



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

2019年報 ANNUAL REPORT



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



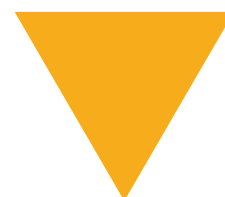


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CORPORATE PROFILE

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 manufacturers 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 151 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 products 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照明產品製造商之一，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151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

AUTHORISED REPRESENTATIVES

Mr. Chen Chung Po
Mr. Cheung Wai Hung

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor, Liven House
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AUDITORS

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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
銅鑼灣
希慎道33號
利園一期43樓

法律顧問

觀韜律師事務所(香港)(香港法律顧問)

股份代號

01305

公司網址

www.waichiholdings.com

PRINCIPAL BANKERS

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Kowloon, Hong Kong

Citibank (Hong Kong) Limited
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

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

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香港九龍
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觀塘
海濱道83號
花旗大樓11樓

中國銀行(香港)有限公司
香港
中環
花園道1號
中銀大廈

開曼群島股份過戶登記總處

Codan Trust Company (Cayman) Limited
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Hutchins Drive
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Grand Cayman KY1-1111
Cayman Islands

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
54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 (“**Director**” or the “**Board**”), I am pleased to present to our shareholders our audited annual results of the Group for the year ended 31 December 2019.

INDUSTRY REVIEW

At the beginning of the year 2019, global economic risks were in the course of elevation as trade barriers and geopolitical tensions heightened, especially those related to the topic of Brexit. Investors’ confidence continued to be undermined such that investment and supply chain were at risk of disruption in affected areas. With the visibly synchronised trend in global economies, downward impact even spread to the emerging market economies and the euro area and 2019 drew to a close with real GDP growth at 3.0%.

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2019年12月31日止年度的經審核全年業績。

行業回顧

2019年初，隨著貿易壁壘及地緣政治緊張局勢加劇，尤其是與英國脫歐有關的話題，全球經濟風險呈上升趨勢。投資者信心持續減弱，以致投資及供應鏈在受影響地區面臨中斷的風險。全球經濟同步下行趨勢明顯，甚至波及新興市場經濟體及歐元區，2019年，實際GDP增長率為3.0%。



As for China, 6.1% of real GDP growth was achieved. While it is a lasting deceleration, it was within the targeted range between 6.0% and 6.5% set out by the Chinese government. Industrial production slowdown and weakened trade growth manifested differently in the various industries in the country. Enterprises with economies of scale and flexibility in research and development (“R&D”) would be more resilient to uncertainties during the period.

The LED backlight production market in China faced the challenge of easing demands in both export and domestic market, where momentum of growth turns to the rapidly changing taste of end consumers. In the past few years, weakening consumer confidence caused by the global economic fluctuations altered the automobile market.

Mainstream production of automobile on-board displays has been oriented towards displays of 5 inches or above as sales of automobiles gear towards high-end, high-tech and new-energy car models. Similarly, television displays which are closely related to the consumer market are experiencing the upgrade in both screen size and quality brought by Mini LED and OLED components.

中國實際GDP增長率達到6.1%。儘管持續減速，惟仍處於中國政府設定的6.0%至6.5%的目標範圍內。工業生產放緩及貿易增長減弱在我國不同行業表現不同。在此期間，具有規模經濟及研發靈活性的企業對不確定的因素適應能力相對較強。

中國LED背光生產市場面臨出口及國內市場需求放緩的挑戰，增長勢頭轉向終端消費者快速變化的品味。在過去幾年裡，全球經濟動盪導致的消費者信心減弱改變了汽車市場。

隨著汽車銷售向高端、高科技及新能源車型發展，車載顯示器的主流生產已轉向5英寸或以上的顯示器。同樣，與消費者市場密切相關的電視顯示器正在經歷Mini LED及OLED組件帶來的屏幕尺寸及質量的升級。

BUSINESS REVIEW

Despite the unpredictable industry environment, the Company stayed firm and focused on LED backlight product categories including automobile, television and industrial equipment while continuously exploring diversified income streams and retaining LED lighting business with some longstanding clients in China as well as Europe. The Group recorded a total revenue of approximately HK\$2,214,974,000 for the year ended 31 December 2019, representing a slight decrease of 1.55% as compared to the year ended 31 December 2018. Segment revenue of backlights for automobile on-board displays and commercial lighting attained 30.7% and 40.5% increase respectively, compensating for decreased revenue in other segments.

In the trading segment, we opened up the business of memory chips trading. As consumer application of 5G and Internet of things (IoT) technologies are imminent, memory chips are an example of semiconductor components in devices or systems which we will see prevailing to revamp conventional everyday objects. For example, smart home appliances will have an internal memory chip to record activity history, user preferences, etc., which means there will be a rising demand for individually customised memory components. The main entry barrier for memory chips traders and manufacturers is the access to a reliable source of its raw material, as over 90% of the global supplies originate from a handful of suppliers. Wai Chi currently maintains a stable relationship with a leading supplier in the field.

With respect to the current status of our factories' operation under the coronavirus outbreak, in addition to our main products, we produced some display products which could be used in hospitals treating patients infected by the coronavirus outbreak. After the Group having been granted a level-2 prioritized manufacturers (level-1 being ones that are directly related to medical supplies), around 70% of the operation in our Guangdong facilities has resumed in February 2020 and the rest has resumed at the date of this report. Employees coming from outside of Guangdong Province are asked to undergo self-quarantine for 14 days before returning to the workplace where we also implement strict protocols regarding mask-wearing, body temperature monitoring and disinfection in prevention of the potential infection.

業務回顧

儘管行業環境變化莫測，但本公司仍堅定不移地專注於LED背光產品類別，包括汽車、電視及工業設備，同時不斷探索多元化的收入來源，並保留與中國及歐洲的若干長期客戶之間的LED照明業務。截至2019年12月31日止年度，本集團錄得總收入約2,214,974,000港元，較截至2018年12月31日止年度輕微下跌1.55%。車載顯示器背光及商用照明分部收入分別增長30.7%及40.5%，彌補了其他分部收入的下降。

在貿易領域，我們已開設存儲芯片貿易業務。5G及物聯網技術的消費者應用日益迫近，我們將看到存儲芯片成為其中一個盛行用於改造傳統日常用品的設備或系統半導體元件。例如，智能家電將具有一個內部存儲芯片用於記錄活動、用戶偏好等，這意味著對個性化定制的存儲組件的需求將不斷上升。對於存儲芯片貿易商及製造商而言，主要進入壁壘是獲得可靠的原材料來源，原因是全球90%以上的供應來自少數供應商。偉志目前與該領域的主要供應商保持穩定關係。

關於冠狀病毒疫情期間工廠的當前運營狀況，除主要產品外，我們已生產若干適用於診治冠狀病毒感染患者醫院的顯示屏產品。集團因而獲授2級優先製造商（1級為與醫療供應直接相關的製造商）後，廣東設施約70%的運營已於2020年2月恢復，其餘部分已於本報告日期恢復。來自廣東省外地區的員工被要求自我隔離14天後方可返回工作場所，我們亦於工作場所嚴格遵守有關佩戴口罩、監測體溫及消毒方面的規定，以防止潛在感染。

PROSPECTS

In my view, a global economic recovery will occur once the coronavirus outbreak subsides, although it will likely go at a slow pace because of a halt in most production activities in Southern China caused by measures against the spread of the virus. The world economy growth was estimated to recoup to 3.4% in 2020 by the International Monetary Fund in Oct 2019, which can possibly be delayed by the coronavirus outbreak. The global chain effect triggered by such disruption will take some time to reverse.

Looking at automobile on-board displays, the growing market demand for larger-sized backlight products will be on track as it is reported that upcoming high-end car models and new-energy models will be equipped with displays as large as 32 inches. Meanwhile, demand for free-form and curved displays will remain stable, which provides good opportunities for manufacturers with high R&D capabilities.

Lastly, we foresee that the future niche market for small-storage memory chips can be lucrative for sellers who can fulfill demands, especially from clients without resources to produce the chips for their own end-products. Favourably, the semiconductor device industry in Guangdong Province is highlighted in the 14th Five-Year Plan of China as a key industry. Hence, supportive policies and subsidies are anticipated to be available for relevant enterprises. The Company is strategically assessing M&A plans of production lines from reputable manufacturers to add to our product mix and cater for future demand.

ACKNOWLEDGMENT

Finally, on behalf of the Board, I would like to express my gratitude to our investors, business associates and employees who have been the driving force and pillar of strength to the Company. We are confident and will continue to be an agile and vigilant business to embrace challenges.

Mr. YIU Chi To
Executive Director and Chairman

26 March 2020

前景

本人認為，儘管防止病毒傳播的措施導致華南地區大多數生產活動停止，拖慢復甦步伐，但當冠狀病毒疫情消退，全球經濟復甦便會將緊隨其後。根據國際貨幣基金組織於2019年10月作出的估計，世界經濟增長將在2020年恢復至3.4%，而進度可能會因冠狀病毒疫情而延遲。有關中斷引發的全球連鎖效應需要一些時間恢復。

縱觀車載顯示器領域，據悉即將推出的高端車型及新能源車型將配備可達32英寸的顯示器，因此對大型背光產品不斷增長的市場需求將步入正軌。同時，對不規則及曲面顯示器的需求保持穩定，這為具備較高研發實力的製造商提供了良機。

最後，我們預見到，對於能滿足需求的賣家，尤其是對該等並無資源生產自身終端產品芯片的客戶而言，少容量存儲芯片的利基市場將可獲利。有利的是，廣東省半導體裝置產業在中國「十四五規劃」中被列為重點產業。因此，預計將為相關企業提供支持性政策及補貼。本公司正在戰略性地評估知名製造商的產線併購計劃，以增加我們的產品組合及滿足未來需求。

鳴謝

最後，本人謹代表董事會對我們的投資者、商業夥伴及員工表示感謝，彼等乃本公司的動力和力量之源。我們充滿信心，並將一如既往地以機敏及警惕的企業姿態應對挑戰。

姚志圖先生
執行董事兼主席

2020年3月26日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層之論述及分析

INDUSTRY REVIEW

Global economy was faced with bumps as it entered 2019 in the midst of China-U.S. trade conflicts. Tariffs had taken a toll on manufacturing sectors in the world's two largest economies as Chinese export prices were forced to soar, eventually weighing down the overall world GDP to 3.0% – the lowest since 2010.

China's LED industry was certainly under pressure as pessimistic consumer sentiments were directly reflected in the sales of many technological products. For instance, the automobile sector as a globally interconnected industry illustrated the downtrend effects of the new carbon emission tests and end of tax breaks for manufacturers in 2018. The atmosphere persisted in 2019 in combination with the series of tariffs impacting car-related sectors. Small-scale manufacturers of steel and plastic car parts, electronics etc. suffered severely.

BUSINESS REVIEW

For the year 2019, the Group's operation has remained steady in general where it continued to keep up with market trends, adapt to technological advances in consumer goods and maintained quality output of specialty products. In terms of its sourcing business, it ventured out to include a specific type of semiconductor, small-storage memory chips, as it is believed that its potential demand will align with the upcoming prevalence of IoT equipment and devices.

行業回顧

進入2019年，中美貿易爭端令全球經濟面臨沖擊。關稅對世界上兩大經濟體的製造業造成嚴重影響，中國的出口價格被迫飆升最終拖累全球整體生產總值降至3.0%，即自2010年以來的最低水平。

中國LED行業無疑面臨壓力，因為悲觀的消費者情緒直接反映在許多科技產品的銷售上。例如，作為一個全球相互關聯的行業，汽車行業於2018年已顯示新碳排放測試及制造商稅務優惠結束的下行趨勢影響。於2019年，這種氛圍與一系列影響汽車相關行業的關稅並存。小型鋼鐵及塑料汽車零部件、電子產品等制造商受到嚴重沖擊。

業務回顧

於2019年度，本集團的營運整體保持穩定，繼續緊跟市場趨勢，適應消費品的技術進步，並保持專業產品的優質輸出。在採購業務方面，集團試驗納入一種特定類型的半導體—少容量存儲芯片，因為據信其潛在需求將受快將普及的物聯網設備及裝置帶動。





The total revenue for the year ended 31 December 2019 was approximately HK\$2,214,974,000, representing a mild decrease of 1.6% as compared to approximately HK\$2,249,786,000 for the year ended 31 December 2018. Revenue from the sales of LED backlight products was approximately HK\$950,106,000 (2018: approximately HK\$847,556,000), representing an increase of 12.1%. Such increase is mainly contributed by the automotive backlight segment with a 30.7% increase in sales. Revenue from the sales of LED lighting products was approximately HK\$94,777,000 (2018: approximately HK\$81,995,000), representing an increase of 15.6%, which is mainly contributed by the commercial lighting segment with a 40.5% increase in sales.

The Group continued with its enterprise resource planning (“ERP”) system to implement stringent cost control by timely monitoring its operation process to promote information exchange between functions, 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 enhancing financial and work efficiency with a higher level of process automation.

截至2019年12月31日止年度，總收入約為2,214,974,000港元，較截至2018年12月31日止年度的約2,249,786,000港元輕微減少1.6%。LED背光產品銷售收入約為950,106,000港元（2018年：約847,556,000港元），上升12.1%。有關增加乃主要由於汽車背光分部的銷售額增加30.7%所致。LED照明產品銷售收入約為94,777,000港元（2018年：約81,995,000港元），上升15.6%，此乃主要由於商用照明分部的銷售額增加40.5%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系統在降低本集團於生產過程中的營運成本，及通過加強自動化生產，提升財務及工作效率方面尤其有效。

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 ended 31 December 2019, revenue derived from LED backlight products in automobile on-board displays, television displays and industrial equipment displays were approximately HK\$639,290,000, HK\$106,778,000 and HK\$204,038,000 respectively.

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。截至2019年12月31日止年度，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639,290,000港元、106,778,000港元及204,038,000港元。

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	2019 2019年		2018 2018年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
Automobile Displays	車載顯示器	639,290	67.3	489,285	57.7
Televisions	電視	106,778	11.2	129,154	15.2
Equipment Displays	設備顯示器	204,038	21.5	229,117	27.1
		950,106	100.0	847,556	100.0

Automobile on-board displays represented 67.3% of the Group's LED backlight business and 28.9% of its total revenue during the year ended 31 December 2019. It experienced a 30.7% lift from the year ended 31 December 2018.

截至2019年12月31日止年度，車載顯示器佔本集團LED背光業務的67.3%，佔總收入的28.9%，較截至2018年12月31日止年度增長30.7%。

2019 was a time of transition for the automobile industry as much as a year when consumers increasingly shift to opt for vehicles with the next-level technology and emission standard compliance. According to the industry research firm Sigmaintell Consulting Co., Ltd., the output volume of automobile on-board displays in the first half of 2019 dropped by 3.4% to approximately 79 million pieces. However, as one of the leading backlight producers of automobile on-board displays, the Group stayed atop of the trend of enlarged sizes and varied forms of information panels.

2019年對汽車行業而言為過渡期，消費者日益轉向選擇符合下一代技術及排放標準的車輛。根據行業研究公司北京群智諮詢有限公司的數據，2019年上半年車載顯示器的產量降低3.4%至約7,900萬件。然而，作為車載顯示器背光領先生產商之一，本集團始終處於信息面板尺寸擴大及形式多樣化的趨勢之中。

Revenues from backlight products for television displays and equipment displays saw decreases of approximately 17.3% and 11.0% as the Group focused on the production of backlight products for automobile displays.

由於本集團專注於生產車載顯示器背光產品，故電視顯示器及設備顯示器背光產品的收入分別下降約17.3%及11.0%。

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 ended 31 December 2019, revenues from public lighting and commercial lighting were approximately HK\$15,770,000 and HK\$79,007,000 respectively, observing a decrease in the former of approximately 38.8% and an increase in the latter of approximately 40.5%.

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。截至2019年12月31日止年度，公用照明及商用照明的收入分別約為15,770,000港元及79,007,000港元，前者減少約38.8%而後者增加約40.5%。



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	2019 2019年		2018 2018年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
Public Lighting	公用照明	15,770	16.6%	25,755	31.4
Commercial Lighting	商用照明	79,007	83.4%	56,240	68.6
		94,777	100.0	81,995	100.0

For the year ended 31 December 2019, the Group continued its focus on overseas lighting projects with Europe being its largest market. The ongoing public LED street lighting projects in Mexico continued to generate revenue for the Group. It also went on serving some loyal domestic clients in China. Possessing a strong foothold in the overseas market, the Group is confident in attracting more potential clients in the future.

