



RAYMOND Industrial Ltd
利民實業有限公司

Stock Code 股份代號 : 00229

2019
Annual Report 年報

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Dr. Wong, Wilson Kin Lae (*Chairman*)
Mr. Wong, John Ying Man
Dr. Wong, Raymond Man Hin
Mr. Mok, Kin Hing

Non-Executive Directors

Mr. Xiong, Zhengfeng
Mr. Wong, David Ying Kit

Independent Non-Executive Directors

Mr. Leung, Michael Kai Hung
Mr. Fan, Anthony Ren Da
Mr. Ng, Yiu Ming
Mr. Lo, Wilson Kwong Shun

Alternate Director

Mr. Zhang, Yuankun
(*alternate to Dr. Wong, Wilson Kin Lae*)

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Shanghai Commercial Bank Limited

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants

COMPANY SECRETARY

Ms. Liu Pui Yee

REGISTERED OFFICE

Rooms 1801-1813, 18/Floor
Grandtech Centre
8 On Ping Street
Shatin, New Territories
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

董事會

執行董事

黃乾利博士 (*主席*)
黃英敏先生
黃文顯博士
莫健興先生

非執行董事

熊正峰先生
黃英傑先生

獨立非執行董事

梁啟雄先生
范仁達先生
伍耀明先生
羅廣信先生

代董事

張元坤先生
(*黃乾利博士之代董事*)

主要銀行

東亞銀行有限公司
上海商業銀行有限公司

核數師

天職香港會計師事務所有限公司
執業會計師

公司秘書

廖佩儀女士

註冊辦事處

香港
新界沙田安平街8號
偉達中心18樓
1801-1813室

股票過戶登記處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心17樓
1712-1716室

Biographical Details of Directors and Senior Management

公司董事及高級管理層簡介

Dr. Wong, Wilson Kin Lae, aged 84, is Chairman of Raymond Industrial Limited (the “**Company**”). He obtained a Bachelor of Engineering Degree (Chemical Engineering) in 1959 from McGill University in Canada. He was a lecturer at the Hong Kong Technical College. In 1964, Dr. Wong founded the Company. In 1998, he was awarded a honorary Doctor of Science from McGill University in Canada.

Mr. Wong, John Ying Man, aged 54, was appointed to the board (“**Board**”) of directors (“**Directors**”) of the Company as the executive Director on 15 September 1997. He graduated from the University of Manchester Institute of Science & Technology in 1987 and joined the Company in the same year. He worked as an engineer, project coordinator, engineering manager and then general manager for operations.

Dr. Wong, Raymond Man Hin, aged 54, son of Dr. Wong, Wilson Kin Lae, was appointed as a non-executive Director on 18 July 2001 and re-designated as an executive Director on 19 April 2002. He became a deputy executive chairman on 19 April 2007. Dr. Wong holds a bachelor degree in chemical engineering, a master degree in economics and a doctorate degree in business administration. He is a member of American Institute of Certified Public Accountants (CPA), a Chartered Global Management Accountant (CGMA), a Certified Management Accountant (CMA) and holds a certificate in financial management (CFM). He is an independent non-executive Director of Modern Beauty Salon Holdings Limited (stock code: 0919) and Nan Nan Resources Enterprise Limited (stock code: 1229), both companies whose shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). He is also an independent non-executive Director of Tak Lee Machinery Holdings Limited (stock code: 8142) and Zhejiang United Investment Holdings Group Limited (stock code: 8366), both companies whose shares are listed on the GEM of the Stock Exchange. Dr. Wong is Vice President and council member of the Hong Kong Independent Non-Executive Director Association and an independent manager of TWGHs Wong Fut Nam College.

黃乾利博士，84歲，利民實業有限公司(「本公司」)主席。1959年黃先生獲得加拿大麥基爾大學工程學士學位(化學工程)，黃先生曾任香港理工學院講師。於1964年創立本公司。1998年黃先生獲得加拿大麥基爾大學榮譽理學博士學位。

黃英敏先生，54歲，於1997年9月15日獲委加入本公司董事(「董事」)會(「董事會」)擔任執行董事。1987年畢業於英國曼徹斯特大學科技學院，並在同年加入本公司。曾任職工程師、策劃工程師、工程部經理及後成為營運總經理。

黃文顯博士，54歲，黃乾利博士之兒子，於2001年7月18日獲委任為非執行董事，並於2002年4月19日獲委任執行董事。在2007年4月19日獲委任副執行主席之職。黃博士擁有化學工程學士學位，經濟學碩士學位和工商管理博士學位。他是美國註冊會計師協會(CPA)，特許全球管理會計師(CGMA)，註冊管理會計師(CMA)的成員，並持有財務管理(CFM)證書。他同時擔任現代美容控股有限公司(股份代號：0919)及南南資源實業有限公司(股份代號：1229)之獨立非執行董事，兩家公司的股份俱在香港聯合交易所有限公司(「聯交所」)主板上市。他同時擔任德利機械控股有限公司(股份代號：8142)及浙江聯合投資控股集團有限公司(股份代號：8366)之獨立非執行董事，兩間公司之股份均於聯交所GEM上市。黃博士為香港獨立非執行董事協會副會長兼理事會成員及東華三院黃笏南中學校董。

Biographical Details of Directors and Senior Management

公司董事及高級管理層簡介

Mr. Mok, Kin Hing, aged 57, was alternate Director to Dr. Wong, Wilson Kin Lae, the Chairman and executive Director of the Company until 1st July 2008 when he was appointed as an executive Director with effect from 1 July 2008. Mr. Mok joined the Company as a production planning coordinator in 1990. He was appointed as a production manager in 1993 and general manager of Raymond (Panyu Nansha) Electrical Appliances Development Co. Ltd. in 1996. Since 2005, Mr. Mok has been appointed as a member of Chinese People's Political Consultative Conference in Guangzhou City, Nansha District.

Mr. Wong, David Ying Kit, aged 56, was appointed a non-executive Director on 26 May 2014. Prior to the appointment, he was an alternate Director of Dr. Wong, Philip Kin Hang (retired non-executive Director) on 4 July 2008. Mr. Wong is a Registered Architect and Authorized Person in Hong Kong. He is also a member of the Hong Kong Institute of Architects. Mr. Wong is the founder and executive director of Hong Kong Wine Vault.

Mr. Xiong, Zhengfeng, aged 50, was appointed as a non-executive Director on 3 January 2011. Mr. Xiong graduated from the Department of Computer Science of Nankai University and obtained his bachelor degree in science in July 1992. He then obtained his master degree in Economics from Nankai University School of Economics in July 1995. Mr. Xiong is currently the chairman and executive director of AKM Industrial Company Limited ("**AKM Industrial**") (stock code: 1639), a company whose shares are listed on the Stock Exchange of Hong Kong. He is a director of Alpha Luck Industrial Limited ("**Alpha Luck**"), the substantial shareholder (as defined in the Listing Rules) of AKM Industrial since March 2001 (Alpha Luck is the subsidiary fully-funded by Silver City, and Silver City is AKM Industrial's beneficial owner). Mr. Xiong also serves as a director of AKM Electronics Industrial (Panyu) Ltd. and an executive director of AKM Electronic Technology (Suzhou) Company Limited. He is the chairman of AKM Meadville Electronics (Xiamen) Co. Ltd. since December 2019.

