 應付賬款、應付票據及其他應付款項以及預提費用

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Trade payables (Note a)	應付賬款(附註a)	184,162	194,387
Bills payables (Note a)	應付票據(附註a)	252,698	327,304
		436,860	521,691
Receipt in advance for: (Note b)	預收款項：(附註b)		
– Sourcing business	– 採購業務	–	204,017
– Others	– 其他	–	3,162
Construction cost payables	應付建造成本	495	758
Other payables	其他應付款項	2,404	18,031
Accrued expenses	預提開支	16,969	16,020
Value added tax payables	應付增值稅	24,679	9,041
Government grants (Note 29)	政府補助(附註29)	–	11,963
		44,547	262,992
		481,407	784,683

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

23. TRADE, BILLS AND OTHER PAYABLES AND ACCRUALS (continued)

Notes:

- a) The aging analysis of trade payables presented based on the invoice dates at the end of the reporting period is as follows:

0 to 90 days	0至90天
91 to 180 days	91至180天
181 to 365 days	181至365天
Over 365 days	365天以上

The average credit period on purchase of goods is from 30 days to 90 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

The bills payables are aged within 365 days.

- b) Receipt in advance represented advance payments from customers pursuant to the respective sales contracts and such amount is classified as contract liabilities upon adoption of HKFRS 15.

23. 應付賬款、應付票據及其他應 付款項以及預提費用(續)

附註：

- a) 於報告期末，按發票日期呈列的應付賬款賬齡分析如下：

2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
147,907	143,412
27,818	41,173
2,946	3,075
5,491	6,727
184,162	194,387

採購貨品的平均信貸期為30至90天。本集團就應付款項的信貸期限實施金融風險管理政策或計劃。

應付票據的賬齡為365天內。

- b) 預收款項指根據相關銷售合約收取客戶的預付款項，該款項於採納香港財務報告準則第15號後分類為合約負債。

24. CONTRACT LIABILITIES

24. 合約負債

	31 December 2018 2018年 12月31日 HK\$'000 千港元	1 January 2018 2018年 1月1日 HK\$'000 千港元	
Advances received to deliver goods	為交付貨品收取的墊款	80,969	207,179

Receipts in advance are mainly from sourcing business. In general, the Group receives certain percentage of the contract sum as advance payment from the customers upon signing of the sales contracts.

The significant changes in contract liabilities in 2018 was mainly due to the decrease in purchases order from customers in late 2018.

Revenue recognised during the year ended 31 December 2018 that was included in the contract liabilities as at 1 January 2018 was HK\$204,305,000. There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

預收款項主要來自採購業務。一般而言，本集團於簽署銷售合約時向客戶收取一定百分比的合約金額作為預付款項。

2018年合約負債的重大變動乃主要由於2018年末客戶的採購訂單減少所致。

於2018年1月1日的合約負債包括截至2018年12月31日止年度確認的收益204,305,000港元。概無於本年度確認有關去年達成的履約責任的收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

25. BANK BORROWINGS

25. 銀行借款

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Secured:	有抵押：		
Trust receipts loans (Note a)	信託收據貸款(附註a)	50,537	4,490
Other bank loans (Note b)	其他銀行貸款(附註b)	169,249	251,154
		219,786	255,644
Unsecured:	無抵押：		
Other bank loans (Note c)	其他銀行貸款(附註c)	93,928	65,797
		313,714	321,441
Bank borrowings repayable (based on scheduled repayment dates set out in loan agreements):	應付銀行借款(根據載於貸款協議的預定還款日期)：		
Within one year	於一年內	307,714	310,359
More than one year but not exceeding two years	超過一年但不超過兩年	2,000	5,082
More than two years but not exceeding five years	超過兩年但不超過五年	4,000	6,000
		313,714	321,441
Less: Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	減：非於由報告期末起一年內償還但包含按要求償還條款的銀行借款賬面值(於流動負債項下顯示)	(6,000)	(11,082)
Less: Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	減：於由報告期末起一年內償還及包含按要求償還條款的銀行借款賬面值	(307,714)	(310,359)
Amount shown under current liabilities	於流動負債項下顯示的款項	(313,714)	(321,441)
Amount shown under non-current liabilities	於非流動負債項下顯示的款項	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

25. BANK BORROWINGS (continued)

Notes:

- a) As at 31 December 2018, trust receipts loan with carrying amounts of HK\$50,537,000 (2017: HK\$4,490,000) carried floating rate of interest of 1-month HIBOR/LIBOR plus 2.5% (2017: 1-month HIBOR/LIBOR plus 2.5%) per annum and was due within 3 months (2017: within 3 months).
- b) As at 31 December 2018, other bank loans with carrying amounts of HK\$131,249,000 (2017: HK\$179,445,000) bore interest at floating rate and was due within 1 year (2017: within 1 year). The floating rate borrowing carried interest rates at LPR plus 0.91% to 1.78% (2017: LPR plus 0.92% to 1.1375%) per annum as at 31 December 2018.

As at 31 December 2018, revolving loans with carrying amounts of HK\$30,000,000 (2017: HK\$10,000,000) bore interest at floating rate and was due within 1 year (2017: within 1 year). The floating rate borrowings carried interest at 1-month HIBOR/LIBOR plus 2.75% (2017: 1-month HIBOR/LIBOR plus 2.75%) per annum as at 31 December 2018.