截至2019年12月31日止年度，本集團繼續專注於海外照明項目，歐洲為其最大的市場。墨西哥正在進行的公用LED路燈項目繼續為本集團創收。其亦繼續為中國若干忠實國內客戶提供服務。憑藉海外市場的牢固據點，本集團有信心於未來吸引更多潛在客戶。

High-tech Electronic Components and Products Sourcing Business

The Group is engaged in the sourcing of high-tech electronic components and products. During the year ended 31 December 2019, revenue from the provision of sourcing services was approximately HK\$1,170,091,000 (2018: HK\$1,320,235,000), representing a decrease of approximately 11.4%, which was mainly due to the Group intentionally allocating resources to the core business to cope with the Group's development. The Group added small-storage memory chips to this segment to meet demand for IoT equipment and devices.

高科技電子零部件及產品的採購業務

本集團從事高科技電子零部件及產品的採購。截至2019年12月31日止年度，提供採購服務的收入約為1,170,091,000港元（2018年：1,320,235,000港元），減少約11.4%，乃主要由於本集團為應付發展而有意分配資源至核心業務。本集團將少容量存儲芯片納入此分部，以滿足對物聯網設備和裝置的需求。

QUALITY CONTROL

At the Company, the high level of quality control has proven to garner customer loyalty. From the very beginning stage of product design, the Group's quality control procedures continue throughout the entire product manufacturing and storage process. Quality control staff are to contribute to the product design process so as to ensure the products are in excellent quality from the very beginning. There is a set of established 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 important assurance of the product quality and reliability.

RESEARCH AND DEVELOPMENT

The Group recognises the immense value of R&D capabilities and has become an agile industry player for its R&D efforts. As today's consumers demand not only quality but diversity in many tech-related products, niche markets for components of non-mainstream products can offer profitable opportunities for manufacturers with well-informed and resourceful R&D departments. By flexibly targeting market trends and technological advances, the Group strives to always be ready to identify and capture optimal business deals.

The Group's R&D centre is located at our production plant in Huizhou. The Group engages 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 over the years and, as of 31 December 2019, the Group held 151 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.

質量控制

在本公司，事實證明高水平的質量控制可提高客戶忠誠度。由生產最初的產品設計階段開始，本集團的品控程序持續至產品製造及儲存的整個流程。品控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，其中包括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

本集團認識到研發能力的巨大價值，並已在研發投入上成為敏捷的行業參與者。由於當今消費者不僅對質量有要求，而且對許多技術相關產品的多樣性有需求，因此小眾產品組件的利基市場可為具備消息靈通且資源豐富的研發部門的製造商提供獲利機會。通過靈活地面向市場趨勢及技術進步，本集團致力於始終準備好物色並把握最佳業務交易。

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2019年12月31日，本集團持有151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，為未來機遇做準備。

AWARDS FOR CORPORATE RESPONSIBILITY

During the year ended 31 December 2019, 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 fourth 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.

PROSPECTS

At the beginning of 2020, China-U.S. trade relations seem to have taken a more positive turn as deals to alleviate losses were proposed by both countries in January. Nonetheless, the world’s attention quickly moved to the coronavirus outbreak in China, rekindle any negative sentiments which could have been eased at the end of 2019. The Group believes that 2020 will be once again a challenging year for many industries around the world and may only show signs of rebound in the last months.

The Chinese vehicle market, the largest in the world, had a drop of 4.0% in vehicle output in 2018 as it reacted to new carbon emission standards and expiration of industry tax cuts. After some industry adjustment in 2019, it is anticipated that the number of displays used in car interiors continued to grow as digitalisation of formerly physical interfaces gain popularity. The Group will leverage on its manufacturing technologies, human capital and R&D capabilities to produce backlight for automobile on-board displays to gain market share.

有關企業責任的獎項

截至2019年12月31日止年度，本集團附屬公司偉志光電有限公司第四度榮獲世界綠色組織（「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9個不同營運範疇施行綠色守則，遂於2013年推出綠色辦公室獎勵計劃，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。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。

展望

2020年初，中美兩國於1月份提出減輕損失的協議，貿易關係似乎有了更積極的轉變。儘管如此，全球注意力迅速轉移至中國的冠狀病毒疫情上，從而重燃可能於2019年底緩解的任何負面情緒。本集團認為，2020年對全球許多行業來說將再次為充滿挑戰的一年，可能僅於最後幾個月方可出現反彈跡象。

作為世界上最大的汽車市場，中國的汽車產量在2018年下降4.0%，原因為執行新的碳排放標準及行業減稅政策到期。在2019年進行若干行業調整後，隨著先前為實體車載顯示界面的數碼化趨勢日益盛行，預計在汽車內使用的顯示器數量將繼續增長。本集團將利用其製造技術、人力資本及研發能力生產車載顯示背光，以贏取市場份額。

Regarding the television LED backlight sector, manufacturing costs of Mini LED displays have lowered as the technology matures. Such trend will prevail in 2020 alongside the falling retail prices of OLED televisions, leaving the two as strong competitors against traditional LED TVs. The Group will be closely monitoring market information and reappraise its strategies as needed.

The Group has noticed the widening demand for small-storage memory chips in IoT products. With access to a reliable supplier of raw material, the Company has been carefully evaluating M&A plans of existing production lines with a view to becoming a supplier of a niche and less competitive market. This is also expected to diversify the Group's income streams and possibly compensate for weaker performance in other sectors.

The Company will stay alert and resilient during times of global uncertainties. On the other hand, it is also determined to grasp favourable opportunities by adaptively utilising available resources and technologies.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2019, 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. The sales of the Group's LED backlight products were approximately HK\$950,106,000, representing an increase of approximately 12.1% from 2018, which was mainly attributable to the significant increase of sales of automotive displays LED backlight products. The sales of the Group's LED lighting products were approximately HK\$94,777,000, representing an increase of approximately 15.6% from 2018. The increase was mainly attributable to the continual increase of sales in the European market. The revenue from the segment of high-tech electronic components and products sourcing recorded sales of approximately HK\$1,170,091,000 (2018: HK\$1,320,235,000).

就電視LED背光領域而言，隨著技術的成熟，Mini LED顯示器的製造成本已經降低。隨著OLED電視零售價格的下降，該趨勢將於2020年盛行，兩者與傳統LED電視將進行激烈競爭。本集團將密切監察市場資料，並根據需要重新評估其策略。

本集團注意到，物聯網產品對少容量存儲芯片的需求不斷增長。由於獲得可靠的原材料供應商，本公司正在認真評估現有生產線的併購計劃，以成為利基市場及競爭力較弱市場的供應商。預計此亦將令本集團的收入來源多樣化，並可能彌補其他部門的業績下滑。

本公司將在全球不明朗時保持警惕及彈性。另一方面，亦決定通過適應性地利用可用資源及技術把握有利時機。

財務回顧

收入

截至2019年12月31日止年度，本集團的收入來自銷售LED背光產品、銷售LED照明產品及高科技電子零部件及產品的採購業務。本集團LED背光產品的銷售額約為950,106,000港元，較2018年上升約12.1%，此乃主要由於車載顯示LED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94,777,000港元，較2018年上升約15.6%。上升主要由於歐洲市場的銷售額持續增加所致。高科技電子零部件及產品採購分部的收入錄得銷售額約1,170,091,000港元（2018年：1,320,235,000港元）。

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

		2019 2019年		2018 2018年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
Total Revenue	總收入				
LED Backlight	LED 背光	950,106	42.9	847,556	37.7
LED Lighting	LED 照明	94,777	4.3	81,995	3.6
High-tech Electronic Components and Products Sourcing	高科技電子零部件及 產品採購	1,170,091	52.8	1,320,235	58.7
		2,214,974	100	2,249,786	100.0

Gross Profit and Gross Profit Margin

For the year ended 31 December 2019, gross profit from the sales of LED backlight and LED lighting products was approximately HK\$209,934,000, representing a decrease of 9.2% from approximately HK\$231,225,000 in 2018. Gross profit margin for these two segments decreased by 4.8 percentage points from 24.9% in 2018 to 20.1% in 2019. Gross profit and gross profit margin from high-tech electronic components and products sourcing were HK\$19,033,000 and 1.63% (2018: HK\$16,038,000 and 1.21%) respectively. For the year ended 31 December 2019, the Group's overall gross profit was approximately HK\$228,967,000, representing a decrease of 7.4% from approximately HK\$247,263,000 in 2018. Overall gross profit margin was 10.3% in 2019, representing a decrease of 0.7 percentage points from 11.0% in 2018.

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 2019, the Group's selling and distribution expenses was approximately HK\$25,553,000, representing increase of 13.6% compared to approximately HK\$22,487,000 for the year 2018, which was in line with the Group's revenue from sales of LED backlight and LED lighting products.

毛利及毛利率

截至2019年12月31日止年度，銷售LED背光及LED照明產品的毛利約為209,934,000港元，較2018年約231,225,000港元減少9.2%。該兩個分部的毛利率由2018年的24.9%下跌4.8個百分點至2019年度的20.1%。高科技電子零部件及產品採購業務的毛利及毛利率分別為19,033,000港元及1.63%（2018年：16,038,000港元及1.21%）。截至2019年12月31日止年度，本集團錄得整體毛利約為228,967,000港元，較2018年約247,263,000港元減少7.4%。2019年的整體毛利率為10.3%，較2018年的11.0%下跌0.7個百分點。

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2019年12月31日止年度，本集團銷售及分銷開支約為25,553,000港元，較2018年度的約22,487,000港元增加13.6%，此與銷售LED背光及LED照明產品的集團收入一致。

Administrative Expenses

Administrative expenses refer to the general expenses incurred in offices and factories. The Group focuses on effective management by means of resource consolidation in the Shenzhen and Huizhou factories. For the year ended 31 December 2019, the Group's administrative expenses was approximately HK\$101,597,000, which increased by 11.6% compared to approximately HK\$91,034,000 for the year 2018. The increase was mainly attributable to the expansion in business scale and increase in labour cost.

Other Income

During the year ended 31 December 2019, other income was approximately HK\$21,148,000, representing a decrease of 34.4% in comparison with approximately HK\$32,232,000 for the year 2018.

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 (“**Shenzhen Wai Chi**”) and Huizhou Wai Chi Electronics Company Limited, are qualified as “High-Tech Enterprises” 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 ended 31 December 2019, the Group's tax expenses amounted to approximately HK\$3,021,000 (2018: HK\$4,418,000).

Inventories

As at 31 December 2019, the Group's inventories was approximately HK\$211,584,000, representing an increase of 12.3% as compared to approximately HK\$188,406,000 as at 31 December 2018. The increase in inventory was attributable to inventory of memory chips maintained for the sourcing business.

Trade Receivables

As at 31 December 2019, the Group's net trade receivables amounted to approximately HK\$454,279,000, which increased by 10.9% as compared to approximately HK\$409,549,000 as at 31 December 2018. This was attributable to the increase in sales of LED backlight and LED lighting products.

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2019年12月31日止年度，本集團的行政開支約為101,597,000港元，較2018年度的約91,034,000港元增加11.6%。增加主要是由於業務規模擴大及員工成本上升所致。

其他收入

截至2019年12月31日止年度，其他收入約為21,148,000港元，較2018年度的約32,232,000港元減少34.4%。

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(「**深圳偉志**」)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。截至2019年12月31日止年度，本集團的稅項開支約為3,021,000港元(2018年：4,418,000港元)。

存貨

於2019年12月31日，本集團的存貨量約為211,584,000港元，較2018年12月31日的約188,406,000港元增加12.3%。存貨增加乃由於為採購業務保存存儲芯片之庫存所致。

應收賬款

於2019年12月31日，本集團的應收賬款淨額約為454,279,000港元，較2018年12月31日的約409,549,000港元增加10.9%，此乃由於LED背光及LED照明產品的銷售額增加所致。

Trade Payables

As at 31 December 2019, the Group's trade payables amounted to approximately HK\$241,923,000, which increased by 31.4% as compared to approximately HK\$184,162,000 as at 31 December 2018. This was attributable to the increase in purchase of raw materials for LED backlight and LED lighting products.

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 mergers and acquisition that may arise from time to time. As at 31 December 2019, the net proceeds from the Placing have not yet been utilised and have been deposited with licensed banks in Hong Kong.

The Company has explored various potential merger and acquisition projects and their feasibility over the past few years. These include preliminary discussions about the arrangements for the potential merger and acquisition with the Group's suppliers and customers in various business sectors.

However, after discussion and deliberation by the Company's management team, it was considered that those projects would neither be compatible with nor facilitate the Company's future development and business growth. Hence, the Company had not utilized the proceeds from the Placing on such projects.

The Company will continue to seek opportunities for merger and acquisition that may arise from time to time and expects to use the proceeds from the Placing for merger and acquisition in 2020.

應付賬款

於2019年12月31日，本集團的應付賬款約為241,923,000港元，較2018年12月31日的約184,162,000港元增加31.4%，此乃由於增加採購LED背光及LED照明產品的原材料所致。

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2019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。

本公司於過去數年間已探索了各種潛在合併及收購項目及其可行性，包括就本集團與不同行業的供應商及客戶進行潛在合併及收購的安排進行初步商討。

然而，經商討及審議後，本公司管理層認為該些項目既不符合，亦不能促進集團未來發展及業務增長，因此，本公司並未於該些項目上動用配售事項所得的款項。

本公司將繼續尋找可能會不時出現的合併及收購機會，並預計將於2020年動用配售事項的所得款項作合併及收購用途。

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

董事、高級管理人員及僱員

EXECUTIVE DIRECTORS

Mr. Yiu Chi To, age 57, 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 42, 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 was gradually promoted to Branch Manager from 2000 to 2006. From 2006 to 2010, he worked with the Sun Hung Kai Group of companies serving as the Vice President of Sales Division in Wealth Management when 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，57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，42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 35, 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 56, 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，35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，56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 43, 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 56, 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 fellow 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 thirty 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，43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，56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資深會員，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，具超過三十年核數、財務及行政管理之經驗，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)委任為獨立非執行董事至今，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 57, 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 (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，57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有限公司任職經理，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 45, 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 fellow member of the Association of International Accountants.

Mr. Ho has over 22 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 Capital Finance Holdings Limited (Stock Code 8239, a company listed on GEM of the Stock Exchange, formerly known as Ming Kei Holdings Limited) 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，45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，國際會計師公會資深會員。

何先生擁有超過22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月為首都金融控股有限公司(股份代號：8239，為於聯交所GEM上市公司，前稱明基控股有限公司)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。

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

董事、高級管理人員及僱員

SENIOR MANAGEMENT

Mr. Luo Zeng Chang, age 38, 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 38, 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. Mr. Cheung was appointed as an independent non-executive director of Ye Xing Group Holdings Limited (Stock Code: 1941, a company listed on Main Board of the Stock Exchange) on 17 February 2020.

高級管理人員

羅增昌先生，38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，38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。於2020年2月17日，張先生獲委任為燁星集團控股有限公司（股份代號：1941，為於聯交所主板上市公司）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 2019 (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 38 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 2019.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2019 (the “**Reporting Period**”) are set out in the Consolidated Financial Statements on pages 76 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 2019.

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 22 May 2020 (Friday), the register of members of the Company will be closed from 18 May 2020 (Monday) to 22 May 2020 (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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 15 May 2020 (Friday). The record date for the entitlement to attend the AGM will be on 15 May 2020 (Friday).

董事會欣然提呈本集團截至2019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38。於截至2019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2019年12月31日止年度（「**本報告年度**」）之業績乃載於本年報第76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2019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2020年5月22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2020年5月18日（星期一）至2020年5月22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2020年5月15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54樓。出席股東週年大會資格的記錄日期為2020年5月15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 80 to 81 of the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution to shareholders is approximately HK\$331,977,000 (2018: 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 and other borrowings of the Group as at 31 December 2019 are set out in Note 25 to the Consolidated Financial Statements.

GEARING RATIO

As at 31 December 2019, the gearing ratio of the Group, based on total borrowings (including bank and other borrowing, corporate bonds and lease liabilities (2018: obligations under finance lease)) to the equity (including all capital and reserves) of the Company, was 45.1% (2018: 48.2%).

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80至第81頁綜合權益變動表。

可供分派儲備

於2019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（2018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2019年12月31日的銀行及其他貸款的詳情載於綜合財務報表附註25。

負債比率

於2019年12月31日，本集團之負債比率為45.1%（2018年：48.2%），該負債比率乃根據本集團借貸總額（包括銀行及其他貸款、公司債券及租賃負債（2018年：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 2019, the Group had 2,425 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 2019, 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 2019 was approximately HK\$215,490,000.

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2019年12月31日，本集團共有2,425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的重要性。於截至2019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2019年12月31日年度內，本集團之員工成本總金額約為215,490,000港元。

優先購買權

本公司組織章程或開曼群島之適用法律並無載列有可以迫使本公司按比例向現有股東發行新股的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 2019 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. Yiu Chi To, Mr. Chen Chung Po and Ms. Yiu Kwan Yu, all of whom were appointed as executive directors on 16 August 2013 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 21 to 26 of this annual report.

董事

截至2019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，姚志圖先生、陳鐘譜先生及姚君瑜女士於2013年8月16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。

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21至第26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 2019, 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 2020, 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 2020 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 2019.