莫健興先生，57歲，於2008年7月1日前為本公司主席兼執行董事黃乾利博士的代董事。由2008年7月1日起，莫先生獲委任為執行董事。莫先生於1990年加入本公司任職生產計劃主任。彼於1993年獲委任為生產經理，1996年出任利民(番禺南沙)電器發展有限公司總經理。自2005年起，莫先生獲委任為中國人民政治協商會議廣州市南沙區委員。

黃英傑先生，56歲，於2014年5月26日獲委任為非執行董事。獲委任前，他於2008年7月4日獲委任為本公司黃乾亨博士(已告休之非執行董事)之代董事。黃先生是香港註冊建築師及認可人士。他亦是香港建築學會會員。黃先生為香港美酒窖的創辦人及執行董事。

熊正峰先生，50歲，於2011年1月3日獲委任為非執行董事。熊先生畢業於南開大學計算機科學系，1992年7月取得理學士學位。其後於1995年7月取得南開大學經濟學碩士學位。熊先生為安捷利實業有限公司(「**安捷利實業**」)(股份代號：1639)之主席兼執行董事，安捷利實業的股份於香港聯交所上市。彼亦自2001年3月起出任安利實業有限公司(「**安利實業**」)(其為實益擁有安捷利實業股份的主要股東(定義見上市規則))董事。熊先生亦為安捷利實業全資附屬公司安捷利(番禺)電子實業有限公司之董事及安捷利電子科技(蘇州)有限公司之執行董事。熊先生亦自2019年12月起出任安捷利美維電子(廈門)有限責任公司之董事長。

Biographical Details of Directors and Senior Management

公司董事及高級管理層簡介

Mr. Leung, Michael Kai Hung, aged 77, was appointed as an independent non-executive Director in 1988. He is an entrepreneur with extensive international experience in garment manufacturing and trading. He is the founder of the Onwel Group of Companies in 1969 and has been holding the position of executive chairman since 1982. Also, Mr. Leung is the executive chairman of Fairtex Muay Thai Fitness and Equipment (Hong Kong) Limited effected from 25 October 2013. He was an independent non-executive director of Dickson Concepts (International) Limited (stock code: 0113), a company listed on the Main Board of the Stock Exchange, until his resignation with effect from 1 August 2019.

Mr. Fan, Anthony Ren Da, aged 59, joined in 1994 as an independent non-executive Director. Mr. Fan holds a Master's Degree in Business Administration from the United States of America. He is the chairman and managing director of AsiaLink Capital Limited. He is also an independent nonexecutive director of Technovator International Limited (stock code: 1206), Uni-President China Holdings Ltd. (stock code: 0220), Shanghai Industrial Urban Development Group Limited (stock code: 0563), China Dili Group (stock code: 1387), Tenfu (Cayman) Holdings Company Ltd. (stock code: 6868), CITIC Resources Holdings Limited (stock code: 1205), Hong Kong Resources Holdings Company Limited (stock code: 2882), China Development Bank International Investment Ltd. (stock code: 1062), Neo-Neon Holdings Ltd. (stock code: 1868) and Semiconductor Manufacturing International Corporation (stock code: 981), all listed on the Main Board of the Stock Exchange. He was also an independent non-executive director of Guodian Technology & Environment Group Corporation Limited (stock code: 1296), Lerthai Group Limited (stock code: 0112) and CGN New Energy Holdings Co. Ltd. (stock code: 1811), all listed on the Main Board of the Stock Exchange, until his resignation with effect from 8 August 2017, 30 June 2017 and 26 June 2018 respectively.

Mr. Ng, Yiu Ming, aged 83, was appointed as an independent non-executive Director on 2 July 2004. Mr. Ng was previously a non-executive director of Dah Sing Financial Holdings Limited (stock code: 0440), a company whose shares are listed on the Stock Exchange. He has over 40 years of experience in hire purchase and leasing finance.

梁啟雄先生，77歲，1988年獲委任為獨立非執行董事。作為企業家，梁先生在製衣業有豐富的製造及國際銷售經驗。1969年他成為惠安製衣集團的創辦人，並從1982年起擔任該公司執行主席。同時梁先生在2013年10月25日擔任惠德泰拳健身及設備(香港)有限公司執行主席。他曾是迪生創建(國際)有限公司(股份代號：0113)，一間香港聯交所主板上市的公司之獨立非執行董事，直至他於2019年8月1日辭任。

范仁達先生，59歲，於1994年獲委任為獨立非執行董事。彼在美國取得工商管理碩士學位，現為東源資本有限公司之主席兼董事總經理。范先生亦為於聯交所主板上市的同方泰德國際科技有限公司(股份代號：1206)、統一企業中國控股有限公司(股份代號：0220)、上海實業城市開發集團有限公司(股份代號：0563)、中國地利集團(股份代號：1387)、天福(開曼)控股有限公司(股份代號：6868)、中信資源控股有限公司(股份代號：1205)、香港資源控股有限公司(股份代號：2882)、國開國際控股有限公司(股份代號：1062)、同方友友控股有限公司(股份代號：1868)及中芯國際集成電路製造有限公司(股份代號：981)之獨立非執行董事。范先生曾為於聯交所主板上市的國電科技環保集團股份有限公司(股份代號：1296)、勒泰集團有限公司(股份代號：0112)及中國廣核新能源控股有限公司(股份代號：1811)之獨立非執行董事。他分別在2017年8月8日、2017年6月30日及2018年6月26日辭任。

伍耀明先生，83歲，於2004年7月2日獲委任為獨立非執行董事。伍先生曾擔任大新金融集團有限公司(股份代號：0440)之非執行董事，該公司的股份於聯交所上市。伍先生擁有逾40年租購及租賃貸款業務經驗。

Biographical Details of Directors and Senior Management 公司董事及高級管理層簡介

Mr. Lo, Wilson Kwong Shun, aged 46, was appointed as an independent non-executive Director on 1 January 2013. He has more than 15 years of working experience in investment banking and advising on corporate finance. He is currently a deputy general manager of Guotai Junan Capital Limited and independent non-executive director of Kingdom Holdings Limited (stock code: 0528), a company listed on the Main Board of the Stock Exchange. He was an independent non-executive directors of Qidian International Co. Ltd. (formerly known as Huiyin Smart Community Co. Ltd.) (stock code: 1280) and Wuzhou International Holdings Limited (stock code: 1369), all listed on the Main Board of the Stock Exchange, until his resignation with effect from 26 August 2017 and 4 September 2017, respectively. He also has many years of experience in the field of auditing and accounting. He is a member of the American Institute of CPA, a member of Hong Kong Institute of Certified Public Accountant and a member of CFA Institute. Mr. Lo obtained his bachelor of commerce degree from University of British Columbia in 1995.

羅廣信先生，46歲，於2013年1月1日獲委任為獨立非執行董事。羅先生於投資銀行及企業融資顧問方面擁有超過十五年經驗。羅先生現時為國泰君安融資有限公司之副總經理，及金達控股有限公司(股份代號：0528)，在香港聯交所主板上市的獨立非執行董事。羅先生曾為於聯交所主板上市的奇點國際有限公司(前稱匯銀家電(控股)有限公司)(股份代號：1280)及五州國際控股有限公司(股份代號：1369)之獨立非執行董事。他分別在2017年8月26日及2017年9月4日辭任。羅先生亦擁有多多年核數及會計經驗。羅先生為美國會計師公會會員，香港會計師公會會員及美國特許財務分析員。彼於1995年獲取英國哥倫比亞大學商科學士學位。

I am pleased to present the annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2019.