As at 31 December 2018, other bank loans with the principal amount of HK\$2,000,000 (2017: HK\$2,000,000) bore interest at floating rate and was due within 1 years (2017: within 1 years). The floating rate borrowings carried interest rate at 3-months HIBOR/LIBOR plus 3% (2017: 3-months HIBOR/LIBOR plus 3%) per annum as at 31 December 2018.

As at 31 December 2018, other bank loans with the principal amount of HK\$6,000,000 (2017: HK\$8,000,000) bore interest at floating rate and was due within 5 years (2017: within 5 years). The floating rate borrowings carried interest rate at 3-months HIBOR/LIBOR plus 3% (2017: 3-months HIBOR/LIBOR plus 3%) per annum as at 31 December 2018.

As at 31 December 2017, other bank loans with carrying amounts of HK\$45,709,000 (2018: Nil) bore interest at fixed rate and was due within 1 year. The fixed rate borrowings carried interest ranging from 3.15% to 5.22% per annum as at 31 December 2017.

As at 31 December 2017, other bank loans with principal amount of HK\$2,918,000 (2018: Nil) bore interest at floating rate and was due within 1 year. The floating rate borrowings carried interest at Hong Kong dollars best lending rate plus 0.15% per annum as at 31 December 2017.

As at 31 December 2017, other bank loans with principal amount of HK\$3,082,000 (2018: Nil) bore interest at floating rate and was due within 2 years. The floating rate borrowings carried interest at Hong Kong dollars best lending rate plus 0.15% per annum as at 31 December 2017.

25. 銀行借款(續)

附註：

- a) 於2018年12月31日，賬面值50,537,000港元(2017年：4,490,000港元)的信託收據貸款按一個月香港銀行同業拆息利率／倫敦銀行同業拆息利率加2.5%(2017年：一個月香港銀行同業拆息利率／倫敦銀行同業拆息利率加2.5%)的浮動年率計息，並於三個月內到期(2017年：三個月內)。
- b) 於2018年12月31日，賬面值131,249,000港元(2017年：179,445,000港元)的其他銀行貸款按浮動息率計息，並於一年內到期(2017年：一年內)。於2018年12月31日，浮動息率借款按最優惠貸款利率加年率0.91%至1.78%(2017年：最優惠貸款利率加0.92%至1.1375%)計息。

於2018年12月31日，賬面值30,000,000港元(2017年：10,000,000港元)的循環貸款按浮動息率計息，並於一年內到期(2017年：一年內)。於2018年12月31日，浮動息率借款按一個月香港銀行同業拆息利率／倫敦銀行同業拆息利率加年率2.75%(2017年：一個月香港銀行同業拆息利率／倫敦銀行同業拆息利率加2.75%)計息。

於2018年12月31日，本金額2,000,000港元(2017年：2,000,000港元)的其他銀行貸款按浮動息率計息，並於一年內到期(2017年：一年內)。於2018年12月31日，浮動息率借款按三個月香港銀行同業拆息利率／倫敦銀行同業拆息利率加年率3%(2017年：三個月香港銀行同業拆息利率／倫敦銀行同業拆息利率加3%)計息。

於2018年12月31日，本金額6,000,000港元(2017年：8,000,000港元)的其他銀行貸款按浮動息率計息，並於五年內到期(2017年：五年內)。於2018年12月31日，浮動息率借款按三個月香港銀行同業拆息利率／倫敦銀行同業拆息利率加年率3%(2017年：三個月香港銀行同業拆息利率／倫敦銀行同業拆息利率加3%)計息。

於2017年12月31日，賬面值45,709,000港元(2018年：零)的其他銀行貸款按固定息率計息，並於一年內到期。於2017年12月31日，固定息率借款按年率3.15%至5.22%計息。

於2017年12月31日，本金額2,918,000港元(2018年：零)的其他銀行貸款按浮動息率計息，並於一年內到期。於2017年12月31日，浮動息率借款按港元最優惠貸款利率加年率0.15%計息。

於2017年12月31日，本金額3,082,000港元(2018年：零)的其他銀行貸款按浮動息率計息，並於兩年內到期。於2017年12月31日，浮動息率借款按港元最優惠貸款利率加年率0.15%計息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

25. BANK BORROWINGS (continued)

Notes: (continued)

- c) As at 31 December 2018, other bank loans with carrying amounts of HK\$26,992,000 (2017: HK\$41,871,000) bore interest at floating rate and was due within 1 year (2017: within 1 year). The floating rate borrowings carried interest rate at the PBOC rate plus 1.9% (2017: PBOC rate plus 0.5% to 1.2%) per annum as at 31 December 2018.

As at 31 December 2018, other bank loans with carrying amounts of HK\$66,936,000 (2017: HK\$23,926,000) bore interest at floating rate (2017: fixed rate) and was due within 1 year (2017: within 1 year). The floating rate borrowings carried interest rate at LPR plus 1.78% to 1.9% (2017: fixed rate borrowings carried interest rate at 4.8%) per annum as at 31 December 2018.