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.

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2019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2020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2020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。

本公司董事及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、能力及市場情況作基準。於截至2019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。

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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2019 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 2019 and up to and including the date of this annual report.

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。

董事購買股份或債券的權利

截至2019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2019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。

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 2019 or at any time during the year.

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 2019, 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%

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2019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。

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2019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：

Notes:

1. 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.
2. 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 2019, 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.

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

As at 31 December 2019, 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 the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the shares of the Company.

附註：

1. 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。
2. 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2019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，或根據標準守則須知會本公司及聯交所的權益及淡倉。

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2019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，根據證券及期貨條例第336條須於本公司存置的登記冊內記錄的權益或淡倉，或直接或間接於本公司股份中擁有5%或以上的權益。

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所有銳士科技有限公司持有本公司股份中擁有權益。
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.

董事的彌償及保險

本公司組織章程細則允許本公司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、贊同或遺漏的行動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。

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.

CONNECTED TRANSACTION

During the year ended 31 December 2019, the Group has had continuing connected transactions under Chapter 14A of the Listing Rules, which are exempt from the connected transaction requirements under Rule 14A.76 of the Listing Rules. Details of the significant transactions with related parties are set out in Note 33 to the consolidated financial statements.

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。

關連交易

截至2019年12月31日止年度，根據上市規則第14A章，本集團涉及構成上市規則項下的持續關連交易。按照上市規則第14A.76條，該持續關連交易可獲豁免遵守關連交易規定。與關聯方進行的重大交易的詳情載於綜合財務報表附註33。

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2019, the largest supplier accounted for 28% of the Group's purchases and the five largest suppliers accounted for 59% of the Group's total purchases. The largest customer accounted for 24% of the Group's revenue and the five largest customers accounted for 73% 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.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to approximately HK\$135,000 (2018: approximately HK\$118,000).

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 2019, neither the Company nor any of its subsidiaries had purchased or redeemed any of the listed shares of the Company.

主要供貨商及客戶

於截至2019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28%及59%。本集團最大客戶及首5大客戶分別佔本集團總營業額24%及73%。

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。

慈善捐款

本集團於年內撥出之慈善捐款達約135,000港元(2018年：約118,000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2019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。

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.

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.

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。

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、為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到期債務或無法履行其到期責任；
- 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。

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 2019, 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 41 to 60 of this annual report.

ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITIES

During the Reporting Period, the Group is committed to 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 61 to 68 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 2019, the accounting principles and practices adopted and discussed auditing, internal controls and financial reporting matters.

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致持續增長及提升其股東價值實為重要。於截至2019年12月31日止年度，本公司已應用上市規則附錄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41至第60頁的企業管治報告內。

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61至68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2019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。



REPORT OF THE DIRECTORS 董事會報告書

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, 26 March 2020

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，2020年3月26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 2019 (“FY2019”), 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 2019:

- 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 to 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.

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 FY2019.

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2019年12月31日止年度（「2019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2019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。

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。經本公司特別查詢後，全體董事已確認彼等在2019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。

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.

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.

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。

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。

THE BOARD (continued)

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 27 to 40 of this annual report. At each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. 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. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting.

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 21 to 26 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.

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.

董事會(續)

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27至第40頁董事會報告書內。於每屆股東週年大會上，按當時在任董事人數計三分之一(或倘董事人數並非三的倍數，則最接近但不少於三分之一的數目)的董事須輪值退任，惟每位董事須至少每三年於股東週年大會輪值告退一次。退任董事可重選連任，並於其告退的整個大會上仍繼續擔任董事。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。任何獲董事會委任以填補臨時空缺的董事任期將直至其獲委任後首屆股東大會為止，並於該大會上重選連任。

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。本公司董事之履歷乃載於本年報第21至26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。

主席及行政總裁

董事會主席(「**主席**」)及行政總裁(「**行政總裁**」)分別是姚志圖先生及陳鐘譜先生。

THE BOARD (continued)

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 2019 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 FY2019.

During the FY2019, 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)

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，本集團已實行了一個持續發展課程，向董事(特別是獨立非執董)更新與本集團主要業務相關的宏觀經濟情況和商業環境的最新消息。

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，就董事之法定角色及職能與管理層及外部法律顧問會面。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2019年11月舉行了會議，以討論業務及相關問題。董事為履行其職責，亦可按書面程序尋求獨立專業意見，費用由本公司支付。在2019年財政年度沒有任何董事請求上述獨立專業意見。

根據企業管治守則第A.6.5條，在2019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 Directors have also provided to the Company their records of training attended or fulfillment of ongoing development requirements for the FY2019, 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 FY2019:

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2019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，其中的信息已經記錄於本公司備存及不時更新的董事培訓記錄登記冊內。下面表格總結了按照守則第A.6.5條於2019年財政年度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 the 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的事項。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, and in any case, at least 3 days before the intended date of the meeting or such other period as agreed 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 finalisation of the same. Final versions of the minutes are also circulated to Directors for record within a reasonable time after the Board meeting is held.

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。無論如何至少於會議擬定日期前3天或會議前協定的有關其他期間。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。會議記錄最終稿亦將於董事會會議舉行的合理時間內交董事記錄。

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 FY2019, four Board meetings were held and the attendance details are shown as follows:

Name of Directors	董事姓名	Board Meetings attended in FY2019 二零一九年財政年度 出席董事會會議次數
Executive Directors	執行董事	
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	獨立非執行董事	
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 which are published on the respective websites of the Stock Exchange and the Company 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. The Board committees are provided with sufficient resources to discharge their duties.

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2019年財政年度內，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，職權範圍刊載於聯交所及本公司各自的網站，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。董事會委員會獲提供充足的資源以履行其職責。

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 2019 to the Board for its approval.

In FY2019, three meetings were held by the Audit Committee with 100% attendance rate of all members of the Audit Committee. Draft and final versions of minutes of the meetings were sent to all members of the Audit Committee for their comment and records, within a reasonable time after the meeting.

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2019年的綜合財務報表。

於2019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%。會議記錄初稿及最終稿於會議後的合理時間內交審核委員會全體成員，供其發表意見及記錄。

BOARD COMMITTEES (continued)

(b) Remuneration Committee

The Remuneration Committee of the Company comprises all three INEDs. 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 FY2019, two meetings were held by the Remuneration Committee with 100% attendance rate of all members of the Remuneration Committee.

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2019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%。

BOARD COMMITTEES (continued)

(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.

The responsibilities of the Nomination Committee are:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually;
- to assess the independence of independent non-executive Directors;
- 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 FY2019, two meetings were held by the Nomination Committee with 100% attendance rate of all members of the Nomination Committee.

董事會屬下委員會(續)

(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。

提名委員會的職責是：

- 至少每年檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)；
- 評核獨立非執行董事的獨立性；
- 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2019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%。

BOARD COMMITTEES (continued)

(c) Nomination Committee (continued)

Board Nomination Policy

The Company has adopted a Board Nomination Policy and Nomination Committee consider and make recommendations to shareholders for the election of appropriate candidates as Directors at general meetings or appointment of such Directors to fill casual vacancies.

Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

1. reputation for integrity;
2. accomplishment and experience in the business in which the Group is engaged in;
3. commitment in respect of available time and relevant interest in the business;
4. diversity in all its aspects, including but not limited to race, gender, age (18 years or above), educational background, professional experience, skills and length of service;
5. qualifications which include professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
6. the number of existing directors and other commitments that may demand the attention of the candidate;
7. requirement for the Board to have Independent Non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered as independent with reference to the Independence guidelines set out in Rules 3.13 of the Listing Rules;
8. Board Diversity Policy of the Company and any policies adopted by the Nomination Committee for achieving diversity on the Board; and
9. such other perspectives appropriate to the Company's business.

董事會屬下委員會(續)

(c) 提名委員會(續)

董事會提名政策

本公司採納董事會提名政策，提名委員會可考慮和推薦適合的候選人給股東，並在於股東大會上推選其為董事或委任為董事以填補臨時空缺。

甄選標準

評估建議候選人的合適性時，提名委員會將考慮下列因素：

1. 誠信的聲譽；
2. 於本集團所從事業務中的成就及經驗；
3. 可投入時間及相關事務關注的承諾；
4. 於各方面的多元化，包括但不限於種族、性別、年齡（18歲或以上）、教育背景、專業經驗、技能及服務年期；
5. 資格，包括與本公司業務及企業策略相關的專業資格、技能、知識及經驗；
6. 現有董事人數及候選人可能需要關注的其他承諾；
7. 上市規則要求董事會必須包含獨立非執行董事的規定及參考上市規則第3.08條、3.09條及3.13條所載的獨立指引候選人是否被視為獨立人士；
8. 本公司董事會成員多元化政策及提名委員會採納的政策可達到董事會多元化；及
9. 切合本公司業務的相關其他因素。

BOARD COMMITTEES (continued)

(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 FY2019, two meetings with attendance of all Risk Management Committee members were held.

董事會屬下委員會(續)

(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2019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 FY2019 amounted to HK\$1,045,000 and HK\$220,000 respectively. The details and fee for non-audit services are set out below:

核數師酬金

於年內，本公司就截至2019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1,045,000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：

		HK\$ 港幣
2019 interim review	2019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 2019, no significant risk was identified.

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2019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 FY2019, 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2019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; (ii) the scope and quality of the management's ongoing monitoring of risks and of the internal control systems and the work of IA function; (iii) the extent and frequency of communication with the Board in relation to the result of risk and internal control review; (iv) significant failures or weaknesses identified and their related implications; (v) and the status of compliance with the Listing Rules.

The Board, through its reviews and the reviews conducted by IA function and the 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 69 to 75 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。及內審職能；(iii)就風險管理及內部控制的檢討結果與董事會溝通的內容及次數；(iv)已識別的重大失誤或缺陷及其相關影響；(v)及上市規則的遵守情況。

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份的。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，並僅向本公司股東滙報意見。獨立核數師報告載於本年報第69至第75頁。

COMPANY SECRETARY

Mr. Cheung Wai Hung is the Company Secretary of the Company. All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary are subject to the Board's approval. In FY2019, Mr. Cheung has taken the required number of hours of relevant professional training.

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 and 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.

公司秘書

張偉雄先生為本公司的公司秘書。董事會全體成員均可獲取公司秘書的意見及服務。公司秘書的委任及罷免須經董事會批准。於2019年財政年度，張先生已接受規定時數的相關專業培訓。

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.

There are no provisions allowing shareholders to make proposals or move resolutions at the general meetings under the memorandum and articles of association of the Company or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene a general meeting in accordance with the preceding paragraph.

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。

根據本公司組織章程大綱及細則或開曼群島法例，概無條文允許股東於股東大會上提呈建議或作出動議。然而，有意提呈建議或作出動議的股東可按照前段所述召開股東大會。

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. There was no change in the articles of association of the Company in FY 2019. 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。於2019年財政年度，本公司組織章程細則概無變動。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 committed to adhere to the philosophy of environment-friendly management and concern for the needs of the staff, enhance the product quality and perform 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 2019 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. The use of the Group's vehicles consumption on water and electricity is under our strict control. We also reduce the usage of hazardous chemicals and other materials 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2019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 step in production, 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 enhancing the energy and resources efficiency of the office, including posting slogans of energy-saving and emission reduction in each plant. Staffs are required to switch off all the electrical appliances, before they leave, with regular reminders and spot checks so that our staff are highly aware of the environmental protection. We regularly analyze the consumption of gummed paper and copy paper, promote double-sided printing, strive for paperless office. For green commuting, our staff are encouraged to take public transports in daily commute.

c. Development and application of environmental-friendly products

Environmental protection is the mission of the Group. We are courageous in broadening our scope and innovating energy-saving products, for instance, energy-saving lighting product projects in relation to street lights and sizable public facilities of the government. We proactively advocate to replace traditional light bulbs with LED lights in order to increase the lifetime of lamp and save energy significantly. In the long term, the aforementioned project is beneficial in cost saving, energy efficiency and reduction in carbon emission. The Group has more than 400,000 shipments of energy-saving lighting products in 2019 (2018: more than 300,000).

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的能源及資源效益，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

集團以環保為己任，拓展思路，勇於探索，致力於研發節能產品，包括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。2019年，集團的節能燈具錄得超過40萬件出貨量(2018年逾30萬件)。

3. WORKING ENVIRONMENT AND EMPLOYEE DEVELOPMENT

a. Human capital and quality training

As at 31 December 2019, the Group has a total of 2,425 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 held over 100 training seminars on various topics for different positions with over 5,000 participants and successfully improved the professionalism and proficiency of our employees in every aspect. Training hours in 2019 were over 1,500 (2018: over 1,200). The Group endeavors to attract and cultivate highly skilled technical personnel with various benefits and packages. Both 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 results 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, and support them to trying and take up challenges in different areas. The Group open up horizontal and vertical career paths, and always put the talented and competent people as the first priority.

3. 工作環境及員工發展

a. 人力資本及素質培養

於2019年12月31日，集團內在職員工共2,425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，成功地提升了員工各層面的職業素養和專業技能。2019年提供的培訓時數超過1,500（2018年：超過1,200）。集團大力吸納及培養高精技術人才，提供多種不同的福利待遇。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 a safe and healthy working environment, abiding by the Labor Law of the People's Republic of China, 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 with respect to 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 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 delicious 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 developing 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，包括準備美味的聚餐及文娛節目，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 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, along with 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 in order 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 a 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 been maintaining strong R&D capabilities, upgrading the skills required in the production processes and actively improving 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 151 (2018: 93) 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 2019, the customer return rate decreased by more than 7% from previous year.

5. 產品責任(續)

b. 產品研發

我們為了配合LED背光及LED照明行業技術急速改進的特點，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151項(2018年：93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，2019年客戶退貨率比上年度下降超過7%。

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 in order 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 are 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.

As a technology-oriented corporation, we care about advancement in modern science and technologies as much as traditional cultural heritage. In July 2019, we participated in a cantonese opera charity show and amenities giveaways for elderlies in Hong Kong. Other than sponsoring HK\$10,000 and we also sent staff volunteers for onsite support.

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, 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。

作為科技導向型的公司，我們重視現代科學技術的進步，也一樣重視傳統文化遺產的保育。2019年7月，我們在香港參與了一個服務老年群體的慈善粵劇表演及禮品派發活動，除了贊助10,000港元外，我們也派了義工到現場支援。

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 76 to 186, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (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76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2019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**」)頒佈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2019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佈的香港核數準則(「**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佈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 18 to the consolidated financial statements and the accounting policies on page 105.

The key audit matter

關鍵審核事項

As at 31 December 2019, the Group maintained inventories of HK\$211,584,000.

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2019年12月31日，貴集團存置存貨約211,584,000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18及第105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 items 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 19 to the consolidated financial statements and the accounting policies on pages 106 to 113.