During the financial year (“**FY**”) of 2019, the Group faced the challenges of increasing operating costs and slowdown in US sales growth impeded by the Sino-US trade dispute. During the 4th quarter, the Group also faced depreciation of US dollars against Renminbi. Despite all these uncertainties, the Group managed to launch more new and innovative products during the second half of 2019 to achieve acceptable performance for the full year. Consequently, for FY2019, the Group's consolidated turnover decreased to HK\$1,155,578,000, representing a decrease of 10.14% as compared with the same period in the previous year. Net profit of the Group was HK\$38,973,000, representing a decrease of 25.87%, as compared with the net profit of HK\$52,574,000 for the same period in FY2018. Cash generated from operations was HK\$127,735,000 in FY2019. Cash and cash equivalents at the end of FY2019 was HK\$255,198,000 (HK\$39,538,000 of which were dividend paid out during FY2019) as compared with HK\$190,007,000 at the beginning of FY2019. The positive operating cash flow and substantial cash balances enable the Group to continue paying dividends to the shareholders. At the same time, the Group continues to invest excess cash in research and development (“**R&D**”), new technology and automation equipment. Consequently, the Group continues to qualify as a High and New Technology Enterprise (“**HNTE**”) in The People's Republic of China (the “**PRC**”).

本人欣然提呈本公司及其附屬公司(統稱「**本集團**」)截至2019年12月31日止年度之年度業績。

在2019財政年度(「**財政年**」),本集團面臨因中美貿易糾紛而導致營運成本上升及美國銷售增長放緩的挑戰。在第四季度,本集團還面臨美元兌人民幣貶值的問題。儘管存在這些不確定因素,本集團的創新技術使我們在下半年推出了更多新產品,使本集團在2019年在全年錄得可接受的表現。於2019財政年,本集團的綜合營業額減少至港幣1,155,578,000元,較去年同期下跌10.14%。本集團的淨溢利為港幣38,973,000元,較2018財政年度同期的淨溢利港幣52,574,000元減少25.87%。於2019財政年,經營產生之現金為港幣127,735,000元。於2019年12月31日之現金及現金等值項目為港幣255,198,000元(於2019年財政年已派發股息港幣39,538,000元),相比2019年財政年度初現金及現金等值項目為港幣190,007,000元。正現金流及充足的現金結餘使本集團可以繼續向股東派發股息。與此同時,本集團繼續投資在研發、新科技及自動化設備等相關項目,使本集團能繼續在中華人民共和國(「**中國**」)獲認證為高新技術企業(「**HNTE**」)的資格。

Chairman's Statement

主席報告

In FY2019, the Group had started several R&D research projects in Hong Kong that also qualified for the enhanced R&D tax deduction. To achieve AIoT (Artificial Intelligence and Internet of Things) compatibility, the Group has invested in the information systems and automated production processes to convert the operations to be 5G ready and can utilize big data and mobile surveillance systems to improve quality systems. As a result, the Group's management can update strategies and react to changes quickly in highly competitive global markets. In FY2019, the Group invested HK\$27,780,000 (compared with HK\$59,089,000 in 2018) to set up new semi-automated new painting lines for new products, purchased injection moulding machines and laboratory testing equipment to strengthen our R&D and operational capabilities, and upgraded our information systems to enhance faster data processing and analysis. Decreased capital expenditures related to new R&D projects still fulfill the High Technology Venture minimum annual investment requirement; and we expect the investment in these R&D projects will generate more sales revenue in 2020 from new products launch. Qualifying for the High Technology venture status would enable the Group to enjoy lower profit tax rate and receive tax incentives from the PRC Government; and increase our competitiveness among our peers.

The Group's net profit in FY2019 was HK\$38,973,000, representing basic earnings per share of 7.89 Hong Kong cents (net profit in FY2018 was HK\$52,574,000, with basic earnings per share of 10.71 Hong Kong cents).

Wong, Wilson Kin Lae

Chairman

Hong Kong, 26 March 2020

於2019財政年度，本集團已在香港展開了一些研發項目，這些研發項目也符合研發開支額外稅務扣減計劃資格而獲得稅務減免。為了達到人工智能物聯網的兼容性，本集團已投資於信息系統和自動化生產流程，將營運轉換為可配合第五代行動通訊技術的系統，並可以利用大數據及流動監控系統來改善品質系統。因此，本集團的管理層可更快地更新本集團的策略，在競爭激烈的全球市場中更快速的作出應對措施。於2019財政年度，本集團投資了港幣27,780,000元(2018年為港幣59,089,000元)為新產品設立新的半自動噴油線，購買注塑成型機和實驗室測試設備，以加強我們的研發和營運能力，並更新信息系統以達到加快數據處理和分析速度的目標。新研發項目有關的資本支出雖然減少，但仍能滿足高新技術企業最低年度投資要求。我們希望這些研發項目的投資將在2020年帶來更多從推出新產品帶來的銷售收入。符合高新技術企業的資格將使本集團享有較低的所得稅率，並獲得中國政府的稅收優惠，以提升我們在行業的競爭力。

本集團於2019年財政年淨溢利為港幣38,973,000元，每股基本盈利港幣7.89仙(2018年財政年淨溢利為港幣52,574,000元，每股基本盈利港幣10.71仙)。

黃乾利

主席

香港，2020年3月26日

Management Discussion and Analysis

管理層討論及分析

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. Its current ratio was 2.81 as of 31 December 2019, compared with 2.78 as of 31 December 2018. The gearing ratio and debt to equity was 0.38 as of 31 December 2019 (31 December 2018: 0.38) and they were computed by the trade and other payables over total equity.

During FY2019, the Group's trade receivables turnover stood at 81 days, compared with 74 days in FY2018. The inventory turnover in FY2019 was 45 days, compared with 57 days in FY2018.

Bank balances and cash were HK\$255,198,000 as of 31 December 2019 (2018: HK\$190,007,000), representing an increase of HK\$65,191,000 as compared to the figures in the same period in FY2018, which was mainly due to lower level of inventory, capital expenditure and R&D expenditure.

There were no bank borrowings as of 31 December 2019 (2018: Nil).

The Group had no contingent liabilities as of 31 December 2019 (2018: Nil).

CAPITAL STRUCTURE

During the year, the capital structure of the Company has not been changed with details shown in note 20(a) to the financial statements.

FINAL DIVIDEND

The board of directors (the "Board") of the Company has proposed a final dividend of 4 Hong Kong cents per ordinary share for the year ended 31 December 2019. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on Tuesday, 9 June 2020 to the shareholders whose names appear on the register of members of the Company on Monday, 1 June 2020.