- d) The Group's bank borrowings at the end of each reporting period were secured or guaranteed by the followings:
- (i) As at 31 December 2018, secured banking facility of the Group with outstanding balances of HK\$114,130,000 (2017: HK\$179,445,000) were secured by land and properties of a subsidiary of the Group as set out in Notes 15 and 16.
- (ii) As at 31 December 2018, secured banking facility of the Group with outstanding balances of HK\$17,119,000 (2017: HK\$21,533,000) were secured by the Group's plant and machinery as set out in Note 15.
- (iii) As at 31 December 2018, secured banking facility of the Group with outstanding balances of HK\$78,343,000 (2017: HK\$24,490,000) were secured by a property held by a related company of the Group, in which Ms. Yiu Kwan Yu is the common director.
- (iv) As at 31 December 2018, secured banking facility of the Group with outstanding balances of HK\$10,194,000 (2017: Nil) were secured by pledged bank deposits of the Group as set out in Note 22.
- (v) As at 31 December 2017, secured banking facility of the Group with outstanding balances of HK\$24,176,000 (2018: Nil) were secured by the AFS investment as set out in Note 20.
- (vi) As at 31 December 2017, secured banking facility of the Group with outstanding balances of HK\$6,000,000 (2018: Nil) were secured by the assignment of life insurance policies covering Mr. Yiu Chi To, the ultimate controlling party and the director of the Company, and Mr. Chen Chung Po, the executive director and CEO of the Company.
- e) As at 31 December 2018, the Group has undrawn available trade financing and bank loan facilities of HK\$221,911,000 (2017: HK\$452,058,000).

25. 銀行借款(續)

附註：(續)

- c) 於2018年12月31日，賬面值26,992,000港元(2017年：41,871,000港元)的其他銀行貸款按浮動息率計息，並於一年內到期(2017年：一年內)。於2018年12月31日，浮動息率借款按中國人民銀行利率加1.9%(2017年：中國人民銀行利率加0.5%至1.2%)計息。

於2018年12月31日，賬面值66,936,000港元(2017年：23,926,000港元)的其他銀行貸款按浮動息率(2017年：固定息率)計息，並於一年內到期(2017年：一年內)。於2018年12月31日，浮動息率借款按港幣最優惠貸款利率加1.78%至1.9%(2017年：固定息率借款按4.8%的利率計息)計息。

- d) 本集團於各報告期末的銀行借款以下列各項作抵押或擔保：
- (i) 於2018年12月31日，本集團已抵押銀行融資尚未償還結餘114,130,000港元(2017年：179,445,000港元)以附註15及16所載本集團一間附屬公司的土地及物業作抵押。
- (ii) 於2018年12月31日，本集團已抵押銀行融資尚未償還結餘17,119,000港元(2017年：21,533,000港元)以附註15所載本集團的廠房及機器作抵押。
- (iii) 於2018年12月31日，本集團已抵押銀行融資尚未償還結餘約78,343,000港元(2017年：約24,490,000港元)以本集團一間關連公司(其中姚君瑜女士為共同董事)持有的一項物業作抵押。
- (iv) 於2018年12月31日，本集團已抵押銀行融資尚未償還結餘10,194,000港元(2017年：無)以附註22所載本集團的已抵押銀行存款作抵押。
- (v) 於2017年12月31日，本集團已抵押銀行融資尚未償還結餘24,176,000港元(2018年：無)以附註20所載的可供出售投資作抵押。
- (vi) 於2017年12月31日，本集團已抵押銀行融資尚未償還結餘6,000,000港元(2018年：無)以出讓最終控股方兼本公司董事姚志圖先生及本公司執行董事兼行政總裁陳鐘譜先生的人壽保險單作抵押。
- e) 於2018年12月31日，本集團有未提取貿易融資及銀行貸款融資221,911,000港元(2017年：452,058,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

26. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its motor vehicles and plant and machinery under finance leases. The average lease term of these leases is three years (2017: three years) throughout the year ended 31 December 2018.

At 31 December 2018, the total future minimum lease payments under finance leases and their present values were as follows:

		Minimum lease payments 最低租賃付款		Present value of minimum lease payments 最低租賃付款現值	
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Amounts payable under finance leases:	根據融資租賃應付的款項：				
Within one year	一年內	1,017	995	916	974
More than one year but not exceeding two years	超過一年但不超過兩年	1,233	92	1,183	90
		2,250	1,087	2,099	1,064
Less: Future finance charges	減：日後融資費用	(151)	(23)	N/A 不適用	N/A 不適用
Present value of lease obligations	租賃債項現值	2,099	1,064	2,099	1,064
Less: Amounts due within one year shown under current liabilities	減：於流動負債項下顯示的一年內到期款項			(916)	(974)
Amounts due after one year	一年後到期的款項			1,183	90

All obligations under finance leases of the Group bore fixed-interest rates. The effective interest rates of these obligations under finance leases ranged from 4.73% to 4.76% (2017: 5.17% to 5.39%) per annum as at 31 December 2018. The Group's obligations under finance leases were secured by the lessor's charge over the leased assets. These leases had purchase options.