The key audit matter

關鍵審核事項

As at 31 December 2019, the Group had trade receivables of HK\$454,279,000, representing 35% 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2019年12月31日，貴集團的應收賬款為454,279,000港元，佔貴集團流動資產總值的35%。

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19及第106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 subsequent to the end of the reporting period relating to trade receivables balance as at 31 December 2019 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。

我們亦於報告期末後對2019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。

貴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佈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 貴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 貴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。

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. Chui Yiu Cheong.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chui Yiu Cheong

Practising Certificate Number: P07219

Hong Kong
26 March 2020

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徐耀昌先生。

信永中和(香港)會計師事務所有限公司

執業會計師

徐耀昌

執業證書號碼：P07219

香港
2020年3月26日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

For the year ended 31 December 2019 截至2019年12月31日止年度

		Notes 附註	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Revenue	營業額	7	2,214,974	2,249,786
Cost of sales	銷售成本		(1,986,007)	(2,002,523)
Gross profit	毛利		228,967	247,263
Other income	其他收入	7	21,148	32,232
Selling and distribution expenses	銷售及分銷開支		(25,553)	(22,487)
Administrative expenses	行政開支		(101,597)	(91,034)
Other gains and losses	其他收益及虧損		(2,303)	(12,515)
Research and development expenses	研發開支		(50,812)	(75,719)
Finance costs	財務成本	9	(29,681)	(28,215)
Profit before tax	除稅前利潤		40,169	49,525
Income tax expense	所得稅開支	10	(3,021)	(4,418)
Profit for the year	年度利潤	11	37,148	45,107
			HK\$	HK\$
			港元	港元
Earnings per share	每股盈利			
Basic and diluted	基本及攤薄	14	0.17	0.21

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2019 截至2019年12月31日止年度

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Profit for the year	年度利潤	37,148	45,107
Other comprehensive expense 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		
Exchange differences arising on translation of foreign operations	換算海外業務產生的匯兌差額	(20,980)	(31,594)
Total comprehensive income for the year	年度全面收入總額	16,168	13,513

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2019 於2019年12月31日

		Notes	2019 2019年 HK\$'000 千港元	2018 2018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	245,520	245,008
Right-of-use assets	使用權資產	16	50,776	–
Prepaid lease payments	預付租賃款項	17	–	35,062
Deposit paid for acquisition of property, plant and equipment	購買物業、廠房及設備已付按金		5,582	–
Deferred taxation	遞延稅項	27	8,455	8,142
Deposits with bank	銀行存款	22	–	79,891
			310,333	368,103
Current assets	流動資產			
Inventories	存貨	18	211,584	188,406
Prepaid lease payments	預付租賃款項	17	–	874
Trade receivables	應收賬款	19	454,279	409,549
Bills receivables	應收票據	19	92,069	102,036
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	20	262,668	191,614
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	176,963	129,785
Bank balances and cash	銀行結餘及現金	22	101,816	24,213
			1,299,379	1,199,444
Current liabilities	流動負債			
Trade payables	應付賬款	23	241,923	184,162
Bills payables	應付票據	23	296,147	252,698
Other payables and accruals	其他應付款項及預提費用	23	55,812	44,547
Contract liabilities	合約負債	24	8,518	80,969
Bank and other borrowings	銀行及其他借款	25	288,171	313,714
Lease liabilities	租賃負債	16	4,539	–
Obligations under finance leases – due within one year	融資租賃債項 – 於一年內到期	26	–	916
Income tax payables	應付所得稅		9,294	10,042
			904,404	887,048
Net current assets	流動資產淨值		394,975	312,396

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

As at 31 December 2019 於2019年12月31日

		Notes 附註	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Total assets less current liabilities	總資產減流動負債		705,308	680,499
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	16	10,343	–
Obligations under finance leases	融資租賃債項			
– due more than one year	– 於多於一年後到期	26	–	1,183
Corporate bond	公司債券	28	1,856	1,816
Government grants	政府補助	29	17,420	17,947
Deferred taxation	遞延稅項	27	–	32
			29,619	20,978
Net assets	資產淨值		675,689	659,521
Capital and reserves	資本及儲備			
Share capital	股本	30	2,168	2,168
Reserves	儲備		673,521	657,353
Total equity	總權益		675,689	659,521

The consolidated financial statements on pages 76 to 186 were approved and authorised for issue by the board of directors on 26 March 2020 and are signed on its behalf by:

第76至186頁的綜合財務報表已於2020年3月26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 2019 截至2019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

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

For the year ended 31 December 2019 截至2019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 2019	於2019年1月1日	2,168	331,977	56,771	(31,369)	34,561	265,413	659,521
Profit for the year	年度利潤	-	-	-	-	-	37,148	37,148
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	-	-	-	(20,980)	-	-	(20,980)
Total comprehensive (expense) income for the year	年度全面(開支)收入 總額	-	-	-	(20,980)	-	37,148	16,168
Transfer	轉撥	-	-	4,818	-	-	(4,818)	-
At 31 December 2019	於2019年12月31日	2,168	331,977	61,589	(52,349)	34,561	297,743	675,689

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 the 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 the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.

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) 合併儲備指根據集團重組收購的附屬公司的已發行股本面值與就收購該等附屬公司已付代價的差額。

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 2019 截至2019年12月31日止年度

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
Profit before tax	除稅前利潤	40,169	49,525
Adjustments for:	調整以下各項：		
Finance costs	財務成本	29,681	28,215
Interest income	利息收入	(8,241)	(10,581)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	43,207	41,863
Depreciation of right-of-use assets	使用權資產折舊	2,593	-
Government grants	政府補助	(8,102)	(19,318)
Amortisation of prepaid lease payments	預付租賃款項攤銷	-	912
(Gain) loss on disposal of property, plant and equipment, net	出售物業、廠房及設備(收益)虧損淨額	(23)	211
Loss on write-off of property, plant and equipment	撇銷物業、廠房及設備虧損	286	98
Impairment loss (reversal of impairment loss) recognised in respect of trade and other receivables, net	就應收賬款及其他應收款項確認減值虧損(撥回減值虧損)淨額	3,123	(1,840)
(Reversal of) provision of inventories, net	(撥回) 撥備存貨淨額	(820)	14,355
Operating cash flows before movements in working capital	營運資金變動前經營現金流量	101,873	103,440
Increase in inventories	存貨增加	(26,466)	(4,306)
Increase in trade receivables	應收賬款增加	(60,767)	(33,048)
Decrease (increase) in bills receivables	應收票據減少(增加)	7,869	(79,238)
(Increase) decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項(增加)減少	(76,752)	199,553
Increase (decrease) in trade payables	應付賬款增加(減少)	62,195	(2,593)
Increase (decrease) in bills payables	應付票據增加(減少)	49,510	(61,807)
Decrease in contract liabilities	合約負債減少	(71,947)	(123,398)
Increase in other payables and accruals	其他應付款項及預提費用增加	11,638	5,140
Cash (used in) generated from operations	經營(所用)所產生現金	(2,847)	3,743
PRC Enterprise Income Tax paid	已付中國企業所得稅	(4,090)	(5,517)
NET CASH USED IN OPERATING ACTIVITIES	經營活動所用現金淨額	(6,937)	(1,774)

CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

For the year ended 31 December 2019 截至2019年12月31日止年度

	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
INVESTING ACTIVITIES	投資活動	
Placements of pledged bank deposits	(571,144)	(36,881)
Acquisition of property, plant and equipment	(54,898)	(51,237)
Deposit paid for acquisition of property, plant and equipment	(5,677)	-
Purchase of financial assets at fair value through profit or loss	-	(158,751)
Withdrawal of pledged bank deposits	520,458	45,288
Proceeds from disposal of financial asset at fair value through profit or loss	152,182	23,689
Decrease in deposits with bank	79,481	101,862
Interest received	8,241	10,581
Proceeds from disposal of property, plant and equipment	3,190	37
NET CASH FROM (USED IN) INVESTING ACTIVITIES	投資活動所產生(所用)現金淨額	131,833
		(65,412)
FINANCING ACTIVITIES	融資活動	
New bank and other borrowings raised	631,445	352,958
Government grants received	7,965	6,502
Repayment of bank and other borrowings	(652,069)	(349,288)
Interest paid	(29,641)	(28,175)
Repayment of lease liabilities (2018: obligations under finance leases)	(3,437)	(1,546)
NET CASH USED IN FINANCING ACTIVITIES	融資活動所用現金淨額	(45,737)
		(19,549)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加(減少)淨額	79,159
		(86,735)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於1月1日的現金及現金等價物	24,213
		111,722
Effect of foreign exchange rate changes	(1,556)	(774)
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	101,816
		24,213

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2019 截至2019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 38.

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 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.

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, 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38。

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 2019 截至2019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 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The adoption of HKFRS 16 resulted in the changes in the Group’s accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact 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16號	租賃
香港（國際財務報告 詮釋委員會）— 詮釋第23號	所得稅處理之不確定性
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
香港會計準則第19號 （修訂本）	計劃修訂、縮減或結清
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
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

採納香港財務報告準則第16號導致本集團的會計政策變動及於綜合財務報表確認的金額調整已於下文概述。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 2019 截至2019年12月31日止年度

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

2.1 Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in Note 3. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to account for the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The major impacts of the adoption of HKFRS 16 on the Group’s consolidated financial statements are described below.

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）

2.1 採納香港財務報告準則第16號租賃的影響

香港財務報告準則第16號就租賃會計處理方法引入新訂或經修訂規定。其透過刪除經營租賃及融資租賃之間的差別及規定就所有租賃確認使用權資產及租賃負債引入承租人會計處理方法的重大變動，惟短期租賃及低價值資產租賃除外。與承租人會計處理方法相反，出租人會計處理方法之規定大致維持不變。有關該等新會計政策的詳情載於附註3。本集團已追溯應用香港財務報告準則第16號租賃，初步應用的累計影響作為於2019年1月1日期初權益結餘的調整（如適用），根據準則中的特定過渡性條款，未對2018年報告期間的比較數字進行重列。因此，若干比較資料可能無法與根據香港會計準則第17號租賃編製的比較資料進行比較。

於過渡至香港財務報告準則第16號時，本集團選擇應用實際權宜方式評估安排是否屬於或包含租賃。其僅就過往識別為租賃的合約應用香港財務報告準則第16號。根據香港會計準則第17號及香港（國際財務報告詮釋委員會）—詮釋第4號並未識別為租賃的合約不會獲重新評估。因此，香港財務報告準則第16號項下租賃的定義僅適用於2019年1月1日或之後訂立或變動的合約。

採納香港財務報告準則第16號對本集團綜合財務報表的主要影響如下。

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

For the year ended 31 December 2019 截至2019年12月31日止年度

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

2.1 Impacts on adoption of HKFRS 16 Leases (continued)

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.5%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.1 採納香港財務報告準則第16號租賃的影響（續）

本集團作為承租人

因採用香港財務報告準則第16號，除低價值資產租賃及餘下租期為十二個月或以下的租賃外，本集團就之前根據香港會計準則第17號租賃的原則歸入「經營租賃」的租賃確認租賃負債。該等負債以剩餘租賃付款額按2019年1月1日的承租人增量借款利率折現的現值計量。2019年1月1日租賃負債適用的承租人加權平均增量借款利率為4.5%。

本集團確認使用權資產並以等於租賃負債的金額予以計量，並按任何預付或應計租賃付款金額進行調整。

下表概述於2019年1月1日過渡至香港財務報告準則第16號的影響。並無包括未受調整影響的項目。

			Carrying amount previously reported at 31 December 2018 先前於2018年 12月31日呈報 之賬面值	Impact on adoption of HKFRS 16 採納香港財務 報告準則 第16號的影響	Carrying amount as restated at 1 January 2019 於2019年 1月1日經重列 之賬面值
	Notes 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Property, plant and equipment	(c)	245,008	(2,185)	242,823	
Right-of-use assets	(a),(b),(c)	-	38,606	38,606	
Prepaid lease payments	(b)	35,936	(35,936)	-	
Obligations under finance leases	(c)	2,099	(2,099)	-	
Lease liabilities	(a),(c)	-	2,584	2,584	

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For the year ended 31 December 2019 截至2019年12月31日止年度

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

2.1 Impacts on adoption of HKFRS 16 Leases (continued)

The Group as lessee (continued)

Notes:

- (a) As at 1 January 2019, right-of-use assets were measured at an amount equal to the lease liabilities of approximately HK\$485,000.
- (b) Prepaid lease payments of approximately HK\$35,936,000 which represent the upfront payments for leasehold lands in the PRC as at 31 December 2018 were reclassified to right-of-use assets.
- (c) The obligations under finance leases of HK\$2,099,000 as at 31 December 2018 are now included within lease liabilities under HKFRS 16. The carrying amount of the related assets under finance leases amounting to HK\$2,185,000 is reclassified to right-of-use assets.

In the consolidated statement of cash flow, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected.

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）

2.1 採納香港財務報告準則第16號租賃的影響（續）

本集團作為承租人（續）

附註：

- (a) 於2019年1月1日的使用權資產以相等於租賃負債約485,000港元的金額予以計量。
- (b) 於2018年12月31日的預付租賃款項約35,936,000港元（相當於中國租賃土地的預付款項）已重新分類至使用權資產。
- (c) 於2018年12月31日的融資租賃債項2,099,000港元現已根據香港財務報告準則第16號計入租賃負債內。融資租賃項下相關資產的賬面值2,185,000港元已重新分類至使用權資產。

於綜合現金流量表中，本集團作為承租人須將根據資本化租賃支付的租金分為資本部分及利息部分。該等部分被歸類為融資現金流出，類似於先前根據香港會計準則第17號歸類為融資租賃的租賃，而非香港會計準則第17號下的經營租賃被視為經營現金流出。總現金流量未受影響。

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綜合財務報表附註

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

2.1 Impacts on adoption of HKFRS 16 Leases (continued)

The Group as lessee (continued)

Differences between operating lease commitments as at 31 December 2018, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 January 2019 are as follows:

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）

2.1 採納香港財務報告準則第16號租賃的影響（續）

本集團作為承租人（續）

於2018年12月31日（緊接首次應用日期前之日期）使用增量借款利率貼現的經營租賃承擔與於2019年1月1日確認的租賃負債之間的差額如下：

		HK\$'000 千港元
Operating lease commitment disclosed as at 31 December 2018	於2018年12月31日披露的經營租賃承擔	2,882
Less: Short-term leases and other leases with remaining lease term ended on or before 31 December 2019	減：短期租賃及餘下租期於2019年12月31日或之前結束的其他租賃	(2,353)
		529
Discounted using the incremental borrowing rate at 1 January 2019	使用2019年1月1日的增量借款利率貼現	485
Add: Finance lease liabilities recognised under HKAS 17 as at 31 December 2018	加：於2018年12月31日根據香港會計準則第17號確認的融資租賃負債	2,099
		2,584
Lease liabilities recognised as at 1 January 2019	於2019年1月1日確認的租賃負債	2,584
Analysed as	分析為	
Current portion	流動部分	1,031
Non-current portion	非流動部分	1,553
		2,584

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

2.2 Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-4 to determine whether an arrangement contains a lease,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

2.2 應用的可行權宜方法

於首次應用香港財務報告準則第16號日期，本集團使用該準則所允許的以下可行權宜方法：

- 於首次應用日期不會重新評估合約是否屬租賃或包含租賃。相反，就於過渡日期前訂立的合約而言，本集團依據其採用香港會計準則第17號及香港（國際財務報告詮釋委員會）—詮釋第4號所做的評估確定安排是否包含租賃，
- 於2019年1月1日剩餘租期少於12個月的經營租賃的會計處理為短期租賃，及
- 於首次應用日期排除計量使用權資產的初始直接成本。

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

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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 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹

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

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

³ Effective for annual periods beginning on or after a date to be determined.

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.

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

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17號	保險合約 ²
香港財務報告準則第10號及香港會計準則第28號（修訂本）	投資者與其聯營公司或合營企業之間的資產出售或注資 ³
香港財務報告準則第3號（修訂本）	業務的定義 ⁴
香港會計準則第1號及香港會計準則第8號（修訂本）	重大的定義 ¹
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號（修訂本）	利率基準改革 ¹
2018年財務報告概念框架	經修訂財務報告概念框架 ¹

¹ 於2020年1月1日或其後開始的年度期間生效。

² 於2021年1月1日或其後開始的年度期間生效。

³ 於待定日期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。

本公司董事預期，應用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。

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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 (Chapter 622 of the Laws of Hong Kong).

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佈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法例第622章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。

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For the year ended 31 December 2019 截至2019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 and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each 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

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及其他全面收益，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

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益。

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。

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For the year ended 31 December 2019 截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (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)

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，而收益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，收益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。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods 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 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 are 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)

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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Accounting policy applicable on or after 1 January 2019

Definition of a lease

Under HKFR 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. 主要會計政策(續)

租賃

於2019年1月1日或之後適用的會計政策

租賃的定義

根據香港財務報告準則第16號，倘合約轉讓在一段時間內控制使用已識別資產的權利以換取代價，則合約為或包含租賃。

本集團作為承租人

本集團於合約初始評估有關合約是否屬租賃或包含租賃。本集團就其作為承租人的所有租賃協議確認使用權資產及相應的租賃負債，除短期租賃(定義為租賃期為12個月或以下的租賃)及低價值資產的租賃外。就該等租賃而言，本集團於租期內以直線法確認租賃付款為經營開支，惟倘有另一系統化基準更能代表耗用租賃資產經濟利益的時間模式則除外。

租賃負債

於開始日期，本集團按於該日未支付租賃付款的現值計量租賃負債。租賃付款使用租賃中的內含利率進行貼現。倘上述利率不能較容易地確定，則本集團會採用增量借款利率。

計入租賃負債計量的租賃付款包括固定租賃付款(包括實質上為固定付款)。

租賃負債於綜合財務狀況表內單獨列示。

租賃負債其後按調增賬面值以反映租賃負債的利息(使用實際利率法)及按調減賬面值以反映作出的租賃付款的方式計量。

For the year ended 31 December 2019 截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Accounting policy applicable on or after 1 January 2019 (continued)

The Group as lessee (continued)

Lease liabilities (continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments and using a revised discount rate.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "impairment losses on tangible assets" policy.

3. 主要會計政策(續)

租賃(續)

於2019年1月1日或之後適用的會計 政策(續)

本集團作為承租人(續)

租賃負債(續)

倘出現以下情況，租賃負債(並就相關使用權資產作出相應調整)予以重新計量：

- 租賃期有所變動或行使購買選擇權的評估發生變化，在該情況下，租賃負債透過使用經修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃合約已修改且租賃修改不作為一項單獨租賃入賬，在該情況下，租賃負債透過使用經修訂貼現率貼現經修訂租賃付款而重新計量。

使用權資產

使用權資產包括相應租賃負債、於開始日期或之前支付的租賃付款以及任何初始直接成本的初始計量。

使用權資產其後以成本減累計折舊及減值虧損計量。使用權資產乃按租賃期及相關資產的可使用年期以較短者折舊。倘相關資產的租賃轉讓所有權或使用權資產的成本反映本集團預期行使購買權，則相關的使用權資產在相關資產的使用年期內折舊。折舊於租賃開始日期開始計算。

本集團將使用權資產於綜合財務狀況表內單獨列示。

本集團應用香港會計準則第36號釐定使用權資產是否已減值，並就「有形資產減值虧損」政策所述任何已識別減值虧損入賬。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Sales and leaseback transactions

The Group acts as a seller-lessee

The Group applies the requirement of HKFRS 15 to assess whether sale and leaseback transaction constitute a sale by the Group as a seller-lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as other borrowings within the scope of HKFRS 9.