財政狀況

本集團的資金流動狀況良好。於2019年12月31日，本集團之資金流動率為2.81，相比於2018年12月31日為2.78。於2019年12月31日，本集團之資本與負債比率和負債權益比率為0.38(2018年12月31日：0.38)，計算基準為貿易及其他應付賬項除以總權益。

於2019年財政年，本集團的應收賬項周轉期為81天，相比2018年財政年的74天。2019年財政年庫存周轉期為45天，相比2018年財政年的57天。

於2019年12月31日，銀行結餘及現金額為港幣255,198,000元(2018年：港幣190,007,000元)，比2018年財政年同期增加了港幣65,191,000元，主要是由於庫存水平降低以及資本支出和研發支出降低。

於2019年12月31日，本集團並無銀行貸款(2018年：無)。

於2019年12月31日，本集團並無或然負債(2018年：無)。

資本結構

本年度本公司之資本結構並無變動，詳情載於財務報表附註20(a)。

末期股息

截至2019年12月31日止，本集團的董事會(以下簡稱「董事會」)建議每股普通股派發末期股息為港幣4仙，建議之末期股息須經即將舉行之股東週年大會上的股東同意。股息將於2020年6月9日(星期二)派發予於2020年6月1日(星期一)登記在名冊上之股東。

Management Discussion and Analysis

管理層討論及分析

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

- (1) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Friday, 22 May 2020 (the “**2020 AGM**”), the register of members of the Company will be closed from Monday, 18 May 2020 to Friday, 22 May 2020, both days inclusive. In order to be qualified for attending and voting at the 2020 AGM, all transfer documents, accompanied by the relevant share certificates, should be lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Friday, 15 May 2020.
- (2) For the purpose of determining shareholders who are qualified for the final dividend, the register of members of the Company will be closed from Thursday, 28 May 2020 to Monday, 1 June 2020, both days inclusive. In order to be qualified for the final dividend, all transfer documents, accompanied by the relevant share certificates, should be lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 27 May 2020.

CHARGES ON ASSETS

The Group had no charges on assets as of 31 December 2019 (2018: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group’s transactions were conducted in the United States dollars, British Pound, Hong Kong dollars and Renminbi. The Group does not foresee any substantial exposure to foreign currency fluctuations and thus use of financial instruments for exchange rate hedging purpose is not considered.

暫停辦理股份過戶登記

本公司將於下列時間暫停辦理股份過戶登記：

- (1) 為釐定股東出席及投票本公司將於2020年5月22日(星期五)舉行之股東週年大會(以下簡稱「**2020年股東週年大會**」)上的資格，本公司將於2020年5月18日(星期一)至2020年5月22日(星期五)(包括首尾兩天)暫停辦理登記過戶手續。為確保有權出席2020年股東週年大會並於會上投票，所有過戶文件連同有關股票須於2020年5月15日(星期五)下午4:30前送抵本公司股份過戶處-香港中央證券登記有限公司，地址為香港皇后大道東183號合和中心17樓1712-1716室。
- (2) 為釐定收取建議末期股息的資格，本公司將於2020年5月28日(星期四)至2020年6月1日(星期一)(包括首尾兩天)暫停辦理登記過戶手續。為確保有權收取末期股息及特別股息，所有過戶文件連同有關股票須於2020年5月27日(星期三)下午4:30前送抵本公司股份過戶處-香港中央證券登記有限公司，地址為香港皇后大道東183號合和中心17樓1712-1716室。

資產抵押

於2019年12月31日，本集團並無資產抵押(2018年：無)。

外匯風險

本集團大部分商業交易均以美元、英鎊、港元及人民幣計算。基於本集團認為不會面對重大匯價變動風險，故並無考慮使用財務工具對沖匯率變動。

Management Discussion and Analysis

管理層討論及分析

FUTURE PROSPECTS

After China and United States has reached a tentative agreement for the “first phase” of the trade deal, the Group’s management has been more eager to launch more new innovative products in PRC and overseas in 2020. Despite there being a cloud of uncertainties surrounding global trade, the Group’s management believes new revenue stream from higher valued-added new product categories can be realized in 2020. The Group’s management has identified several new areas that we can apply our new technologies to develop more innovative products not only in grooming and air purification categories, but also in beverage related new product category. The Group’s investment in R&D enables us to maintain the HNTE status and allows the Group to apply new knowledge, patents and innovations developed in the new products and explore new product categories. The Group will look for the first sign of recovery to plan more aggressive new products launch in the near future. The Group’s management will remain resilient to tackle any immediate market downturns and form stronger partnership with our strategic customers and suppliers to weather the storm.

前景

在中美就貿易協議的「第一階段」達成暫定協議之後，本集團管理層希望可以在2020年，在中國和海外，推出更多新的創新產品。儘管環球貿易仍存在各方面的不明朗因素，集團管理層認為一系列高增值的新產品可以為本集團在2020年帶來新的收入來源。本集團管理層已選定了幾個可以運用我們的新技術開發新產品的新領域，不僅可用於美容和空氣淨化領域，還可應用於飲料相關的新產品類別。本集團在研發方面的投資使我們能夠保持高新技術企業的地位，令集團可將研發到的新知識，專利和創新應用於新產品的開發，並探索開發更多新產品類別。此外，本集團將會把握經濟復甦的轉向時機，計劃並推出更積極進取的新產品。本集團管理層在面對市場低迷時將繼續保持警覺性，並與我們的策略性客戶及供應商建立更緊密的合作關係以共度艱難時刻。

Management Discussion and Analysis

管理層討論及分析

Infectious disease such as coronavirus outbreak has created a challenging situation facing all the industries of the society since the beginning of 2020. The Group anticipates that the infectious disease might affect our employees' health and bring disruption to our operations and supply chain. Against this backdrop, the Group had a three-pronged disaster recovery strategy to immediate revamp our operations: Business Continuity (contingency plan – how to remotely keep the critical processes going), Costs Control (contingency plan – how to optimise fixed costs and adopt fast cost cutting measures), and Cash Management (Review and reset safety stock level for finished goods and critical raw materials, maintain healthy cash level to weather the storm, and prioritize capital expenditures and cut unnecessary expenses). Coronavirus outbreak would inevitably have an adverse impact on the Group's FY2020 first quarter results. Fortunately, the Group has already resumed normal production, and the supply chain has gradually restored back to normal, and the Group will make the best effort to make timely response and adjustments in the future with all possible effective aforementioned measures. Since the coronavirus outbreak, the Company has no experience in withdrawal of customers' orders nor major disruption in the supply chain. However, the Company will continuously monitor the situation

In the year 2019, the Group invested and promoted computerization of manufacturing. We integrated our bar code system with our ERP system. In the year 2020, the Group will continue to integrate our ERP system with new financial analytic software to enable cross functional transformation that can unlock the Group's full operational potential. By scrutinizing the entire end-to-end process, from understanding customer needs to the delivery of finished products, the Group's management can address the entire value chain to open up new business opportunities, make more efficient use of working capital and better manage discretionary spending. In addition, the Group's management is looking at the feasibility of formulating a Big Data Strategy in manufacturing so that the management team can have access to real time data from various process activities to execute routine decisions in the following areas: (a) tracking of product quality and defects, (b) supply chain real time management, (c) optimizing machines and related predictive maintenance, and (d) engineering, process and quality analytics.