As at 31 December 2018 and 2017, certain of the Group's obligations under finance leases were guaranteed by certain related companies of the Group, in which Mr. Yiu Chi To, the ultimate controlling party and the director of the Company, has beneficial interests.

26. 融資租賃債項

本集團的政策為根據融資租賃租賃若干汽車、廠房及機器。於截至2018年12月31日止整個年度，該等租賃的平均租期為三年(2017年：三年)。

於2018年12月31日，融資租賃項下的日後最低租賃付款總額及其現值如下：

本集團的所有融資租賃債項按固定息率計息。於2018年12月31日，該等融資租賃債項的實際年息率介乎4.73%至4.76% (2017年：5.17%至5.39%)。本集團的融資租賃債項以出租人對租賃資產的押記作抵押。該等租賃有購買權。

於2018年及2017年12月31日，本集團若干融資租賃債項由本集團若干關連公司擔保，其中最終控股方兼本公司董事姚志圖先生擁有實益權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

27. DEFERRED TAXATION

27. 遞延稅項

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	8,142	6,586
Deferred tax liabilities	遞延稅項負債	(32)	(14)
		8,110	6,572

The following are the major deferred tax assets (liabilities) recognised and movements thereof during the current and prior years:

本年度及過往年度所確認的主要遞延稅項資產(負債)及其變動如下：

		Difference between depreciation allowance and related depreciation 折舊撥備及 相關折舊 的差額 HK\$'000 千港元	Impairment and allowances 減值及撥備 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2017	於2017年1月1日	25	5,095	5,120
(Charged) credited to profit or loss (Note 10)	(於損益扣除)計入損益 (附註10)	(39)	1,094	1,055
Exchange realignment	匯兌調整	-	397	397
At 31 December 2017	於2017年12月31日	(14)	6,586	6,572
(Charged) credited to profit or loss (Note 10)	(於損益扣除)計入損益 (附註10)	(18)	1,928	1,910
Exchange realignment	匯兌調整	-	(372)	(372)
At 31 December 2018	於2018年12月31日	(32)	8,142	8,110

As at 31 December 2018, certain subsidiaries of the Group had aggregate unused tax losses of HK\$62,735,000 (2017: HK\$70,764,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these unused tax losses due to the unpredictability of future income stream of these subsidiaries. As at 31 December 2018, tax losses of HK\$14,159,000 (2017: HK\$34,489,000) will be expired within 5 years. Other losses may be carried forward indefinitely.

於2018年12月31日，本集團若干附屬公司可供抵銷未來利潤的未動用稅項虧損總額為62,735,000港元(2017年：70,764,000港元)。由於難以預測該等附屬公司的未來收入流，故並無就該等未動用稅項虧損確認遞延稅項資產。於2018年12月31日，稅項虧損14,159,000港元(2017年：34,489,000港元)將於5年內到期。其他虧損可無限期結轉。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

27. DEFERRED TAXATION (continued)

As at 31 December 2018, the Group has deductible temporary differences of HK\$116,040,000 (2017: HK\$110,104,000). A deferred tax asset has been recognised in relation to HK\$49,271,000 (2017: HK\$43,853,000) of such temporary differences. No deferred tax asset has been recognised in relation to the remaining HK\$66,769,000 (2017: HK\$66,251,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards (the “**Post-2008 Earnings**”). As at 31 December 2018, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the “**Post-2008 Earnings**” amounting to HK\$453,282,000 (2017: HK\$380,583,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

28. CORPORATE BOND

In 2016, the Group issued a 7.5 year corporate bond with principal amount of HK\$2,000,000 to an independent third party, net of direct expenses of HK\$300,000, which will be due in September 2023. The corporate bond carried interest at a fixed rate of 8% per annum with interest payable annually in arrears. The corporate bond is unsecured. The effective interest rate of the corporate bond is approximately 11.05%.

27. 遞延稅項(續)

於2018年12月31日，本集團可扣減暫時性差額為116,040,000港元(2017年：110,104,000港元)。已就該等暫時性差額中49,271,000港元(2017年：43,853,000港元)確認遞延稅項資產。由於應課稅利潤將可用作抵銷可扣減暫時性差額的可能性不大，故並無就餘下66,769,000港元(2017年：66,251,000港元)確認遞延稅項資產。

根據中國企業所得稅法，自2008年1月1日起，中國附屬公司就其所賺取利潤(「**2008年後的盈利**」)的股息須繳交預扣稅。由於本集團可控制撥回暫時性差額的時間，而有關暫時性差額可能不會於可預見的將來撥回，故此於2018年12月31日，並無於綜合財務報表內就「**2008年後的盈利**」應佔暫時性差額453,282,000港元(2017年：380,583,000港元)的遞延稅項作出撥備。

28. 公司債券

於2016年，本集團向獨立第三方發行本金額2,000,000港元的7.5年公司債券，扣除直接開支300,000港元，將於2023年9月到期。公司債券按固定年息率8%計息(每年期末支付利息)。公司債券並無抵押。公司債券的實際利率約為11.05%。

		HK\$'000 千港元
At 1 January 2017	於2017年1月1日	1,736
Effective interest expenses (Note 9)	實際利息開支(附註9)	200
Interest paid during the year	年內已付利息	(160)
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	1,776
Effective interest expenses (Note 9)	實際利息開支(附註9)	200
Interest paid during the year	年內已付利息	(160)
At 31 December 2018	於2018年12月31日	1,816