Accounting policy applicable prior to 1 January 2019

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.

3. 主要會計政策(續)

租賃(續)

銷售及回租交易

本集團作為賣方－承租人

本集團應用香港財務報告準則第15號的規定，以評估銷售及回租交易是否構成本集團作為賣方－承租人的出售。就於不符合銷售規定的轉讓而言，本集團將轉讓收益按香港財務報告準則第9號範圍作其他借款入賬。

於2019年1月1日之前適用的會計政策

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。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. 主要會計政策(續)

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。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. 主要會計政策(續)

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。

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。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. 主要會計政策(續)

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及強制性公積金計劃(「強積金計劃」)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。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

The tax currently payable is based on taxable profit for the 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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary 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.

3. 主要會計政策(續)

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。

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。

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For the year ended 31 December 2019 截至2019年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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.

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

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

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.

3. 主要會計政策(續)

稅項(續)

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。

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。

就計量本集團確認使用權資產及相關租賃負債的租賃交易的遞延稅項而言，本集團首先釐定稅項扣減是否歸因於使用權資產或租賃負債。

就稅項扣減歸因於租賃負債之租賃交易而言，本集團將香港會計準則第12號「所得稅」規定分別應用於使用權資產及租賃負債。由於應用初步確認豁免，有關使用權資產及租賃負債之暫時差額並未於初步確認時於租期內確認。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Ownership interests in leasehold land and buildings

For payments of ownership interest of properties which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

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.

Prior to the adoption of HKFRS 16, 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.

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.

3. 主要會計政策(續)

於租賃土地及樓宇的所有權權益

就包括租賃土地及樓宇成分的物業所有權權益付款而言，當付款無法於租賃土地及樓宇成分之間可靠分配，則整項物業呈列為物業、廠房及設備。

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。

於採納香港財務報告準則第16號前，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。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in the statement of financial position of the Company at cost less accumulated impairment loss.

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 fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. 主要會計政策(續)

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。

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(「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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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.

3. 主要會計政策(續)

財務工具(續)

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。

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：

- 該金融資產由一個業務模式持有，而持有金融資產之目的為收取合約現金流量；及
- 金融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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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 (“ECL”), 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.

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).

3. 主要會計政策(續)

財務工具(續)

金融資產(續)

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(「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。

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)。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“**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 that they are not part of a designated hedging relationship.

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised costs. The amount of ECL 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 ECL 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-months ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant 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)

金融資產(續)

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(「**按公允值計入其他全面收入**」)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。

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。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (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)

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努力便可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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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)

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，(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逾期款項。

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。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (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)

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標準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。金融資產發生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
- 因財務困難令該項金融資產失去活躍市場。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (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 ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. 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 ECL 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)

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。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所有現金流(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存續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存續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。

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (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.

3. 主要會計政策(續)

財務工具(續)

金融資產(續)

終止確認金融資產

本集團僅於資產現金流量的合約權利屆滿時，或將金融資產及資產所有權的絕大部分風險及回報轉讓予另一方時，終止確認金融資產。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。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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)

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。

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金融負債。已終止確認之金融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。

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.

Research and development expenditure

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

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派基準，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成本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。

研發開支

研究活動開支於其產生期間確認為開支。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

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，而盡量避免使用不可觀察輸入數據。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，就以公允值定期計量的資產及負債，本集團檢視其各自的公允值計量，以釐定其公允值層級間有否劃撥。

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. 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 that 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所呈報的資產及負債、收益及開支賬面值及披露作出判斷、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，則修訂只會在該期間確認，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。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。

For the year ended 31 December 2019 截至2019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 followings 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 2019, the carrying amount of inventories of the Group was HK\$211,584,000 (2018: HK\$188,406,000) (net of impairment provision of HK\$80,341,000 (2018: HK\$82,956,000)).

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與未來有關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2019年12月31日，本集團的存貨賬面值為211,584,000港元（2018年：188,406,000港元），扣除減值撥備80,341,000港元（2018年：82,956,000港元）。

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

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 2019, the carrying amount of trade receivables of the Group was HK\$454,279,000 (2018: HK\$409,549,000) (net of impairment loss of trade receivables of HK\$30,260,000 (2018: HK\$29,655,000)).

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 2019, the carrying values of property, plant and equipment of the Group were HK\$245,520,000 (2018: HK\$245,008,000), net of accumulated depreciation of HK\$326,522,000 (2018: HK\$293,567,000).

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)

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，乃根據個別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2019年12月31日，本集團的應收賬款賬面值為454,279,000港元(2018年：409,549,000港元)，扣除應收賬款減值虧損30,260,000港元(2018年：29,655,000港元)。

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2019年12月31日，本集團的物業、廠房及設備賬面值為245,520,000港元(2018年：245,008,000港元)，扣除累計折舊326,522,000港元(2018年：293,567,000港元)。

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For the year ended 31 December 2019 截至2019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)

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 2019, the carrying values of property, plant and equipment of the Group were HK\$245,520,000 (2018: HK\$245,008,000), net of accumulated impairment loss of HK\$12,704,000 (2018: HK\$12,988,000).

Deferred tax assets

Deferred tax assets are recognised 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 2019, the carrying values of deferred tax assets of the Group were HK\$8,455,000 (2018: HK\$8,142,000), further details of which are disclosed in Note 27.

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、廠房及設備估計減值

本集團於出現減值跡象時釐定物業、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2019年12月31日，本集團的物業、廠房及設備賬面值為245,520,000港元(2018年：245,008,000港元)，扣除累計減值虧損12,704,000港元(2018年：12,988,000港元)。

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2019年12月31日，本集團的遞延稅項資產賬面值為8,455,000港元(2018年：8,142,000港元)，其進一步詳情披露於附註27。

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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 and other borrowings, 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.

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（包括銀行及其他借款、公司債券，已抵押銀行存款淨額、銀行存款以及銀行結餘及現金）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

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6. FINANCIAL INSTRUMENTS

Categories of financial instruments

		2019 2019年 HK\$'000 千港元	2018 2018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
Amortised cost (including bank balances and cash)	攤銷成本 (包括銀行結餘及現金)	866,570	778,330
		866,570	931,297
Financial liabilities	金融負債		
Amortised cost	攤銷成本	877,927	771,705

Financial risk management objectives and policies

The Group's major financial instruments include unlisted funds investments, trade receivables, bills receivables, deposits and other receivables, pledged bank deposits, deposits with bank, bank balances and cash, trade payables, bills payables, other payables and accruals, bank and other 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.

6. 金融工具

財務工具的類別

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、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、銀行及其他借款及公司債券。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。

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6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

Currency risk

The Group has foreign currency sales and purchases, which exposes the Group to foreign currency risk. During the year ended 31 December 2019, approximately 7% (2018: approximately 5%) of the Group's sales are denominated in United States dollars ("US\$") and approximately 14% (2018: approximately 11%) of purchases 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 transactions currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Assets 資產		Liabilities 負債	
		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
RMB	人民幣	167	384	-	-
US\$	美元	73,124	34,988	110,251	83,724
HK\$	港元	184	523	744	689
JPY	日圓	2	-	1,290	3,098

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. 金融工具(續)

財務風險管理目標及政策(續)

市場風險

貨幣風險

本集團有外幣銷售及採購活動，令本集團面臨外幣風險。截至2019年12月31日止年度，本集團約7% (2018年：約5%) 的銷售額以美元(「美元」)列值及約14% (2018年：約11%) 的採購額以美元列值，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交易貨幣計值的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。

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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, HK\$ and JPY.

No sensitivity analysis was prepared for US\$ as the financial assets and liabilities denominated in US\$ are mainly held by the subsidiaries with HK\$ as the function currency and HK\$ is pegged to US\$.

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 other than US\$. 5% (2018: 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% (2018:5%) 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% (2018: 5%) against the relevant currency. For a 5% (2018: 5%) weakening of the respective functional currencies against the relevant foreign currency, there would be an equal and opposite impact on the profit.

			2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Impact on profit for the year	對年內利潤的影響			
RMB	人民幣	(i)	(7)	(16)
HK\$	港元	(ii)	24	7
JPY	日圓	(iii)	55	129

6. 金融工具(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、港元及日圓的風險。

由於以美元計值的金融資產及負債主要由以功能貨幣為港元的附屬公司持有，而港元與美元掛鉤，故並無就美元進行敏感度分析。

下表詳列本集團有關集團實體美元以外的功能貨幣兌相關外幣上升或下跌5%的敏感度。5% (2018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% (2018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% (2018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% (2018年：5%)，將對利潤構成相等金額的相反影響。

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, trade receivables and trade payables denominated in HK\$ at the end of the reporting period.
- (iii) 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 and other 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.

The Group's exposures to interest rates on these financial liabilities are detailed in the liquidity risk management section of this note. The Group's 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 Loan Prime Rate ("LPR") arising from the Group's RMB denominated borrowings.

6. 金融工具(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港元計值的銀行結餘、應收賬款及應付賬款所面對的風險。
- (iii) 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)、固定利率銀行及其他借款(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。

本集團該等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最優惠貸款利率(「最優惠貸款利率」)波動。

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6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

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 (2018: 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 (2018: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2019 would decrease/increase by HK\$225,000 (2018: post-tax profit decrease/increase by HK\$439,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

6. 金融工具(續)

財務風險管理目標及政策(續)

市場風險(續)

利率風險(續)

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。50個基點(2018年：50個基點)上升或下降為在內部向主要管理人員報告利率風險時所使用的，且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(2018年：50個基點)，而所有其他可變因素均維持不變，本集團截至2019年12月31日止年度的除稅後利潤將減少／增加225,000港元(2018年：除稅後利潤減少／增加439,000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。

6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2019 and 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.

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 receivables 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.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險

於2019年及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。

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。

就應收票據及按金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。

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。

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6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

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. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

本集團於初始確認資產時考慮違約的可能性，並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風險與初始確認之日發生違約的風險進行比較，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重大不利變動而預期導致債務人償還債務的能力發生重大變動
- 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。

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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) 就違約風險較低或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

6. 金融工具(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：

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6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group's exposure to credit risk (continued)

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.

	Notes	Internal credit rating	12-month or lifetime ECL 12個月或存續期 預期信貸虧損	2019 2019年			2018 2018年		
				Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
	附註	內部信貸評級		賬面總值 HK\$'000 千港元	虧損撥備 HK\$'000 千港元	賬面淨值 HK\$'000 千港元	賬面總值 HK\$'000 千港元	虧損撥備 HK\$'000 千港元	賬面淨值 HK\$'000 千港元
Trade receivables 應收賬款	19	(Note) (附註)	Lifetime ECL (simplified approach) 存續期預期信貸虧損 (簡化法)	484,539	(30,260)	454,279	439,204	(29,655)	409,549
Bills receivables 應收票據	19	Performing 履約	12-month ECL 12個月預期信貸虧損	92,069	-	92,069	102,036	-	102,036
Deposits and other receivables 按金及其他應收款項	20	Performing 履約	12-month ECL 12個月預期信貸虧損	43,627	(2,184)	41,443	34,388	(1,532)	32,856
					(32,444)			(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 19 includes further details on the loss allowance for these assets.

The Group has concentration of credit risk as 58% (31 December 2018: 71%) of the total trade receivables was due from the Group's five largest customers.

6. 金融工具(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)

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。

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19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58%（2018年12月31日：71%），故面對集中的信貸風險。

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 and other borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings as a significant source of liquidity. As at 31 December 2019, the Group has available unutilised trade financing and bank loan facilities of HK\$285,980,000 (2018: HK\$221,911,000), 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 and other borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks or financial institution 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. 金融工具(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及減低現金流量波動的影響的現金及現金等價物水平。管理層監控銀行及其他借款的使用情況，以及確保遵守貸款契諾。

本集團依賴銀行及其他借款作為流動資金的主要來源。於2019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285,980,000港元(2018年：221,911,000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期分類。具體而言，含有須按要求償還條款的銀行及其他借款計入最早時間段，而不論銀行或金融機構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。

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6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

		As at 31 December 2019 於2019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	More than 5 years 5年以上 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	241,923	-	-	-	241,923	241,923
Bills payables	應付票據	296,147	-	-	-	296,147	296,147
Other payables and accruals	其他應付款項及 預提費用	49,830	-	-	-	49,830	49,830
Lease liabilities	租賃負債	5,329	3,636	6,519	1,641	17,125	14,882
Bank and other borrowings (Note)	銀行及其他借款 (附註)	288,171	-	-	-	288,171	288,171
Corporate bond	公司債券	160	160	2,280	-	2,600	1,856
		881,560	3,796	8,799	1,641	895,796	892,809

		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 and other borrowings (Note)	銀行及其他借款(附註)	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	

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6. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Note: Bank and other 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 2019, the aggregate amounts of these bank and other borrowings amounted to HK\$288,171,000 (2018: HK\$313,714,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks and financial institution will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that these bank and other 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\$293,874,000 (2018: HK\$317,992,000).

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. 金融工具(續)

財務風險管理目標及政策(續)

流動資金風險(續)

附註：設有應要求償還條款的銀行及其他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2019年12月31日，該等銀行及其他借款的總額為288,171,000港元（2018年：313,714,000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及金融機構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及其他借款將根據載於貸款協議的預定還款日期償還。屆時，本金及利息現金流出總額將達到293,874,000港元（2018年：317,992,000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。

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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 Level 2 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

		2019 2019年 Level 2 第二級 HK\$'000 千港元	2018 2018年 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

The following table gives information about how the fair value of these investment is determined.

Financial Instruments 財務工具	Fair value hierarchy 公允值層級	Fair value as at 於以下日期之公允值		Valuation technique and key inputs 估值技術及主要輸入數據
		31/12/2019 2019年 12月31日 HK\$'000 千港元	31/12/2018 2018年 12月31日 HK\$'000 千港元	
Wealth management product 理財產品	Level 2 第二級	-	152,967	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. 金融工具(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。

下表列示有關如何釐定該等投資之公允值資料。

於兩個報告期間內，公允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值相若。

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7. REVENUE AND OTHER INCOME

7. 收益及其他收入

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Revenue from contracts with customers within the scope of HKFRS 15	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	950,106	847,556
LED lighting	LED照明	94,777	81,995
High-tech electronic components and products	高科技電子零部件及產品	1,170,091	1,320,235
		2,214,974	2,249,786
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	2,214,974	2,249,786

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For the year ended 31 December 2019 截至2019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:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Other income	其他收入		
Bank interest income	銀行利息收入	8,241	10,581
Government grants (Note)	政府補助(附註)	8,102	19,318
Sales of scrapped materials	銷售廢料	1,424	9
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	23	26
Sundry income	雜項收入	3,358	2,298
		21,148	32,232

Note: Included in the amount, there are government grants immediately recognised as other income during the year ended 31 December 2019 of HK\$7,965,000 (2018: HK\$6,502,000) 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 2019, amount of HK\$137,000 (2018: HK\$12,816,000) 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：該款項包括截至2019年12月31日止年度即時確認為其他收入的政府補助7,965,000港元(2018年：6,502,000港元)，此為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2019年12月31日止年度，政府補助137,000港元(2018年：12,816,000港元)已確認為年內已動用的遞延收入(見附註29)。

For the year ended 31 December 2019 截至2019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 types 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業用途的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 |

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For the year ended 31 December 2019 截至2019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 2019

		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	Total 總計 HK\$'000 千港元
REVENUE	收益				
External sales	外部銷售	950,106	94,777	1,170,091	2,214,974
Segment profit	分部利潤	119,132	5,447	19,034	143,613
Unallocated income	未分配收入				11,599
Unallocated expenses	未分配開支				(85,785)
Unallocated finance costs	未分配財務成本				(29,258)
Profit before tax	除稅前利潤				40,169

For the year ended 31 December 2018

		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	Total 總計 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

8. 分部資料 (續)

分部收益及業績

本集團按可呈報營運分部劃分的收益及業績分析如下。

截至2019年12月31日止年度

截至2018年12月31日止年度

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For the year ended 31 December 2019 截至2019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 certain unallocated finance costs. This is the measure reported to the CODM 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

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
LED backlight	LED 背光	906,991	854,972
LED lighting	LED 照明	72,640	72,096
Sourcing business	採購業務	291,642	190,949
Total segment assets	分部資產總值	1,271,273	1,118,017
Unallocated assets	未分配資產	338,439	449,530
Consolidated total assets	綜合資產總值	1,609,712	1,567,547

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、雜項收入及若干未分配財務成本的分配。此乃向主要營運決策人所報告作為資源分配及表現評估用途的措施。

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 2019 截至2019年12月31日止年度

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

Segment liabilities

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
LED backlight	LED背光	560,983	444,932
LED lighting	LED照明	50,241	56,877
Sourcing business	採購業務	21,724	76,865
Total segment liabilities	分部負債總額	632,948	578,674
Unallocated liabilities	未分配負債	301,075	329,352
Consolidated total liabilities	綜合負債總額	934,023	908,026

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than deferred tax assets, 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 and other 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

	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
LED backlight	560,983	444,932
LED lighting	50,241	56,877
Sourcing business	21,724	76,865
Total segment liabilities	632,948	578,674
Unallocated liabilities	301,075	329,352
Consolidated total liabilities	934,023	908,026

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，遞延稅項資產、按公允值計入損益之金融資產、已抵押銀行存款、銀行存款、銀行結餘及現金以及若干未分配總部資產除外。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，應付所得稅、銀行及其他借款、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除外。由營運分部共同承擔的負債按分部收益的比例分配。

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綜合財務報表附註

For the year ended 31 December 2019 截至2019年12月31日止年度

8. SEGMENT INFORMATION (continued)
Segment assets and liabilities (continued)

For the year ended 31 December 2019

8. 分部資料 (續)
分部資產及負債 (續)

截至2019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#	71,146	5,151	-	-	76,297
Depreciation of property, plant and equipment	物業、廠房及設備折舊	42,031	1,176	-	-	43,207
Depreciation of right-of-use assets	使用權折舊	1,420	1,173	-	-	2,593
Gain on disposal of property, plant and equipment, net	出售物業、廠房及設備收益淨額	-	23	-	-	23
Loss on write-off of property, plant and equipment	撤銷物業、廠房及設備虧損	279	7	-	-	286
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	2,675	448	-	-	3,123
(Reversal of) provision of inventories	存貨(撥回)撥備	(825)	5	-	-	(820)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:	定期向主要營運決策人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	-	-	-	8,241	8,241
Finance costs	財務成本	241	182	-	29,258	29,681

Non-current assets excluded deferred tax assets.