自2020年初以來，冠狀病毒爆發的傳染病已令社會各行各業面臨嚴峻的形勢。本集團擔心傳染病或許會影響員工的健康，以及中斷日常營運和對供應鏈造成破壞。在此情況下，本集團採取了三管齊下的災難恢復策略去挽救我們的業務：業務連續性(應急計劃：如何遠程遙控關鍵流程)，成本控制(應急計劃：如何優化固定成本並採取快速削減成本，節省人手開支的措施)，以及現金管理(檢討及重新訂定成品和關鍵原材料的安全庫存水平，維持健康的現金水平以度過難關，並優先考慮停止資本支出並削減不必要的支出)。冠狀病毒的爆發不可避免地會對本集團的2020年財政年第一季度業績產生不利影響。幸運的是，本集團已經恢復了正常生產，供應鏈也逐漸恢復正常，本集團將盡一切可能採用上述的有效措施，盡最大努力在未來作出及時的反應和調整。自冠狀病毒爆發以來，本公司沒有客戶取消訂單，也沒有重大供應鏈中斷。但是，本公司將持續監控情況。

在2019年，本集團投資並提升了電腦及自動化生產。我們將條形碼系統與企業資源計劃系統整合。在2020年，本集團將繼續將我們的企業資源計劃系統與新的財務分析軟件整合在一起，以實現跨職能轉型，從而釋放集團的全部營運潛力。通過仔細研究分析整個端對端流程，從而了解客戶需求到交付成品，本集團管理層可以發揮整個價值鏈的潛能從而開闢新的商機，並更有效地利用營運資金及更適當地管理可支配的支出。此外，本集團管理層正在研究在生產中製定大數據策略的可行性，以便管理團隊可以取得來自各個流程活動的實時數據以執行以下領域的常規決策：(a) 跟踪產品的質量和缺陷，(b) 供應鏈實時管理，(c) 優化機器和相關的預測性維護，以及(d) 工程、工序和質量分析。

Management Discussion and Analysis

管理層討論及分析

In light of the difficulty experienced by other OEM manufacturers who relocated their factories to South East Asia, the Group has no immediate plan to set up new factories in South East Asian countries. The Group's management will instead find a strategic partner who has existing production facilities in South East Asian countries to form a strategic alliance, or invest in companies that have existing production facilities in South East Asian countries.

STAFF

The Group currently employs approximately 32 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately ranged from 480 to 510 staff members, and workers employed directly or indirectly ranged from 2,200 to 2,600 persons during the year ended 31 December 2019. Remuneration is determined by reference to their qualifications, experiences and performances.

On behalf of the Board, I would like to extend the Board's appreciation to all our staff for their hard work and dedication throughout the year ended 31 December 2019.

鑑於其他OEM(貼牌生產)製造商將工廠遷往東南亞所遇到的困難，本集團暫無計劃在東南亞國家等地建立新工廠。本集團管理層將會尋找在東南亞國家擁有現成生產設施的策略合作夥伴以組成策略聯盟，或投資於東南亞國家擁有現成生產設施的公司。

職員

截至2019年12月31日止，本集團現僱用香港職員約32人，並為其提供強制性公積金計劃。本集團在中國開設的廠房於年內僱用職員約480人至510人，直接或間接僱用的工人約2,200人至2,600人。薪酬乃根據職員之學歷、經驗及工作表現釐訂。

本人謹代表董事會對所有職員在2019年12月31日止內的勤奮及所作出之貢獻深表謝意。

Report of the Directors

董事會報告

The Board has the pleasure to submit the annual report together with the audited financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Rooms 1801-1813, 18th Floor, Grandtech Centre, 8 On Ping Street, Shatin, New Territories, Hong Kong.

PRINCIPAL ACTIVITIES & BUSINESS REVIEW

The principal activity of the Company is sale of electrical home appliances. The principal activities and other particulars of the subsidiaries of the Company are set out in note 25 to the financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairmen's Statement and Management Discussion and Analysis set out on pages 7 to 13 of this annual report. This discussion forms part of the directors' report.

Review on the Group's business performance	Pages 7 to 13
– Analysis using financial key performance indicators	Page 9
Principal risks and uncertainties facing the Group	Pages 11 to 13
Future prospects of the Group	Pages 11 to 13

The Company will publish its standalone Environmental, Social and Governance Report for the year ended 31 December 2019 on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.raymondfinance.com>) in due course.

董事會謹此呈交本集團截至2019年12月31日止年度之年報及經審核財務報表。

主要營運地區

本公司是一間在香港註冊成立的上市公司，註冊辦事處及主要業務地點設在香港新界沙田安平街8號偉達中心18樓1801-1813室。

主要業務及業務審視

本公司之主要業務是銷售家用電器，其主要業務及其附屬公司分析載於財務報表附註25。按香港《公司條例》附表5所規定有關該等業務的進一步討論及分析，包括有關本集團面臨的主要風險及不明朗因素的討論以及本集團業務的未來可能發展動向，載於本年報第7至13頁的主席報告及管理層討論及分析中。該討論構成本董事會報告的一部分。

本集團的業務表現	第7至13頁
– 運用財務關鍵表現指標進行的分析	第9頁
本集團面臨的主要風險及不明朗因素	第11至13頁
本集團未來前景	第11至13頁

本公司將於適當時候獨立在聯交所網站(<http://www.hkexnews.hk>)及本公司網站(<http://www.raymondfinance.com>)上發佈截至2019年12月31日止年度的環境、社會及管治報告。

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company maintains good relationships with its employees by taking all practicable measures, including but not limited to improving, reviewing and updating its policies on remuneration and benefits, training, occupational health and safety, to ensure that all the staff are reasonably remunerated.

The Company is in good relationship with its customers and is always improving its communication mechanism with customers to ensure all the complaints or feedback from its customers can be informed by the Company in time and the customers receive service of high quality.

The Company maintains long-period good cooperation with its domestic and overseas suppliers, which are of good reputation in the industry.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenues from sales of goods and purchases attributable to the Group's major customers and suppliers during the financial year are as follows:

The largest customer	最大客戶
Five largest customers in aggregate	五大客戶合計
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商合計

None of directors, their associates or any shareholders of the Company (which to the knowledge of the Directors, own more than 5% of the Company's issued shares) had any interest in these major customers and suppliers during the year.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2019 and the state of affairs of the Group as at that date are set out in the financial statements on pages 52 to 131.

與僱員、客戶及供應商之主要關係

本公司通過採取一切可行措施與其僱員保有良好關係，該等措施包括但不限於提升、審查以及更新薪酬、福利、培訓、職業健康和 safety 等政策，以確保所有員工獲得合理報酬。

本公司保持與客戶的良好關係，並一直致力於提升與客戶的溝通機制，以此確保本公司能及時知悉客戶的所有投訴或反饋並且客戶能獲得高品質的服務。

本公司與行業內享有良好聲譽的國內外供應商保持長期良好合作。

主要客戶及供應商

本集團之主要供應商和客戶佔本集團是年度之採購額及銷售貨品的收入之百分比如下：

Percentage of the Group's total 本集團之合共百分率	
Revenue from sales of goods 銷售貨品的收入	Purchases 採購額

The largest customer	最大客戶	27.23%	N/A 不適用
Five largest customers in aggregate	五大客戶合計	86.15%	N/A 不適用
The largest supplier	最大供應商	N/A 不適用	17.00%
Five largest suppliers in aggregate	五大供應商合計	N/A 不適用	45.22%

於年內任何時間，概無本公司董事、彼等之聯繫人士或任何股東（據董事所知持有本公司已發行股本5%以上者）在此等主要客戶及供應商中持有任何權益。

財務報表

本集團截至2019年12月31日止年度之溢利，以及本集團於該日之狀況載於財務報表第52至第131頁。

Report of the Directors

董事會報告

RECOMMENDED DIVIDEND

An interim dividend of 2 HK cents per share was paid for the year ended 31 December 2019 (2018: 2 HK cents). The Board proposed a final dividend of 4 Hong Kong cents per ordinary share (2018: a final dividend of 4 Hong Kong cents per ordinary share and special dividend of 2 Hong Kong cents per ordinary share) in respect of the year ended 31 December 2019.