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

29. GOVERNMENT GRANTS

29. 政府補助

		HK\$'000 千港元
At 1 January 2017	於2017年1月1日	29,496
Government grants received during the year	年內收取政府補助	600
Government grants utilised during the year (Note 7)	年內動用政府補助(附註7)	(415)
Exchange realignment	匯兌調整	2,075
At 31 December 2017 and 1 January 2018		31,756
Government grants utilised during the year (Note 7)	年內動用政府補助(附註7)	(12,816)
Exchange realignment	匯兌調整	(993)
At 31 December 2018		17,947

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Analysis for reporting purposes as:	就報告用途分析為：		
Current liabilities (Note 23)	流動負債(附註23)	-	11,963
Non-current liabilities	非流動負債	17,947	19,793
		17,947	31,756

As at 31 December 2018, the government grants of HK\$17,947,000 (2017: HK\$31,756,000) which were designated for certain research projects, export incentives, technical innovation, localisation incentives and fiscal refund were granted by the PRC municipal government. The government grants of HK\$17,947,000 (2017: HK\$19,793,000) is stated as non-current liabilities in the consolidated statement of financial position as the directors of the Company are of the opinion that certain conditions in respect of these grants will not be fulfilled within the next twelve months from the end of the reporting period. The remaining amount of HK\$11,963,000 as at 31 December 2017 (2018: Nil) was classified as current liabilities and included in other payables.

於2018年12月31日，指定用於若干研究項目、出口獎勵、技術創新、地方獎勵及財政退款的政府補助17,947,000港元(2017年：31,756,000港元)乃由中國市政府授予。由於本公司董事認為將不會於各報告期末起未來12個月內達成該等補助的若干條件，故政府補助17,947,000港元(2017年：19,793,000港元)於綜合財務狀況表列賬為非流動負債。於2017年12月31日的餘額11,963,000港元(2018年：無)已分類為流動負債及計入其他應付款項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

30. SHARE CAPITAL

The share capital of the Company as at 31 December 2018 and 2017 is as follows:

		Number of shares 股份數目		Share capital 股本	
		2018 2018年	2017 2017年	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Ordinary shares of HK\$0.01 each Authorised At 1 January and 31 December	每股0.01港元的普通股 法定 於1月1日及12月31日	1,000,000,000	1,000,000,000	10,000	10,000
Issued and fully paid At 1 January and 31 December	已發行及繳足 於1月1日及12月31日	216,825,000	216,825,000	2,168	2,168

30. 股本

本公司於2018年及2017年12月31日的股本如下：

31. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2018, the Group entered into a finance lease arrangement in respect of acquisition of a plant and machinery with a total capital value at the inception of the lease of HK\$2,581,000 (2017: Nil).

31. 主要非現金交易

於截至2018年12月31日止年度，本集團就於租賃開始時購置總資本值2,581,000港元(二零一七年：無)的廠房及機器訂立一項融資租賃安排。

32. OPERATING LEASES COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Within one year	一年內	2,485	2,900
In the second to fifth year, inclusive	第二至第五年(包括首尾兩年)	397	2,086
		2,882	4,986

32. 經營租賃承擔

本集團作為承租人

於報告期末，本集團不可撤銷經營租賃項下的日後最低租賃付款承擔到期情況如下：

The Group leases certain of its factory premises and offices under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two (2017: one to two) years with fixed rentals as at 31 December 2018.

本集團根據經營租賃安排租賃若干工廠物業及辦公室。於2018年12月31日，物業租期經磋商為介乎一至兩年(2017年：一至兩年)，租金固定不變。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

33. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group has entered into the following significant transactions with related parties during the year.

(a) Compensation of key management personnel

Other than the remuneration paid to the directors and employees of the Group as set out in Note 12, who are considered as the key management personnel of the Group, the Group did not have any other significant compensations to key management personnel.

The remuneration of the directors of the Company and key management personnel of the Group is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

(b) Banking facilities and bank borrowings

As at 31 December 2018 and 2017 certain banking facilities of the Group were guaranteed by Mr. Yiu Chi To, the ultimate controlling party and the director of the Company, and Ms. Luk Fong, spouse of Mr. Yiu Chi To, to the following extent:

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Ms. Luk Fong	陸方女士	45,652	-
Mr. Yiu Chi To	姚志圖先生	114,129	71,778
		159,781	71,778

As at 31 December 2018 and 2017 certain banking facilities of the Group were secured by a charge over a property owned by a related company. Details of the guarantees are set out in Note 25.