非流動資產不包括遞延稅項資產。

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8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

For the year ended 31 December 2018

		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)
Provision of inventories	存貨撥備	10,772	3,583	-	-	14,355
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:	定期向主要營運決策人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 and deposits with bank.

非流動資產不包括遞延稅項資產及銀行存款。

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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

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
LED backlight	LED背光		
– Small dimension	– 小尺寸	324,281	302,990
– Medium dimension	– 中尺寸	518,071	414,713
– Large dimension	– 大尺寸	107,754	129,853
Sub-total	小計	950,106	847,556
LED lighting	LED照明		
– Indoor lighting	– 室內照明	79,006	56,535
– Outdoor lighting	– 室外照明	15,771	25,460
Sub-total	小計	94,777	81,995
Sourcing business	採購業務	1,170,091	1,320,235
Total	合計	2,214,974	2,249,786

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For the year ended 31 December 2019 截至2019年12月31日止年度

8. SEGMENT INFORMATION (continued)

Revenue from major products (continued)

Analysis by application of products

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
LED backlight	LED背光		
– Automobile displays	– 車載顯示器	639,290	489,285
– Equipment displays	– 設備顯示器	204,038	229,117
– Televisions	– 電視機	106,778	129,154
Sub-total	小計	950,106	847,556
LED lighting	LED照明		
– Public lighting	– 公用照明	15,770	25,755
– Commercial lighting	– 商用照明	79,007	56,240
Sub-total	小計	94,777	81,995
Sourcing business	採購業務	1,170,091	1,320,235
Total	合計	2,214,974	2,249,786

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

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8. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Hong Kong and the PRC. 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:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
The PRC	中國	2,078,545	2,137,964
Hong Kong	香港	33,811	18,301
Others	其他	102,618	93,521
		2,214,974	2,249,786

The Group's information about its non-current assets is presented based on location of the assets as below:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
The PRC	中國	295,671	279,651
Hong Kong	香港	6,207	419
		301,878	280,070

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。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。

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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:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Customer A**	客戶 A**	540,495	914,186
Customer B*	客戶 B*	468,195	408,793
Customer C**	客戶 C**	440,293	236,255

* Revenue from LED backlight.

** Revenue from sourcing business.

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。

9. FINANCE COSTS

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Interest expenses on:	以下各項的利息開支：		
– Bank and other borrowings	– 銀行及其他借款	29,058	27,949
– Corporate bond	– 公司債券	200	200
– Lease liabilities	– 租賃負債	423	–
– Finance leases	– 融資租賃	–	66
		29,681	28,215

9. 財務成本

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10. INCOME TAX EXPENSE

10. 所得稅開支

		2019 2019年 HK\$'000 千港元	2018 2018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	7,246	10,862
– Over-provision in prior years	– 過往年度超額撥備	(3,694)	(4,534)
		3,552	6,328
Deferred taxation (Note 27)	遞延稅項(附註27)	(531)	(1,910)
Total income tax expense for the year	年度所得稅開支總額	3,021	4,418

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 2019 and 2018.

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 2019 (2018: 25%).

Pursuant to the relevant laws and regulations 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2019年及2018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2019年12月31日止年度，中國公司的稅率為25%(2018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

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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：

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Profit before tax	除稅前利潤	40,169	49,525
Tax calculated at the domestic income tax rate of 25% (2018: 25%)	按國內所得稅稅率25%計算的稅項(2018年：25%)	10,042	12,381
Effect of preferential tax rate in the PRC	中國優惠稅率的影響	(5,224)	(6,580)
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	851	1,250
Tax effect of expenses not deductible for tax purposes	不可扣稅開支的稅務影響	2,526	938
Tax effect of income not taxable for tax purposes	毋須課稅收入的稅務影響	(162)	(90)
Additional tax deduction for research and development expenses	研發開支的額外稅項減免	(3,113)	(1,194)
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	1,955	2,051
Tax effect of other temporary differences not recognised	未確認其他暫時性差異的稅務影響	73	735
Utilisation of tax losses previously not recognised	動用過往未確認的稅項虧損	(233)	(539)
Over-provision in respect of prior years	過往年度超額撥備	(3,694)	(4,534)
Income tax expense for the year	年度所得稅開支	3,021	4,418

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。

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For the year ended 31 December 2019 截至2019年12月31日止年度

11. PROFIT FOR THE YEAR

11. 年度利潤

		2019 2019年 HK\$'000 千港元	2018 2018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))	5,879	6,050
Salaries and allowances (excluding directors)	薪金及津貼(不包括董事)	192,629	171,973
Retirement benefit scheme contributions (excluding directors)	退休福利計劃供款(不包括董事)	16,982	11,634
Total staff costs	員工成本總額	215,490	189,657
Auditor's remuneration	核數師薪酬	1,045	1,015
Amortisation of prepaid lease payments	預付租賃款項攤銷	-	912
Net foreign exchange losses	匯兌虧損淨額	503	514
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)	1,986,007	2,002,523
Provision of inventories (included in other gains and losses) (Note b)	存貨撥備(計入其他收益及虧損)(附註b)	45	16,765
Reversal of provision of inventories (included in other gains and losses) (Note c)	撥回存貨撥備(計入其他收益及虧損)(附註c)	(865)	(2,410)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	43,207	41,863
Depreciation of right-of-use-assets	使用權資產折舊	2,593	-
Impairment loss (reversal of impairment loss) recognised in respect of trade and other receivables, net (included in other gains and losses)	就應收賬款及其他應收款項確認的減值虧損(減值虧損撥回)淨額(計入其他收益及虧損)	3,123	(1,840)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	-	237
Loss on write-off of property, plant and equipment	撇銷物業、廠房及設備虧損	286	98
Lease expenses for short-term leases	短期租賃的租賃開支	6,845	-
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

Notes:

- (a) Cost of inventories recognised as an expense included depreciation of property, plant and equipment and staff costs of HK\$37,130,000 (2018: HK\$34,862,000) and HK\$132,910,000 (2018: HK\$119,010,000) respectively. The amounts were also included in the respective amounts disclosed above.
- (b) During the year ended 31 December 2019, a provision of HK\$45,000 (2018: HK\$16,765,000) was made for write-down of obsolete inventories that are no longer suitable for use in production or saleable in the market.
- (c) During the year ended 31 December 2019, a reversal of provision of HK\$865,000 (2018: HK\$2,410,000) was made due to the sellout of inventories written off in previous year.

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37,130,000港元(2018年:34,862,000港元)及132,910,000港元(2018年:119,010,000港元)。該等金額亦已計入上文所披露的相關金額中。
- (b) 截至2019年12月31日止年度,就撇減不再適用於生產或在市場銷售的陳舊存貨計提撥備45,000港元(2018年:16,765,000港元)。
- (c) 截至2019年12月31日止年度,由於已售出過往年度撇銷的存貨,故作出撥備撥回865,000港元(2018年:2,410,000港元)。

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For the year ended 31 December 2019 截至2019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 (2018: eight) directors and the CEO of the Company during the year were as follows:

12. 董事、主要行政人員及僱員酬金

(a) 董事及主要行政人員酬金

年內分別已付或應付本公司各八名(2018年：八名)董事及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 2019									
截至2019年12月31日止年度	姚志圖先生 (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
	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
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	2,702	1,300	780	297	-	-	-	5,240
Contributions to retirement benefits scheme	退休福利計劃供款	18	18	18	30	-	-	-	111
		2,720	1,318	798	327	240	144	144	5,879

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For the year ended 31 December 2019 截至2019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 合計
	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										
截至2018年12月31日止年度										
	姚志圖先生 (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)	雍達輝女士 (副總經理)	歐陽天華 先生	陳國宏 先生	何志威 先生		
	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	144	6,050

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

None of the directors waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2019 and 2018.

Mr. Chen Chung Po is also the CEO of the Company and the emoluments disclosed above include those for services rendered by him as the CEO of the Company.

There were no performance related incentive payments to the directors and CEO of the Company during the years ended 31 December 2019 and 2018.

上述執行董事之酬金乃關於彼等就管理本集團事務所提供之服務。

於截至2019年及2018年12月31日止年度，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2019年及2018年12月31日止年度，並無支付與表現掛鈎獎金予本公司董事及行政總裁。

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For the year ended 31 December 2019 截至2019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 (2018: three) were directors or CEO of the Company for the year ended 31 December 2019. The emoluments of these directors are included in the disclosures in Note 12(a) above. The emoluments of the remaining two (2018: two) individuals for the year ended 31 December 2019 were as follows:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Salaries and other allowances	薪金及其他津貼	1,667	1,564
Retirement benefit scheme contributions	退休福利計劃供款	36	36
		1,703	1,600

Their emoluments were within the following bands:

		2019 2019年 No. of employees 僱員數目	2018 2018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 2019 and 2018.

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 2019 and 2018.

12. 董事、主要行政人員及僱員酬金(續)

(b) 僱員酬金

於截至2019年12月31日止年度，本集團五名最高酬金人士中，三名(2018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。於截至2019年12月31日止年度，餘下兩名(2018年：兩名)人士的酬金如下：

該等人士的酬金介乎下列範圍：

於截至2019年及2018年12月31日止年度，並無支付與表現掛鈎的獎金。

於截至2019年及2018年12月31日止年度，本集團並無向五名最高薪人士以及本公司任何董事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。

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13. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

13. 股息

概無派付或建議派付截至2019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（2018年：無）。

14. EARNINGS PER SHARE

14. 每股盈利

		2019 2019年 HK\$'000 千港元	2018 2018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	37,148	45,107
		2019 2019年	2018 2018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)	0.17	0.21

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 2019 and 2018.

由於截至2019年及2018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。

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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 2018	於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
Impact on initial adoption of HKFRS 16	首次採納香港財務報告準則第16號的影響	(2,479)	-	-	-	-	-	(2,479)
At 1 January 2019	於2019年1月1日	345,023	6,742	21,212	39,384	122,216	14,507	549,084
Additions	添置	47,225	365	1,794	533	-	4,981	54,898
Disposals/write-off	出售/撇銷	(5,708)	-	(690)	-	-	-	(6,398)
Exchange realignment	匯兌調整	(8,345)	(90)	(475)	(855)	(2,671)	(402)	(12,838)
At 31 December 2019	於2019年12月31日	378,195	7,017	21,841	39,062	119,545	19,086	584,746
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS	累計折舊及減值虧損							
At 1 January 2018	於2018年1月1日	213,846	5,213	17,437	13,197	17,229	13,614	280,536
Provided for the year	年內計提	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
Impact on initial adoption of HKFRS 16	首次採納香港財務報告準則第16號的影響	(294)	-	-	-	-	-	(294)
At 1 January 2019	於2019年1月1日	236,352	5,766	18,212	14,034	18,909	12,988	306,261
Provided for the year	年度計提	36,278	417	1,105	2,947	2,460	-	43,207
Eliminated on disposals/write-off	出售時對銷/撇銷	(2,291)	-	(654)	-	-	-	(2,945)
Exchange realignment	匯兌調整	(5,744)	(72)	(401)	(341)	(455)	(284)	(7,297)
At 31 December 2019	於2019年12月31日	264,595	6,111	18,262	16,640	20,914	12,704	339,226
CARRYING VALUES	賬面值							
At 31 December 2019	於2019年12月31日	113,600	906	3,579	22,422	98,631	6,382	245,520
At 31 December 2018	於2018年12月31日	110,856	976	3,000	25,350	103,307	1,519	245,008

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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 2019, the carrying values of plant and machinery of HK\$113,600,000 (2018: HK\$110,856,000) includes an amount of HK\$24,935,000 (2018: HK\$13,582,000) which have been pledged to secure banking facilities and other borrowings granted to the Group.

As at 31 December 2019, buildings with carrying values of HK\$98,631,000 (2018: HK\$103,307,000) 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 includes an amount of HK\$2,185,000 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2019年12月31日，廠房及機器的賬面值為113,600,000港元(2018年：110,856,000港元)，包括已予以抵押的24,935,000港元(2018年：13,582,000港元)，作為授予本集團銀行融資及其他借款的抵押。

於2019年12月31日，賬面值為98,631,000港元(2018年：103,307,000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，包括與於融資租賃項下持有的資產有關的款項2,185,000港元。

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16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

		31/12/2019 2019年 12月31日 HK\$'000 千港元	1/1/2019 2019年 1月1日 HK\$'000 千港元
Land	土地	34,313	35,936
Buildings	樓宇	11,870	485
Plant and machinery	廠房及機器	4,593	2,185
		50,776	38,606

Right-of-use assets of HK\$34,313,000 represents land use rights located in the PRC.

The Group has lease arrangements for factory premises and offices and plant and machinery. The lease terms are generally ranged from 2 to 6 years.

Additions to the right-of-use assets for the year ended 31 December 2019 amounted to HK\$15,722,000, due to new leases of buildings and plant and machinery.

16. 使用權資產及租賃負債

(i) 使用權資產

使用權資產34,313,000港元指位於中國的土地使用權。

本集團設有工廠物業及辦公室以及廠房及機器的租賃安排。租賃期限一般介乎2至6年。

截至2019年12月31日止年度，使用權資產增加15,722,000港元，乃由於樓宇、廠房及機器的新租賃所致。

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16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(ii) Lease liabilities

		31/12/2019 2019年 12月31日 HK\$'000 千港元	1/1/2019 2019年 1月1日 HK\$'000 千港元
Non-current	非流動	10,343	1,553
Current	流動	4,539	1,031
		14,882	2,584

16. 使用權資產及租賃負債(續)

(ii) 租賃負債

Amounts payable under lease liabilities	根據租賃負債應付的款項	31/12/2019 2019年 12月31日 HK\$'000 千港元
Within one year	一年內	4,539
After one year but within two years	一年後但兩年內	3,096
After two years but within five years	兩年後但五年內	5,648
After five years	五年後	1,599
		14,882
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：於12個月內到期結算的款項 (於流動負債項下列示)	(4,539)
Amount due for settlement after 12 months	於12個月後到期結算的款項	10,343

As at 31 December 2019, the lease liabilities in respect of leased machineries under hire purchase agreements amounted to HK\$3,146,000 was secured by the title of the lessor, who is a related party of the Company, to the leased assets. During the year ended 31 December 2019, the Group entered into a number of new lease agreements in respect of renting buildings and plant and machinery and recognised lease liabilities of HK\$15,722,000.