CHARITABLE DONATIONS

During the year, the Group was made HK\$50,000 charitable donation

ISSUED SHARES

Details of the movements in the issued shares of the Company during the year are set out in note 20(a) to the financial statements.

Details of movements in the reserves of the Company during the year are set out in note 26(a) to the financial statements.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2019.

DIRECTORS

The Directors during the financial year and up to the date of this report are:

Executive Directors:

Dr. Wong, Wilson Kin Lae (*Chairman*)
Mr. Wong, John Ying Man
Dr. Wong, Raymond Man Hin
Mr. Mok, Kin Hing

Non-Executive Directors:

Mr. Xiong, Zhengfeng
Mr. Wong, David Ying Kit

Independent Non-Executive Directors:

Mr. Leung, Michael Kai Hung
Mr. Fan, Anthony Ren Da
Mr. Ng, Yiu Ming
Mr. Lo, Wilson Kwong Shun

Alternate Director:

Mr. Zhang, Yuankun
(*alternate to Dr. Wong, Wilson Kin Lae*)

建議股息

截至2019年12月31日，中期股息每股港幣2仙(2018年：每股港幣2仙)。董事會現建議每股普通股派發末期股息為港幣4仙(2018年：末期股息每股港幣4仙及特別股息為港幣2仙)。

慈善捐款

本集團於年內慈善捐款港幣50,000元。

已發行股份

本公司之已發行股份變動詳情載於財務報表附20(a)。

本公司之儲備變動詳情載於財務報表附註26(a)。

本公司及其任何附屬公司於截至2019年12月31日止之年度內並無贖回其股份，亦無購買或出售本公司之股份。

董事

於本年內及截至本年報刊發之日在任之董事如下：

執行董事：

黃乾博士(主席)
黃英敏先生
黃文顯博士
莫健興先生

非執行董事：

熊正峰先生
黃英傑先生

獨立非執行董事：

梁啟雄先生
范仁達先生
伍耀明先生
羅廣信先生

代董事：

張元坤先生
(黃乾利先生之代董事)

During the year and up to the date of this report, Dr. Wong, Wilson Kin Lae; Mr. Wong, John Ying Man; Dr. Wong, Raymond Man Hin; Mr. Mok, Kin Hing and Mr. Zhang, Yuankun are also directors in certain subsidiaries of the Company. Other directors of the Company's subsidiaries during the year and up to the date of this report include: Mr. Hau, Chi Yung; Mr. Huang, Jingxi; Mr. Law, Anthony Kwok Yung; Ms Luk, Yin Yee and Mr. Yan, Yong Sheng.

In accordance with Article 112 of the Company's articles of association ("**Articles of Association**"), Dr. Wong, Wilson Kin Lae; Mr. Mok Kin Hing; Mr. Wong, David Ying Kit and Mr. Leung, Michael Kai Hung will retire from the Board by rotation at the forthcoming 2020 AGM. They will offer themselves for re-election at the 2020 AGM (except Mr. Leung, Michael Kai Hung who will not offer himself for re-election at the 2020 AGM).

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

The non-executive Directors do not have specific terms of appointment but are subject to retirement by rotation in accordance with the Articles of Association.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the interests of the Directors in the shares of the Company, its subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register maintained 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 (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

黃乾利博士、黃英敏先生、黃文顯博士、莫健興先生及張元坤先生於本年內及截至本年報刊發之日為本公司下之若干附屬公司之董事。其餘的董事包括侯志勇先生、黃景晞先生、羅國湧先生、陸燕儀女士及顏永生先生。

按照本公司組織章程(「**組織章程**」)第112條，黃乾利博士、莫健興先生、黃英傑先生和梁啟雄先生將於應屆2020年股東週年大會上輪值告休，惟他們願膺選連任，但梁啟雄先生不願膺選連任。

有意於應屆股東週年大會上膺選連任之董事均無與本公司或其附屬公司簽訂任何不可於一年內免付賠償之服務合約(法定補償除外)而終止之服務合約。

非執行董事沒有特定的任期期限，但須根據組織章程輪值告休。

董事於本公司之股份及相關股份權益

於2019年12月31日，各董事於本公司、附屬公司及其相聯法團(定義見證券及期貨條例(「**證券條例**」))之股份及相關股份，根據本公司依證券條例第352條而設置之登記冊所載記錄，或根據上市規則附錄10所載的上市公司董事進行證券交易的標準守則(「**標準守則**」)需通知本公司及聯交所之權益如下：

Report of the Directors

董事會報告

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued) 董事於本公司之股份及相關股份權益 (續)

(i) Interests in issued shares

(i) 發行股份權益

	Capacity 身份	Number of shares 股份數量				Total 合共	% of total Issued Shares 合計已發行 股份百分率 (Note 5) (註5)
		Personal Interests 個人權益 (Note 1) (註1)	Family Interests 家屬權益	Corporate Interests 法團權益	Share Options 購股權 (Note 4) (註4)		
<i>Executive Directors</i> 執行董事							
Dr. Wong, Wilson Kin Lae 黃乾利博士	Interest of spouse & Interest of a controlled corporation 配偶的權益及受控制法團的權益	–	150,000 (Note 2) (註2)	107,198,981 (Note 3) (註3)	–	107,348,981	21.71%
Mr. Wong, John Ying Man 黃英敏先生	Beneficial Owner 實益擁有人	15,639,448	–	–	3,000,000	18,639,448	3.77%
Dr. Wong, Raymond Man Hin 黃文顯博士	Beneficial owner 實益擁有人	16,427,972	–	–	–	16,427,972	3.32%
Mr. Mok, Kin Hing 莫健興先生	Beneficial owner 實益擁有人	1,825,000	–	–	3,000,000	4,825,000	0.98%
<i>Non-Executive Directors</i> 非執行董事							
Mr. Xiong, Zhengfeng 熊正峰先生	Beneficial owner 實益擁有人	–	–	–	1,200,000	1,200,000	0.24%
Mr. Wong, David Ying Kit 黃英傑先生	Beneficial owner 實益擁有人	1,350,000	–	–	–	1,350,000	0.27%
<i>Independent Non-Executive Directors</i> 獨立非執行董事							
Mr. Leung, Michael Kai Hung 梁啟雄先生	Beneficial Owner 實益擁有人	4,688,100	–	–	–	4,688,100	0.95%
Mr. Fan, Anthony Ren Da 范仁達先生	Beneficial Owner 實益擁有人	1,638,100	–	–	–	1,638,100	0.33%
Mr. Lo, Wilson Kwong Shun 羅廣信先生	Beneficial Owner 實益擁有人	300,000	–	–	–	300,000	0.06%
<i>Alternate Director</i> 代董事							
Mr. Zhang, Yuankun 張元坤先生	Beneficial Owner 實益擁有人	2,630,000	–	–	–	2,630,000	0.53%