33. 關連人士交易及結餘

除於綜合財務報表其他部分詳列的交易及結餘外，本集團已於年內與關連人士訂立以下重大交易。

(a) 主要管理人員的補償

除於附註12所載支付予本集團董事及僱員(彼等被視為本集團主要管理人員)的薪酬外，本集團並無向主要管理人員支付任何其他重大補償。

本公司董事及本集團主要管理人員的薪酬由本公司董事會經考慮個別人士表現及市場趨勢釐定。

(b) 銀行融資及銀行借貸

於2018年及2017年12月31日，由最終控股方兼本公司董事姚志圖先生及姚志圖先生之配偶陸方女士擔保的本集團若干銀行融資如下：

於2018年及2017年12月31日，本集團若干銀行融資由關連公司擁有的物業押記作抵押。擔保詳情載於附註25。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

33. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Other related parties transactions

Name of company 公司名稱	Nature of transaction 交易性質	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Maxtone Electronics Limited (“Maxtone”) 萬事通電子有限公司(「萬事通」)	Rental expenses 租金開支	1,080	1,065

A director of the Company has beneficial interest in Maxtone. The above transaction was at terms determined and agreed by the Group and the relevant party.

本公司一名董事擁有萬事通的實益權益。上述交易按本集團及相關人士釐定及協定的條款進行。

34. RETIREMENT BENEFIT SCHEMES

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant costs to the scheme, which contribution is matched by employees. The contributions from each of the employer and employees are subject to a cap of HK\$1,500 per month.

The employees of the Company's subsidiary established in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute certain percentage of its payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

The Group made contributions to the retirement benefits schemes of HK\$11,742,000 (2017: HK\$10,925,000) for the year ended 31 December 2018.

33. 關連人士交易及結餘(續)

(c) 其他關連人士交易

34. 退休福利計劃

本集團為所有香港合資格僱員參加強積金計劃。計劃的資產於受托人控制的基金中，與本集團的資產分開持有。本集團按相關成本的5%向計劃作出供款，並由僱員作出配對供款。僱主及僱員各自的供款上限為每月1,500港元。

本公司在中國成立的附屬公司的僱員為由中國政府營運的國家管理退休福利計劃的成員。中國附屬公司須將薪金的若干百分比向退休福利計劃供款，以為福利提供資金。本集團就退休福利計劃的唯一責任是根據計劃作出規定的供款。

截至2018年12月31日止年度，本集團向退休福利計劃作出的供款為11,742,000港元(2017年：10,925,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

35. 融資活動產生之負債之對賬

下表載列本集團融資活動產生之負債變動，包括現金及非現金變動。由於現金流量來自融資活動，融資活動產生之負債變動為已經或將要分類為綜合現金流量表的現金流量或未來現金流量。

		Non-cash changes 非現金變動						
		Financing cash flows	Finance cost incurred	Acquisition of property, plant and Equipment	Government grants recognised	Foreign exchange movements		
		1/1/2018 2018年 1月1日	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	31/12/2018 2018年 12月31日 HK\$'000 千港元
Bank borrowings (Note 25)	銀行貸款(附註25)	321,441	(24,279)	27,949	-	-	(11,397)	313,714
Corporate bond (Note 28)	公司債券(附註28)	1,776	(160)	200	-	-	-	1,816
Government grants (Notes 23 and 29)	政府補助(附註23及29)	31,756	-	-	-	(12,816)	(993)	17,947
Obligations under finance leases (Note 26)	融資租賃負債(附註26)	1,064	(1,612)	66	2,581	-	-	2,099
		356,037	(26,051)	28,215	2,581	(12,816)	(12,390)	335,576

		Non-cash changes 非現金變動						
		Financing cash flows	Finance cost incurred	Government grants recognised	Foreign exchange movements			
		1/1/2017 2017年 1月1日	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	31/12/2017 2017年 12月31日 HK\$'000 千港元
Bank borrowings (Note 25)	銀行貸款(附註25)	275,580	3,497	24,271	-	18,093	-	321,441
Corporate bond (Note 28)	公司債券(附註28)	1,736	(160)	200	-	-	-	1,776
Government grants (Notes 23 and 29)	政府補助 (附註23及29)	29,496	600	-	(415)	2,075	-	31,756
Obligations under finance leases (Note 26)	融資租賃負債 (附註26)	4,658	(3,769)	175	-	-	-	1,064
		311,470	168	24,646	(415)	20,168	-	356,037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

36. STATEMENT OF FINANCIAL POSITION OF
THE COMPANY

36. 本公司財務狀況表

		Notes 附註	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Non-current asset	非流動資產			
Investment in a subsidiary	於一間附屬公司投資		135,000	135,000
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		1,592	1,590
Amounts due from subsidiaries	應收附屬公司款項	(a)	195,273	169,326
Bank balances and cash	銀行結餘及現金		1,353	32,063
			198,218	202,979
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及預提費用		143	25
Amount due to a subsidiary	應付一間附屬公司款項	(a)	-	4,599
			143	4,624
Net current assets	流動資產淨值		198,075	198,355
Total assets less current liabilities	總資產減流動負債		333,075	333,355
Non-current liability	非流動負債			
Corporate bond	公司債券		1,816	1,776
Net assets	資產淨值		331,259	331,579
Capital and reserves	資本及儲備			
Share capital	股本		2,168	2,168
Reserves	儲備	(b)	329,091	329,411
Total equity	總權益		331,259	331,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes:

- (a) The amounts due from/to subsidiaries are unsecured, carry prevailing market interest rate and are repayable on demand.
- (b) Movements in reserves

36. 本公司財務狀況表(續)