於2019年12月31日，根據租購協議租賃機器的租賃負債為3,146,000港元，乃由出租人（為本公司的關連人士）的租賃資產所有權抵押。於截至2019年12月31日止年度，本集團就租賃樓宇以及廠房及機器訂立多項新租賃協議並已確認租賃負債15,722,000港元。

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For the year ended 31 December 2019 截至2019年12月31日止年度

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

(iii) Amounts recognised in profit or loss

Depreciation of right-of-use assets	使用權資產折舊	
– Land	– 土地	844
Depreciation of right-of-use assets	使用權資產折舊	
– Buildings	– 樓宇	1,193
Depreciation of right-of-use assets	使用權資產折舊	
– Plant and machinery	– 廠房及機器	556
Interest expense on lease liabilities	租賃負債利息開支	423
Expense relating to short-term leases	短期租賃開支	6,845

(iv) Others

At 31 December 2019, the Group is committed to HK\$5,581,000 for lease agreements not yet commenced.

During the year ended 31 December 2019, the total cash outflow for leases amount to HK\$10,705,000.

16. 使用權資產及租賃負債(續)

(iii) 於損益確認的款項

	Year ended 31/12/2019 截至2019年 12月31日 止年度 HK\$'000 千港元
使用權資產折舊	
– 土地	844
使用權資產折舊	
– 樓宇	1,193
使用權資產折舊	
– 廠房及機器	556
租賃負債利息開支	423
短期租賃開支	6,845

(iv) 其他

於2019年12月31日，本集團就尚未開始的租賃協議承擔5,581,000港元。

於截至2019年12月31日止年度，租賃的現金流出總額為10,705,000港元。

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17. PREPAID LEASE PAYMENTS

Prepaid lease payments as at 31 December 2018 comprise leasehold land held in the PRC and are analysed for reporting purposes as follows:

		2018 2018年 HK\$'000 千港元
Current assets	流動資產	874
Non-current assets	非流動資產	35,062
		35,936

As at 31 December 2018, leasehold land with carrying values of HK\$35,936,000 have been pledged to secure banking facilities granted to the Group.

17. 預付租賃款項

於2018年12月31日的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35,936,000港元的租賃土地，作為授予本集團銀行融資的抵押。

18. INVENTORIES

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Raw materials	原材料	18,065	21,356
Work-in-progress	在製品	90,719	64,264
Finished goods	製成品	102,800	102,786
		211,584	188,406

18. 存貨

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19. TRADE AND BILLS RECEIVABLES

19. 應收賬款及票據

		2019 2019年 HK\$'000 千港元	2018 2018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	484,539	439,204
Less: allowance for impairment	減：減值撥備	(30,260)	(29,655)
		454,279	409,549
Bills receivables	應收票據	92,069	102,036
		546,348	511,585

As at 31 December 2019, the gross amount of trade receivable arising from contracts with customers amounted to HK\$484,539,000 (2018: HK\$439,204,000).

於2019年12月31日，來自客戶合約之應收賬款總額為484,539,000港元（2018年：439,204,000港元）。

The Group allows an average credit period of 15 to 180 days (2018: 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.

本集團向其貿易客戶授予15至180天（2018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。

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
0 to 90 days	0至90天	427,829	395,080
91 to 180 days	91至180天	19,893	11,007
181 to 365 days	181至365天	3,125	3,462
Over 365 days	365天以上	3,432	–
		454,279	409,549

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For the year ended 31 December 2019 截至2019年12月31日止年度

19. TRADE AND BILLS RECEIVABLES (continued)

All the bills receivables are aged within 365 days.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL 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 2019, debtors with long relationship and significant outstanding balances with gross carrying amount of HK\$328,912,000 (2018: HK\$292,029,000) was assessed for ECL individually.

In respect of the remaining trade receivables of HK\$155,627,000 (2018: 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.

19. 應收賬款及票據(續)

所有應收票據的賬齡均為365天內。

本集團按相當於存續期預期信貸虧損的金額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2019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328,912,000港元(2018年：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155,627,000港元(2018年：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，因此在根據過往逾期狀況計算虧損撥備時未進一步區分不同的客戶群體。

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19. TRADE AND BILLS RECEIVABLES (continued)

The following table provides information which are assessed based on provision matrix.

19. 應收賬款及票據(續)

下表提供根據撥備矩陣評估的資料。

As at 31 December 2019	於2019年12月31日	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	0.99%	328,912	3,270
Collectively assessed	集體評估			
0 to 90 days	0至90天	0.52%	117,963	611
91 to 180 days	91至180天	0.02%	10,548	2
181 to 365 days	181至365天	5.63%	568	32
Over 365 days	365天以上	99.24%	26,548	26,345
			155,627	26,990
			484,539	30,260

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19. TRADE AND BILLS RECEIVABLES
(continued)

19. 應收賬款及票據(續)

As at 31 December 2018	於2018年12月31日	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%	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 severe 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，當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。

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19. TRADE AND BILLS RECEIVABLES (continued)

The movements of impairment of trade receivables are as follows:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
At 1 January	於1月1日	29,655	34,975
Impairment loss (reversal of impairment loss) recognised in prior years	於過往年度確認的減值虧損(減值虧損撥回)	2,450	(2,602)
Written off	撇銷	(1,193)	(1,258)
Exchange realignment	匯兌調整	(652)	(1,460)
At 31 December	於12月31日	30,260	29,655

19. 應收賬款及票據(續)

應收賬款的減值變動如下：

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Deposits and other receivables	按金及其他應收款項	43,627	34,388
Less: allowance for impairment of other receivables	減：其他應收款項減值撥備	(2,184)	(1,532)
Value added tax receivables	應收增值稅	41,443	32,856
Prepayments for:	預付款項：	2,754	12,009
– Sourcing business	– 採購業務	211,471	137,082
– Others	– 其他	7,000	9,667
		262,668	191,614

20. 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 2019 are set out in Note 6.

有關截至2019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。

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20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The movements of impairment of other receivables are as follows:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
At 1 January	於1月1日	1,532	794
Impairment losses recognised	已確認減值虧損	673	762
Exchange realignment	匯兌調整	(21)	(24)
At 31 December	於12月31日	2,184	1,532

20. 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：

21. FINANCIAL ASSETS AT FVTPL

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Wealth management products	理財產品	-	152,697

21. 按公允值計入損益之金融資產

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 and fully redeemed in the year. The structured deposits carried interest at expected interest rate that ranged from 1.66% to 3.55% per annum, which was linked to the performance of the underlying investments and debt instruments. The structured deposits were 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.

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，其已於年內悉數贖回。結構性存款按每年介乎1.66%至3.55%之預期利率（與相關投資及債務工具的表現掛鉤）計息。結構性存款於一年內到期。於2018年12月31日，董事認為，結構性存款的公允值與其賬面值相若。

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22. PLEDGED BANK DEPOSITS/DEPOSITS WITH BANK/BANK BALANCES AND CASH

Pledged bank deposits

Pledged bank deposits are pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK\$176,963,000 (2018: HK\$129,785,000) as at 31 December 2019 had been pledged to secure bank borrowings and bills payables due within one year and are therefore classified as current assets.

The pledged deposits carried interest rates ranging from 0.3% to 2% (2018: 0.3% to 2%) per annum at 31 December 2019.

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 2019 carried interest at the prevailing market rate ranging from 0.01% to 0.35% (2018: 0.01% to 0.35%) per annum.

The Group's bank balances and cash denominated in RMB amounted to HK\$88,959,000 (2018: HK\$21,336,000) at 31 December 2019. 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

已抵押銀行存款

已抵押銀行存款已質押予銀行作為授予本集團銀行融資的抵押。於2019年12月31日，已質押存款176,963,000港元（2018年：129,785,000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2019年12月31日，已抵押存款按介乎0.3%至2%（2018年：0.3%至2%）的年利率計息。

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2019年12月31日的銀行結餘按現行市場年利率計息，介乎0.01%至0.35%（2018年：0.01%至0.35%）。

於2019年12月31日，本集團以人民幣計值的銀行結餘及現金為88,959,000港元（2018年：21,336,000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。

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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

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Trade payables (Note a)	應付賬款(附註a)	241,923	184,162
Bills payables (Note a)	應付票據(附註a)	296,147	252,698
		538,070	436,860
Construction cost payables	應付建造成本	-	495
Other payables	其他應付款項	29,122	2,404
Accrued expenses	預提開支	21,159	16,969
Value added tax payables	應付增值稅	5,531	24,679
		55,812	44,547
		593,882	481,407

Note:

- a) The aging analysis of trade payables presented based on the invoice dates at the end of the reporting period is as follows:

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：

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
0 to 90 days	0至90天	190,615	147,907
91 to 180 days	91至180天	44,689	27,818
181 to 365 days	181至365天	1,074	2,946
Over 365 days	365天以上	5,545	5,491
		241,923	184,162

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.

採購貨品的平均信貸期為30天至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。

The bills payables are aged within 365 days.

應付票據的賬齡為365天內。

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24. CONTRACT LIABILITIES

24. 合約負債

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Advances received to deliver goods	為交付貨品收取的墊款	8,518	80,969

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.

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。

The significant changes in contract liabilities in 2019 was mainly due to the decrease in purchases order from customers in late 2019.

2019年合約負債的重大變動乃主要由於2019年末客戶的採購訂單減少所致。

Revenue recognised during the year ended 31 December 2019 that was included in the contract liabilities as at 1 January 2019 was HK\$78,089,000 (2018: 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.

於2019年1月1日的合約負債包括截至2019年12月31日止年度確認的收益78,089,000港元（2018年：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。

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25. BANK AND OTHER BORROWINGS

25. 銀行及其他借款

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Secured:	有抵押：		
Trust receipts loans (Note a)	信託收據貸款(附註a)	47,508	50,537
Other bank loans (Note b)	其他銀行貸款(附註b)	126,655	169,249
Other loans (Note c)	其他貸款(附註c)	23,584	–
		197,747	219,786
Unsecured:	無抵押：		
Other bank loans (Note b)	其他銀行貸款(附註b)	90,424	93,928
		288,171	313,714
Bank and other borrowings repayable (based on scheduled repayment dates set out in loan agreements):	應償還銀行及其他借款(根據 載於貸款協議的預定還款 日期)：		
Within one year	於一年內	272,611	307,714
More than one year but not exceeding two years	超過一年但不超過兩年	13,560	2,000
More than two years but not exceeding five years	超過兩年但不超過五年	2,000	4,000
		288,171	313,714
Less: Carrying amount of bank and other 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 條款的銀行及其他借款 賬面值(於流動負債 項下列示)	(15,560)	(6,000)
Less: Carrying amount of bank and other 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 條款的銀行及其他借款 賬面值	(272,611)	(307,714)
Amount shown under current liabilities	於流動負債項下列示的款項	(288,171)	(313,714)
Amount shown under non-current liabilities	於非流動負債項下列示的款項	–	–

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25. BANK AND OTHER BORROWINGS (continued)

Notes:

- a) As at 31 December 2019, trust receipts loan with carrying amounts of HK\$47,508,000 (2018: HK\$50,537,000) carried floating rate of interest of 1-month HIBOR/LIBOR plus 2.5% (2018: 1-month HIBOR/LIBOR plus 2.5%) per annum and was due within 3 months (2018: within 3 months).
- b) As at 31 December 2019, the other bank loans of HK\$11,163,000 and HK\$205,916,000 carried interest at fixed rates and floating rates respectively (2018: Nil and HK\$263,177,000 respectively). The range of effective interest rates per annum on the Group's other bank loans are as follows:

		2019 2019年	2018 2018年
Fixed rates bank loans	固定利率銀行貸款	7.60% HIBOR/LIBOR plus 2.50% to 3.00% 香港銀行同業拆息 利率/倫敦銀行 同業拆息利率 加2.50%至3.00% LPR plus 0.64% to 1.89% 最優惠貸款利率加 0.64%至1.89%	N/A 不適用 HIBOR/LIBOR plus 2.50% to 3.00% 香港銀行同業拆息 利率/倫敦銀行 同業拆息利率 加2.50%至3.00% LPR plus 0.91% to 1.90% 最優惠貸款利率加 0.91%至1.90%
Floating rates bank loans	浮動利率銀行貸款		

- c) As at 31 December 2019, the other loan of HK\$23,584,000 carried interest at 4.98% (2018: Nil). In December 2019, Huizhou Wai Chi Electronics Company Limited* ("Huizhou Wai Chi"), a subsidiary of the Group, entered into a sales and leaseback agreement for financing with an amount of HKD24,560,000. Pursuant to which, Huizhou Wai Chi sold certain plant and machineries to a financial institution (the "lessor"), which shall then be leased back for use by Huizhou Wai Chi, with the lease period of 2 years from the date of inception. Upon expiry of the lease term, Huizhou Wai Chi has the right to repurchase the leased assets in accordance with the agreed terms and with a consideration of a nominal amount of RMB1,000.

25. 銀行及其他借款(續)

附註：

- a) 於2019年12月31日，賬面值47,508,000港元(2018年：50,537,000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%(2018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%)的浮動年利率計息，並於三個月內到期(2018年：三個月內)。
- b) 於2019年12月31日，其他銀行貸款11,163,000港元及205,916,000港元分別以固定利率及浮動利率計息(2018年：分別為零及263,177,000港元)。本集團其他銀行貸款的實際年利率範圍如下：

- c) 於2019年12月31日，23,584,000港元的其他貸款按4.98%計息(2018年：無)。於2019年12月，本集團附屬公司惠州偉志電子有限公司(「惠州偉志」)訂立銷售及回租協議，融資金額為24,560,000港元。據此，惠州偉志將若干廠房及機器出售予一間金融機構(「出租人」)，其後將其租回供惠州偉志使用，租期自開始日起計2年。於租期屆滿後，惠州偉志有權按協定條款以名義代價人民幣1,000元購回租賃資產。

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25. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- d) As at 31 December 2019, secured bank loans of HK\$126,655,000 (2018: HK\$169,249,000) were secured by:
- i. The pledge of certain property, plant and equipment of the Group with carrying value of HK\$108,916,000 (2018: HK\$116,889,000) as at 31 December 2019 as set out in Note 15;
 - ii. The pledge of certain right of use assets (2018: prepaid land lease) with carrying value of HK\$34,313,000 (2018: HK\$35,936,000) as set out in Notes 16 and 17;
 - iii. The pledge of bank deposits as set out in Note 22; and
 - iv. The pledge of a property held by a related company of the Group, in which Ms. Yiu Kwan Yu is the common director.
- e) As at 31 December 2019, the Group has undrawn available trade financing and bank loan facilities of HK\$285,980,000 (2018: HK\$221,911,000).

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 were three years throughout the year ended 31 December 2018.

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases and disclosed in Note 16. Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in Note 2.

25. 銀行及其他借款(續)

附註：(續)

- d) 於2019年12月31日，126,655,000港元(2018年：169,249,000港元)的已抵押銀行貸款乃以下列方式作抵押：
- i. 誠如附註15所載，於2019年12月31日，本集團抵押賬面值為108,916,000港元(2018年：116,889,000港元)的若干物業、廠房及設備；
 - ii. 誠如附註16及17所載，抵押賬面值為34,313,000港元(2018年：35,936,000港元)的若干使用權資產(2018年：預付土地租賃)；
 - iii. 誠如附註22所載，抵押銀行存款；及
 - iv. 抵押由本集團一間關連公司(姚君瑜女士為其普通董事)持有的物業。
- e) 於2019年12月31日，本集團有未提取貿易融資及銀行貸款融資285,980,000港元(2018年：221,911,000港元)。

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。

本集團已採用經修訂追溯法首次應用香港財務報告準則第16號，並調整於2019年1月1日的期初結餘以就先前根據香港會計準則第17號分類為經營租賃的有關租賃確認租賃負債。該等負債已與有關先前分類為融資租賃的租賃的結轉結餘加總並於附註16披露。於2018年12月31日的比較資料並無重列，且僅與先前分類為融資租賃的租賃相關。有關過渡至香港財務報告準則第16號的影響的進一步詳情載於附註2。

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26. OBLIGATIONS UNDER FINANCE LEASES (continued)

At 31 December 2018, the total future minimum lease payments under finance leases and their present values were as follows:

		Minimum lease payments	Present value of minimum lease payments
		最低租賃付款	最低租賃 付款現值
		2018	2018
		2018年	2018年
		HK\$'000	HK\$'000
		千港元	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	916
More than one year but not exceeding two years	超過一年但不超過兩年	1,233	1,183
		2,250	2,099
Less: Future finance charges	減：日後融資費用	(151)	N/A
Present value of lease obligations	租賃債項現值	<u>2,099</u>	2,099
Less: Amounts due within one year shown under current liabilities	減：於流動負債項下列示的 一年內到期的款項		<u>(916)</u>
Amounts due after one year	一年後到期的款項		<u>1,183</u>

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% 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, 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(續)

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利率介乎4.73%至4.76%。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。

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27. DEFERRED TAXATION

27. 遞延稅項

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	8,455	8,142
Deferred tax liabilities	遞延稅項負債	-	(32)
		8,455	8,110

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 2018	於2018年1月1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 and 1 January 2019	於2018年12月31日及 2019年1月1日	(32)	8,142	8,110
Credited to profit or loss (Note 10)	計入損益(附註10)	88	443	531
Exchange realignment	匯兌調整	-	(186)	(186)
At 31 December 2019	於2019年12月31日	56	8,399	8,455

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27. DEFERRED TAXATION (continued)

As at 31 December 2019, certain subsidiaries of the Group had aggregate unused tax losses of HK\$70,283,000 (2018: HK\$62,735,000) 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 2019, tax losses of HK\$17,808,000 (2018: HK\$14,159,000) will be expired within 5 years. Other losses may be carried forward indefinitely.