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

(i) Interests in issued shares (Continued)

Notes:

- (1) The shares are registered under the names of the Directors who are the beneficial shareholders.
- (2) Ms. Sun, Amelia Kwing Hai, spouse of Dr. Wong, Wilson Kin Lae, is the beneficial shareholder.
- (3) Dr. Wong, Wilson Kin Lae is the beneficial shareholder of 91.7% of the issued shares of Diamond-Harvest Limited, which owned 107,198,981 shares in the Company as at 31 December 2019.
- (4) Share options are granted to the Directors under the Share Option Scheme (the “**Scheme**”) approved by the shareholders at the extraordinary general meeting on 6 June 2003, details of which are set out in the section headed “Share Option Scheme” below. The Scheme was terminated on 5 June 2013.
- (5) The percentage was compiled based on the total number of issued shares of the Company (i.e. 494,499,860 ordinary shares) as at 31 December 2019.

All the interests disclosed under this section represent long positions in the shares.

(ii) Interests in underlying shares

Apart from as disclosed under the section headed “Share Option Scheme” below, none of the Directors or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding Company, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事於本公司之股份及相關股份權益 (續)

(i) 發行股份權益 (續)

附註：

- (1) 登記在股份名下之董事均為該等股份的實益股東。
- (2) 黃乾利博士之配偶辛炯僊女士為該等股份的實益股東。
- (3) 於2019年12月31日，黃乾利博士透過持有Diamond-Harvest Limited (持有107,198,981股份) 91.7%的已發行股本而成為該等股份的實益股東。
- (4) 根據本公司於2003年6月6日舉行之股東特別大會上批准之購股權計劃(「購股權計劃」)，董事獲授予購股權。詳情請參閱下列之「購股權計劃」部份。購股權計劃於2013年6月5日止。
- (5) 概約持股百分比根據於2019年12月31日的已發行股份494,499,860普通股計算。

此部份所列之權益均為於股份及購股權中的好倉。

(ii) 於相關股份之權益

除已於下列「購股權計劃」部份所披露者，概無董事或彼等之配偶或18歲以下子女於本公司或其任何控股公司、附屬公司或其他相聯法團之股份、相關股份或債券中擁有須紀錄於根據證券條例第352條存置之登記冊或根據上市公司董事進行證券交易之標準守則須知會本公司之權益。

Report of the Directors

董事會報告

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below.

SHARE OPTION SCHEME

Share options are granted to the Directors, employees and other eligible participants specified under the Scheme approved by shareholders of the Company at the extraordinary general meeting on 6 June 2003. Details of the Scheme are as follows:

Purpose To give eligible participants incentives or rewards for their contribution or potential contribution to the Group

Participants (i) Directors, employees of any member of the Group or any controlling shareholder of the Company (“**Controlling Shareholder**”) or any company controlled by a Controlling Shareholder;

(ii) Holder of any securities issued by any member of the Group or any Controlling Shareholder of the Company or any company controlled by a Controlling Shareholder;

(iii) (a) any business or joint venture partner, contractor, agent and representative, or

(b) any supplier of goods or services to, or

(c) any customer or distributor of goods or services of

Any member of the Group or any Controlling Shareholder or a company controlled by a Controlling Shareholder;

and for the purpose of the Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of persons

股票掛鈎協議

下列為於本年度訂立或於年終存續的股票掛鈎協議之細節。

購股權計劃

根據本公司股東在2003年6月6日舉行之特別股東大會上批准之購股權計劃，董事、僱員及其他合資格人士獲授予購股權。有關購股權計劃之詳情如下：

目的 旨在讓本集團向參與者授出購股權，作為對本集團已作出或未來將作出之貢獻的激勵或獎勵

參與者 (i) 本集團任何成員公司或本公司之控股股東（「**控股股東**」）或控股股東所控制之公司之董事、僱員；

(ii) 持有本集團任何成員、控股股東或控股股東所控制之公司所發行之任何證券之持有人；

(iii) (a) 任何業務或合作夥伴、承包商、代理及代表；或

(b) 任何貨品或服務供應商；或

(c) 任何客戶及分銷商

乃本集團任何成員或控股股東或由控股股東控制之任何公司；

就購股權計劃而言，將包括由一位或多位隸屬以上任何合資格人士所控制之公司

SHARE OPTION SCHEME (Continued)

Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report	8,150,000 ordinary shares and 1.65% of the issued share capital
Maximum entitlement of each participant	1% of the aggregate number of ordinary shares in issue in any 12-month period up to the date of grant
Period within which the securities must be taken up under an option	Within a maximum period of 10 years commencing from the date of grant of such options
Minimum period for which an option must be held before it can be exercised	Not applicable
Amount payable on acceptance of the option	HK\$1.00 for each lot of share options granted
Period within which payments must be made	21 days from the date of the offer
Basis of determining the exercise price	The higher of (i) the closing price of the shares on the offer date or (ii) the average closing price of the shares for the 5 trading days immediately preceding the offer of the option, provided that the exercise price is not less than the nominal value of the share

購股權計劃(續)

可供發行之普通股總數及於本年報之日期佔已發行之股本之百分比	8,150,000股普通股，佔已發行之股本1.65%
每名參與者可享購股權上限	在任何12個月期間參與者行使其所獲授之購股權，不得超過本公司已發行普通股股本之1%
購股權必須認購普通股之期限	購股權可於授出之日行使，惟購股權之可行使期限不可超過10年
行使購股權前最少持有期限	不適用
接納購股權時須支付之金額	每批授出之購股權為港幣1元
接納購股權付款期間	授出日21日內
釐定行使價之基準	以下列兩者中之較高者：(i)有關購股權授出當日之收市價或(ii)有關購股權授出日前5個營業日之平均收市價。惟每股購股權之行使價不可低於每股普通股之面值

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SHARE OPTION SCHEME (Continued)

The remaining life of the Scheme

The Scheme shall remain in force until 5 June 2013 unless otherwise terminated in accordance with the terms of the Scheme

購股權計劃(續)

計劃之有效期

除非在計劃之條款下另作終止，否則計劃維持有效至2013年6月5日

As at 31 December 2019, the Directors, employees and other participants had the following interests in options to subscribe for shares of the Company (market value per share at 31 December 2019 was HK\$0.90) which were granted for a consideration of HK\$1 for each lot of options under the Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of the Company.