附註：

- (a) 應收／應付附屬公司款項乃無抵押、按現行市場利率計息以及須按要求償還。
- (b) 儲備變動

		Share premium 股份溢價 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 合計 HK\$'000 千港元
As at 1 January 2017	於2017年1月1日	331,977	(2,354)	329,623
Loss and total comprehensive expense for the year	年度虧損及全面開支總額	-	(212)	(212)
As at 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	331,977	(2,566)	329,411
Loss and total comprehensive expense for the year	年度虧損及全面開支總額	-	(320)	(320)
As at 31 December 2018	於2018年12月31日	331,977	(2,886)	329,091

37. SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

37. 附屬公司

本公司附屬公司的詳情如下：

Name of subsidiaries 附屬公司名稱	Place of incorporation/ 註冊成立/ 設立地點	Place of operation 營運地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本／註冊資本	Percentage of equity interest/voting power attributable to the Company 本公司應佔股權／投票權百分比				Principal activities 主要業務
				Direct 直接		Indirect 間接		
				2018 2018年	2017 2017年	2018 2018年	2017 2017年	
Windrider Technology Company Limited	The BVI 英屬處女群島	Hong Kong 香港	Ordinary shares US\$100 普通股100美元	100%	100%	-	-	Investment holding 投資控股
Techwide Management Company Limited	The BVI 英屬處女群島	Hong Kong 香港	Ordinary shares US\$100 普通股100美元	-	-	100%	100%	Investment holding 投資控股

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

37. SUBSIDIARIES (continued)

37. 附屬公司(續)

Name of subsidiaries 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 設立地點	Place of operation 營運地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊資本	Percentage of equity interest/voting power attributable to the Company 本公司應佔股權/投票權百分比				Principal activities 主要業務	
				Direct 直接		Indirect 間接			
				2018 2018年	2017 2017年	2018 2018年	2017 2017年		
Wai Chi Electronic Technology Management Company Limited 偉志電子科技管理有限公司	Hong Kong 香港	Hong Kong 香港	Ordinary shares HK\$100,000 普通股100,000港元	-	-	100%	100%	Investment holding 投資控股	
Ecosquare Energy Company Limited	The BVI 英屬處女群島	Hong Kong 香港	Ordinary shares US\$100 普通股100美元	-	-	100%	100%	Investment holding 投資控股	
Wai Chi Energy Services Company Limited 偉志節能服務有限公司	Hong Kong 香港	Hong Kong 香港	Ordinary shares HK\$100,000 普通股100,000港元	-	-	100%	100%	Investment holding 投資控股	
Allied Solution Company Limited	The BVI 英屬處女群島	Hong Kong 香港	Ordinary shares US\$100 普通股100美元	-	-	100%	100%	Investment holding 投資控股	
Wai Chi Group (HK) Limited 偉志集團有限公司	Hong Kong 香港	Hong Kong 香港	Ordinary shares HK\$135,100,000 普通股 135,100,000港元	-	-	100%	100%	Investment holding 投資控股	
Wai Chi Opto Technology Limited 偉志光電有限公司	Hong Kong 香港	Hong Kong 香港	Ordinary shares HK\$62,380,000 普通股 62,380,000港元	-	-	100%	100%	Trading of LED backlight and lighting products 買賣LED背光及照明產品	
Wai Chi Opto Technology (Shenzhen) Limited* (Note a) 偉志光電(深圳)有限公司(附註a)	The PRC 中國	The PRC 中國	Registered capital RMB97,128,000 註冊資本 人民幣97,128,000元	-	-	100%	100%	Manufacture and sale of LED backlight and lighting products and sourcing business 製造及銷售LED背光及照明產品及業務採購	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

37. SUBSIDIARIES (continued)

37. 附屬公司(續)

Name of subsidiaries 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 設立地點	Place of operation 營運地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of equity interest/voting power attributable to the Company 本公司應佔股權/投票權百分比				Principal activities 主要業務	
				Direct 直接		Indirect 間接			
				2018 2018年	2017 2017年	2018 2018年	2017 2017年		
Sanxia Wai Chi Opto Technology (Yichang) Limited* (Note b) 三峽偉志光電(宜昌)有限公司(附註b)	The PRC 中國	The PRC 中國	Registered capital RMB30,000,000 註冊資本 人民幣30,000,000元	-	-	100%	100%	Manufacture and sale of LED lighting product and provision of LED lighting installation service 製造及銷售LED照明產品及提供LED照明安裝服務	
Shenzhen Wai Chi Lighting Company Limited* (Note b) 深圳市偉志照明有限公司(附註b)	The PRC 中國	The PRC 中國	Registered capital RMB5,000,000 註冊資本 人民幣5,000,000元	-	-	100%	100%	Manufacture and sale of LED lighting products 製造及銷售LED照明產品	
Beijing Senhuan Energy Management Company Limited* (Note b) 北京森洄節能科技有限公司(附註b)	The PRC 中國	The PRC 中國	Registered capital RMB5,800,000 註冊資本 人民幣5,800,000元	-	-	100%	100%	Inactive 暫無營業	
Huizhou Wai Chi Electronics Company Limited* (Note b) 惠州偉志電子有限公司(附註b)	The PRC 中國	The PRC 中國	Registered capital RMB144,113,349 註冊資本 人民幣144,113,349元	-	-	100%	100%	Manufacture and sale of LED backlight and lighting products 製造及銷售LED背光及照明產品	
Wai Chi Jingmi Hardware (Huizhou) Company Limited* (Note b) 偉志精密五金塑膠(惠州)有限公司(附註b)	The PRC 中國	The PRC 中國	Registered capital US\$3,720,000 註冊資本 3,720,000美元	-	-	100%	100%	Inactive 暫無營業	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