As at 31 December 2019, the Group has deductible temporary differences of HK\$114,682,000 (2018: HK\$116,040,000). A deferred tax asset has been recognised in relation to HK\$49,936,000 (2018: HK\$49,271,000) of such temporary differences. No deferred tax asset has been recognised in relation to the remaining HK\$64,746,000 (2018: HK\$66,769,000) 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 2019, 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\$501,465,000 (2018: HK\$453,282,000) 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.

27. 遞延稅項(續)

於2019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70,283,000港元（2018年：62,735,000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2019年12月31日，稅項虧損17,808,000港元（2018年：14,159,000港元）將於5年內到期。其他虧損可無限期結轉。

於2019年12月31日，本集團可扣減暫時性差額為114,682,000港元（2018年：116,040,000港元）。已就該等暫時性差額中49,936,000港元（2018年：49,271,000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64,746,000港元（2018年：66,769,000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2019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501,465,000港元（2018年：453,282,000港元）的遞延稅項作出撥備。

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28. CORPORATE BOND

In 2017, 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% per annum.

28. 公司債券

於2017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。公司債券的實際年利率約為11.05%。

		HK\$'000 千港元
At 1 January 2018	於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 and 1 January 2019	於2018年12月31日及2019年1月1日	1,816
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 2019	於2019年12月31日	1,856

29. GOVERNMENT GRANTS

29. 政府補助

		HK\$'000 千港元
At 1 January 2018	於2018年1月1日	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 and 1 January 2019	於2018年12月31日及2019年1月1日	17,947
Government grants utilised during the year (Note 7)	年內動用政府補助(附註7)	(137)
Exchange realignment	匯兌調整	(390)
At 31 December 2019	於2019年12月31日	17,420

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29. GOVERNMENT GRANTS (continued)

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Analysis for reporting purposes as:	就報告用途分析為：		
Non-current liabilities	非流動負債	17,420	17,947

As at 31 December 2019, the government grants of HK\$17,420,000 (2018: HK\$17,947,000) 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\$17,420,000 (2018: HK\$17,947,000) 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.

於2019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17,420,000港元（2018年：17,947,000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17,420,000港元（2018年：17,947,000港元）於綜合財務狀況表列賬為非流動負債。

30. SHARE CAPITAL

The share capital of the Company as at 31 December 2019 and 2018 is as follows:

		Number of shares 股份數目		Share capital 股本	
		2019 2019年	2018 2018年	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Ordinary shares of HK\$0.01 each	每股0.01港元的普通股				
Authorised	法定				
At 1 January and 31 December	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	已發行及繳足				
At 1 January and 31 December	於1月1日及12月31日	216,825,000	216,825,000	2,168	2,168

29. 政府補助(續)

30. 股本

本公司於2019年及2018年12月31日的股本如下：

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31. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2019, the Group entered into a lease arrangement in respect of acquisition of a right-of-use asset (2018: plant and machinery) with a total capital value at the inception of the lease of HK\$2,964,000 (2018: HK\$2,581,000).

During the year ended 31 December 2019, the Group entered into new arrangements in respect of office premises. Right-of-use assets and lease liabilities of HK\$12,758,000 were recognised at the commencement of the leases of buildings.

32. LEASES COMMITMENTS

The Group as lessee

As at 31 December 2018, 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
Within one year	一年內	2,485
In the second to fifth year, inclusive	第二至第五年(包括首尾兩年)	397
		<hr/>
		2,882

As at 31 December 2018, operating lease payments represent rentals payable by the Group for certain of its factory premises and offices. Leases are negotiated for terms ranging from one to two years with fixed rentals.

The Group is the lessee in respect of certain of its factory premises and offices which the leases were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see Note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in Note 3, and the details regarding the Group's future lease payments are disclosed in Note 16.

31. 主要非現金交易

於截至2019年12月31日止年度，本集團就於租賃開始時購置總資本價值2,964,000港元(2018年：2,581,000港元)的使用權資產(2018年：廠房及機器)訂立一項租賃安排。

於截至2019年12月31日止年度，本集團就辦公物業訂立新安排。於樓宇租賃開始時已確認使用權資產及租賃負債12,758,000港元。

32. 租賃承擔

本集團作為承租人

於2018年12月31日，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：

於2018年12月31日，經營租賃付款指本集團就其若干工廠物業及辦公室應付的租金。磋商後的租期介乎一至兩年，以固定租金支付。

本集團為先前根據香港會計準則第17號分類為經營租賃之租賃若干工廠物業及辦公室的相關承租人。本集團採用經修訂追溯法首次應用香港財務報告準則第16號。根據該方法，本集團調整於2019年1月1日的期初結餘以確認有關該等租賃的租賃負債(見附註2)。自2019年1月1日起，日後租賃付款乃根據附註3所載政策於綜合財務狀況表內確認為租賃負債，而有關本集團日後租賃付款的詳情則於附註16披露。

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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 and other borrowings

As at 31 December 2019 and 2018, certain banking facilities and other borrowings 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:

		2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Ms. Luk Fong	陸方女士	267,923	45,652
Mr. Yiu Chi To	姚志圖先生	492,449	114,129
		760,372	159,781

As at 31 December 2019 and 2018 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) 銀行融資以及銀行及其他借款

於2019年及2018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及其他借款如下：

	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
	267,923	45,652
	492,449	114,129
	760,372	159,781

於2019年及2018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 2019 截至2019年12月31日止年度

33. RELATED PARTY TRANSACTIONS AND
BALANCES (continued)

33. 關連人士交易及結餘(續)

(c) Other related parties transactions

(c) 其他關連人士交易

Name of company 公司名稱	Nature of transaction 交易性質	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Maxtone Electronics Limited ("Maxtone") 萬事通電子有限公司(「萬事通」)	Expense relating to short-term leases/rental expenses 短期租賃開支／租金開支	270	1,080

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。

In 2019, the Group entered into a two-year lease in respect of office premises from Maxtone. The amount of rent payable by the Group under the lease is HK\$99,000 per month. Right-of-use assets and lease liabilities of HK\$2,256,000 were recognised at the commencement of the lease. As at 31 December 2019, the carrying amount of such lease liabilities is HK\$1,430,000. During the year ended 31 December 2019, the Group has made lease payment of HK\$1,157,000 to Maxtone.

於2019年，本集團就萬事通的辦公物業訂立為期兩年的租賃。本集團根據租賃應付的租金為每月99,000港元。於租賃開始時已確認使用權資產及租賃負債2,256,000港元。於2019年12月31日，該等租賃負債的賬面值為1,430,000港元。於截至2019年12月31日止年度，本集團已向萬事通支付租賃款項1,157,000港元。

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

For the year ended 31 December 2019 截至2019年12月31日止年度

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\$17,093,000 (2018: HK\$11,742,000) for the year ended 31 December 2019.

35. EVENT AFTER THE REPORTING PERIOD

Since January 2020, the outbreak of the 2019 Novel Coronavirus ("COVID-19") in the PRC and the subsequent quarantine measures imposed by the PRC government have had a negative impact on the operations of the Group, as most of the Group's business are located in the PRC. The Group had had to delay its operations due to the mandatory government quarantine measures. To ensure prevention of COVID-19 infection, the Group has implemented strict internal control measures to carry epidemic prevention work into effect.

The Directors of the Company have closely monitored the development of the outbreak of COVID-19 and kept regular communication with its customers and suppliers to understand whether there would be any significant impacts on the Group's operation.

Based on the currently available information, the Directors of the Company consider that the COVID-19 outbreak will not have any material impact on the financial position of the Group. However, given the inherent unpredictable nature and rapid development of COVID-19 into a pandemic across the globe, the Group's business might be materially affected and the Directors of the Company will closely monitor the overall situation and development of events in this regard.

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。計劃的資產於受託人控制的基金中，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。

於截至2019年12月31日止年度，本集團向退休福利計劃作出的供款為17,093,000港元（2018年：11,742,000港元）。

35. 報告期後事件

自2020年1月起，於中國爆發的2019年新型冠狀病毒（「2019冠狀病毒」）及中國政府隨後採取的防疫措施對本集團的經營產生了負面影響，因為本集團的大部分業務位於中國。由於強制性的政府防疫措施，本集團不得不推遲運營。為確保防控2019冠狀病毒，本集團已實施嚴格的內部控制措施以有效進行防疫工作。

本公司董事密切監控2019冠狀病毒疫情的發展，並與客戶和供應商保持定期溝通，以了解是否會對本集團的運營產生重大影響。

根據目前可得的資料，本公司董事認為2019冠狀病毒疫情不會對本集團的財務狀況造成任何重大影響。然而，鑑於2019冠狀病毒的自身不可預測性及在全球範圍內快速發展為大流行病，故本集團的業務可能會受到重大影響，因此本公司董事將對整體環境及此事之發展進行密切監控。

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

For the year ended 31 December 2019 截至2019年12月31日止年度

36. 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.

36. 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					31/12/2019 2019年 12月31日 HK\$'000 千港元
		Financing cash flows 融資現金流量 1/1/2019 2019年 1月1日 HK\$'000 千港元	Finance cost incurred 已產生財務成本 HK\$'000 千港元	New lease recognised 已確認新租賃 HK\$'000 千港元	Government grants recognised 已確認政府補助 HK\$'000 千港元	Foreign exchange movements 外匯變動 HK\$'000 千港元	
Bank and other borrowings (Note 25)	銀行及其他借款(附註25)	313,714	(49,682)	29,058	-	(4,919)	288,171
Corporate bond (Note 28)	公司債券(附註28)	1,816	(160)	200	-	-	1,856
Government grants (Note 29)	政府補助(附註29)	17,947	-	-	(137)	(390)	17,420
Lease liabilities (Note 16)	租賃負債(附註16)	2,584	(3,860)	423	15,722	13	14,882
		336,061	(53,702)	29,681	15,722	(137)	322,329

		Non-cash changes 非現金變動					31/12/2018 2018年 12月31日 HK\$'000 千港元
		Financing cash flows 融資現金流量 1/1/2018 2018年 1月1日 HK\$'000 千港元	Finance cost incurred 已產生財務成本 HK\$'000 千港元	Acquisition of property, plant and equipment 收購物業、廠房及設備 HK\$'000 千港元	Government grants recognised 已確認政府補助 HK\$'000 千港元	Foreign exchange movements 外匯變動 HK\$'000 千港元	
Bank borrowings (Note 25)	銀行借款(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 (Note 29)	政府補助(附註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)	335,576

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

For the year ended 31 December 2019 截至2019年12月31日止年度

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

37. 本公司財務狀況表

		Notes 附註	2019 2019年 HK\$'000 千港元	2018 2018年 HK\$'000 千港元
Non-current asset	非流動資產			
Investment in a subsidiary	於一間附屬公司之投資		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		1,590	1,592
Amounts due from subsidiaries	應收附屬公司款項	(a)	195,033	195,273
Bank balances and cash	銀行結餘及現金		1,352	1,353
			197,975	198,218
Current liability	流動負債			
Other payables and accruals	其他應付款項及預提費用		852	143
Net current assets	流動資產淨值		197,123	198,075
Total assets less current liabilities	總資產減流動負債		332,123	333,075
Non-current liability	非流動負債			
Corporate bond	公司債券		1,856	1,816
Net assets	資產淨值		330,267	331,259
Capital and reserves	資本及儲備			
Share capital	股本		2,168	2,168
Reserves	儲備	(b)	328,099	329,091
Total equity	總權益		330,267	331,259

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

For the year ended 31 December 2019 截至2019年12月31日止年度

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes:

- (a) The amounts due from subsidiaries are unsecured, carry prevailing market interest rate and are repayable on demand.
- (b) Movements in reserves

37. 本公司財務狀況表(續)

附註：

- (a) 應收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	Accumulated losses 累計虧損	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
As at 1 January 2018	於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 and 1 January 2019	於2018年12月31日及2019年1月1日	331,977	(2,886)	329,091
Loss and total comprehensive expense for the year	年度虧損及全面開支總額	-	(992)	(992)
As at 31 December 2019	於2019年12月31日	331,977	(3,878)	328,099

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

For the year ended 31 December 2019 截至2019年12月31日止年度

38. SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

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	Kind of legal entity 法人實體類型	Percentage of equity interest/voting power attributable to the Company				Principal activities 主要業務
					Direct 直接		Indirect 間接		
					2019 2019年	2018 2018年	2019 2019年	2018 2018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	Company with limited liability 有限公司	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	Company with limited liability 有限公司	-	-	100%	100%	Investment holding 投資控股
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	Company with limited liability 有限公司	-	-	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	Company with limited liability 有限公司	-	-	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	Company with limited liability 有限公司	-	-	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	Company with limited liability 有限公司	-	-	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	Company with limited liability 有限公司	-	-	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	Company with limited liability 有限公司	-	-	100%	100%	Trading of LED backlight and lighting products 買賣LED背光及 照明產品

38. 附屬公司

本公司附屬公司的詳情如下：

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

For the year ended 31 December 2019 截至2019年12月31日止年度

38. SUBSIDIARIES (continued)

38. 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	Kind of legal entity 法人實體類型	Percentage of equity interest/voting power attributable to the Company				Principal activities 主要業務
					Direct 直接		Indirect 間接		
					2019	2018	2019	2018	
					2019年	2018年	2019年	2018年	
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	Company with limited liability 有限公司	-	-	100%	100%	Manufacture and sale of LED backlight and lighting products and sourcing business 製造及銷售LED背光 及照明產品及採 購業務
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	Company with limited liability 有限公司	-	-	100%	100%	Manufacture and sale of LED lighting products and provision of LED light 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	Company with limited liability 有限公司	-	-	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) 北京森渾節能科技有限公司 (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	Company with limited liability 有限公司	-	-	100%	100%	Inactive 暫無營業
Huizhou Wai Chi (Note b) 惠州偉志(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	Company with limited liability 有限公司	-	-	100%	100%	Manufacture and sale of LED backlight and lighting products 製造及銷售LED背光 及照明產品

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

For the year ended 31 December 2019 截至2019年12月31日止年度

38. SUBSIDIARIES (continued)

38. 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	Kind of legal entity 法人實體類型	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		
					2019 2019年	2018 2018年	2019 2019年	2018 2018年	
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	Company with limited liability 有限公司	-	-	100%	100%	Inactive 暫無營業
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	Company with limited liability 有限公司	-	-	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	Company with limited liability 有限公司	-	-	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	Company with limited liability 有限公司	-	-	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

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 2019 於2019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, Xiaota, 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

		2019 2019年 HK\$'000 千港元	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
Revenue	營業額	2,214,974	2,249,786	1,677,966	1,321,601	1,100,491
Cost of sales	銷售成本	(1,986,007)	(2,002,523)	(1,459,129)	(1,160,336)	(854,979)
Gross profit	毛利	228,967	247,263	218,837	161,265	245,512
Operating expenses	經營成本	(188,798)	(197,738)	(190,505)	(154,483)	(283,173)
Profit/(loss) before tax	除稅前利潤/(虧損)	40,169	49,525	28,332	6,782	(37,661)
Income tax expenses	所得稅開支	(3,021)	(4,418)	(6,002)	(383)	(1,106)
Profit/(loss) for the year	年度利潤/(虧損)	37,148	45,107	22,330	6,399	(38,767)
Earnings/(loss) per share	每股盈利/(虧損)					
Basic and diluted (HK\$)	基本及攤薄(港元)	0.17	0.21	0.10	0.03	(0.19)
Assets and liabilities	資產及負債					
Non-current assets	非流動資產	310,333	368,103	289,489	273,125	330,995
Current assets	流動資產	1,299,379	1,199,444	1,494,996	1,176,360	1,317,509
Current liabilities	流動負債	(904,404)	(887,048)	(1,116,804)	(832,010)	(1,032,180)
Total assets less current liabilities	總資產減流動負債	705,308	680,499	667,681	617,475	616,324
Non-current liabilities	非流動負債	(29,619)	(20,978)	(21,673)	(35,499)	(39,886)
Net assets	資產淨值	675,689	659,521	646,008	581,976	576,438
Capital and reserves	資本及儲備					
Share capital	股本	2,168	2,168	2,168	2,168	2,000
Reserves	儲備	673,521	657,353	643,840	579,808	574,438
Total equity	總權益	675,689	659,521	646,008	581,976	576,438



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