For the year ended 31 December 2018 截至2018年12月31日止年度

37. SUBSIDIARIES (continued)

37. 附屬公司(續)

Name of subsidiaries 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 設立地點	Place of operation 營運地點	Issued and fully paid share capital/ registered capital 已發行及繳足 股本/註冊資本	Percentage of equity interest/voting power attributable to the Company 本公司應佔股權/投票權百分比				Principal activities 主要業務	
				Direct 直接		Indirect 間接			
				2018 2018年	2017 2017年	2018 2018年	2017 2017年		
惠州樂信光電五金有限公司 (Note b)(附註b)	The PRC 中國	The PRC 中國	Registered capital RMB4,838,290 註冊資本 人民幣4,838,290元	-	-	100%	100%	Manufacture and sale of LED backlight products 製造及銷售LED 背光產品	
深圳市前海偉志科技有限公司 (Note b)(附註b)	The PRC 中國	The PRC 中國	Registered capital RMB5,000,000 註冊資本 人民幣5,000,000元	-	-	100%	100%	Fund centre 基金中心	
青島偉志光電有限公司 (Note b)(附註b)	The PRC 中國	The PRC 中國	Registered capital RMB6,000,000 註冊資本 人民幣6,000,000元	-	-	100%	100%	Inactive 暫無營業	

None of the subsidiaries had issued any debt securities at the end of both years.

概無附屬公司於兩個年度末發行任何債務證券。

Notes:

附註：

(a) The entity is wholly foreign owned enterprise established in the PRC.

(a) 該實體為於中國成立的外商獨資企業。

(b) These entities are limited liability companies established in the PRC.

(b) 該等實體為於中國成立的有限公司。

* The English name is for identification purpose only

* 英文名稱僅供識別

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

38. 比較數字

若干比較數字已予以重新分類以符合本年度之呈列。

PARTICULARS OF PROPERTIES 物業附表

Property 物業	Percentage interest of the Group 本集團佔有權益 之百分比	Floor Area 面積 (sq.ft) (平方呎)	Usage as at 31 December 2018 於2018年12月31日之用途
An Industrial complex located in Sanxu Village and Meihua Village, Luoyang Town, Boluo County, Huizhou, Guangdong Province, the PRC 一個位於中國廣東省惠州市博羅縣羅陽鎮三徐村及梅花村之工業園	100%	1,807,709	Occupied by the Group for industrial use 本集團佔用作工業用途
A Land Parcel located in Yanjiahe Village, Xiaoita, Yiling District, Yichang, Hubei Province, the PRC 一幅位於中國湖北省宜昌市夷陵區小溪塔鄢家河村之地塊	100%	595,595	Planning for construction of office and warehouse for leasing purpose 計劃興建辦公室及倉庫作出租用途

FINANCIAL SUMMARY

財務概要

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元	2014 2014年 HK\$'000 千港元 (restated) (經重列)
Revenue	營業額	2,249,786	1,677,966	1,321,601	1,100,491	1,165,579
Cost of sales	銷售成本	(2,002,523)	(1,459,129)	(1,160,336)	(854,979)	(889,736)
Gross profit	毛利	247,263	218,837	161,265	245,512	275,843
Operating expenses	經營成本	(197,738)	(190,505)	(154,483)	(283,173)	(194,255)
Profit/(loss) before tax	除稅前利潤/(虧損)	49,525	28,332	6,782	(37,661)	81,588
Income tax expenses	所得稅開支	(4,418)	(6,002)	(383)	(1,106)	(20,395)
Profit/(loss) for the year	年度利潤/(虧損)	45,107	22,330	6,399	(38,767)	61,193
Earnings/(loss) per share	每股盈利/(虧損)					
Basic and diluted (HK\$)	基本及攤薄(港元)	0.21	0.10	0.03	(0.19)	0.39
Assets and liabilities	資產及負債					
Non-current assets	非流動資產	368,103	289,489	273,125	330,995	356,524
Current assets	流動資產	1,199,444	1,494,996	1,176,360	1,317,509	1,252,401
Current liabilities	流動負債	(887,048)	(1,116,804)	(832,010)	(1,032,180)	(919,442)
Total assets less current liabilities	總資產減流動負債	680,499	667,681	617,475	616,324	689,483
Non-current liabilities	非流動負債	(20,978)	(21,673)	(35,499)	(39,886)	(37,252)
Net assets	資產淨值	659,521	646,008	581,976	576,438	652,231
Capital and reserves	資本及儲備					
Share capital	股本	2,168	2,168	2,168	2,000	2,000
Reserves	儲備	657,353	643,840	579,808	574,438	650,231
Total equity	總權益	659,521	646,008	581,976	576,438	652,231



Wai Chi Holdings Company Limited
偉志控股有限公司