於2019年12月31日，董事、僱員或其他參與人士於購股權中擁有以下權益，該等購股權乃根據購股權計劃以每批購股權代價1港元授出，可認購本公司股份(於2019年12月31日每股市值為0.90港元)。購股權並無上市。每份購股權賦予持有人權利認購一股本公司之普通股。

No. of options 購股權數目						Date 授出日期	Period during which options are exercisable 購股權可行使 之期間	Exercise price per share 每股 行使價 HK\$ 港元	Market value per share at date of grant 於購股權 授出日期之 每股市值* HK\$ 港元	Weighted average closing price immediately before the date of exercise 緊接 行使日期 之前的加權 平均收市價 HK\$ 港元
Held at 1st January 2019 於2019年 1月1日 之結餘	Granted during the year 於年內 授出之 購股權數目	Lapsed during the year 於年內 註銷之 購股權數目	Exercised during the year 於年內 應購之 購股權數目	Outstanding at the year end 於年終尚 未行使之 購股權數目						

Directors

董事

Executive Directors:

執行董事：

Mr. Wong, John Ying Man 黃英敏先生	3,000,000	-	-	--	3,000,000	20 July 2012 2012年7月20日	20 July 2012 to 19 July 2022 2012年7月20日至 2022年7月19日	0.690	0.690	-
Mr. Mok, Kin Hing 莫健興先生	3,000,000	-	-	--	3,000,000	20 July 2012 2012年7月20日	20 July 2012 to 19 July 2022 2012年7月20日至 2022年7月19日	0.690	0.690	-

SHARE OPTION SCHEME (Continued)

購股權計劃(續)

		No. of options 購股權數目							Weighted average closing price Market value immediately per share before the at date of exercise		
Held at 1st January 2019 於2019年 1月1日 之結餘	Granted during the year 於年內 授出之 購股權數目	Lapsed during the year 於年內 註銷之 購股權數目	Exercised during the year 於年內 應購之 購股權數目	Outstanding at the year end 於年終尚 未行使之 購股權數目	Date granted 授出日期	Period during which options are exercisable 購股權可行使 之期間	Exercise price per share 每股 行使價 HK\$ 港元	of grant of options* 於購股權 授出日期之 每股市價* HK\$ 港元	Weighted average closing price Market value immediately per share before the at date of exercise 緊接 行使日期 之前的加權 平均收市價 HK\$ 港元		
Non-Executive Directors: 非執行董事:											
Mr. Xiong, Zhengfeng 熊正峰先生	300,000	-	(300,000)	-	-	6 October 2009 2009年10月6日	6 October 2009 to 5 October 2019 2009年10月6日至 2019年10月5日	0.630	0.610	-	
	1,200,000	-	-	-	1,200,000	20 July 2012 2012年7月20日	20 July 2012 to 19 July 2022 2012年7月20日至 2022年7月19日	0.690	0.690	-	

Report of the Directors

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SHARE OPTION SCHEME (Continued)

購股權計劃(續)

	No. of options 購股權數目					Date 授出日期	Period during which options are exercisable 購股權可行使 之期間	Exercise price per share 每股 行使價 HK\$ 港元	Market value per share at date of grant 於購股權 授出日期之 每股市價* HK\$ 港元	Weighted average closing price immediately before the date of exercise 緊接 行使日期 之前的加權 平均收市價 HK\$ 港元
	Held at 1st January 2019 於2019年 1月1日 之結餘	Granted during the year 於年內 授出之 購股權數目	Lapsed during the year 於年內 註銷之 購股權數目	Exercised during the year 於年內 應購之 購股權數目	Outstanding at the year end 於年終尚 未行使之 購股權數目					
Employees 僱員	260,000	-	-	(260,000)	-	6 October 2009 2009年10月6日	6 October 2009 to 5 October 2019 2009年10月6日至 2019年10月5日	0.630	0.610	1.017
	1,375,000	-	-	(425,000)	950,000	20 July 2012 2012年7月20日	20 July 2012 to 19 July 2022 2012年7月20日至 2022年7月19日	0.690	0.690	1.110
	9,135,000	-	(300,000)	(685,000)	8,150,000					

Notes:

The options granted to the Directors are registered under the names of the Directors who are the beneficial owners.

* Being the weighted average closing price of the Company's ordinary shares immediately before the dates on which the options were granted or exercised (as the case may be).

附註：

授予董事之購股權乃以同時為實益擁有人之董事之名義登記。

* 即本公司普通股於緊接購股權授出或行使(如適用)日期前之加權平均收市價。

SHARE OPTION SCHEME (Continued)

Information on the accounting policy for the options granted and the weighted average value per option is provided in note 2(n) and note 19 to the financial statements respectively.

Apart from disclosed above, at no time during the year ended 31 December 2019 was the Company, or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, according to the register of members kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons/entities, other than a Director, had an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

購股權計劃(續)

授出購股權之會計政策及每份購股權加權平均值之資料分別載於財務報表附註2(n)及附註19。

除上文已披露者，於截至2019年12月31日止年度內任何時間，本公司、其任何控股公司、附屬公司或同系附屬公司並非任何讓董事以購買本公司或任何其他實體股份或債券之權益之方式取得利益之安排之訂約方。

主要股東於本公司之股份及相關股份之權益

於2019年12月31日，按本公司根據證券條例第336條規定存置之股東登記冊，就董事在作出合理查詢後所知或確認，下列人士／實體（不包括董事）於本公司股份及相關股份中擁有根據證券條例第XV部第2及3分部條文須向本公司披露之權益：

	Capacity 身份	Number of shares 股份數量			Total 合計普通股 股份持有數量	% of total issued shares 合計發行 股份百分率 (Note 6) (註6)
		Registered shareholders 已登記股東	Corporate interests 法團權益	Family interest 家屬權益		
Substantial shareholders 主要股東						
Ms. Sun, Amelia Kwing Hai 辛炯僖女士	Beneficial Owner & Interest of spouse 實益擁有人及配偶的權益	150,000	107,198,981 (Note 1) (註1)	–	107,348,981	21.71%
Diamond-Harvest Limited	Beneficial Owner 實益擁有人	107,198,981 (Note 2) (註2)	–	–	107,198,981	21.68%

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued) 主要股東於本公司之股份及相關股份之權益 (續)

	Capacity 身份	Number of shares 股份數量			Total 合計普通股 股份持有數量	% of total issued shares 合計發行 股份百分率 (Note 6) (註6)
		Registered shareholders 已登記股東	Corporate interests 法團權益	Family interest 家屬權益		
Alpha Luck Industrial Limited 安利實業有限公司	Beneficial Owner 實益擁有人	53,080,800 (Note 3) (註3)	–	–	53,080,800	10.73%
China North Industries Corp. 中國北方工業有限公司	Interest of a controlled corporation 於受控制的法團的權益	–	53,080,800 (Note 3) (註3)	–	53,080,800	10.73%
China North Industries Group Corporation Ltd. 中國兵器工業集團有限公司	Interest of a controlled corporation 於受控制的法團的權益	–	53,080,800 (Note 3) (註3)	–	53,080,800	10.73%
China South Industries Group Corporation 中國兵器裝備集團有限公司	Interest of a controlled corporation 於受控制的法團的權益	–	53,080,800 (Note 3) (註3)	–	53,080,800	10.73%
Dr. Wong, Philip Kin Hang 黃乾亨博士	Interest of a controlled corporation 於受控制的法團的權益	–	40,205,688 (Note 4) (註4)	–	40,205,688	8.13%
Mrs. Wong Cheng, Gertude Kwok Cheung 黃鄭國璋女士	Interest of a controlled corporation 於受控制的法團的權益	–	40,205,688 (Note 4) (註4)	–	40,205,688	8.13%
Ho Kit Man Inc.	Beneficial owner 實益擁有人	40,119,688 (Note 4) (註4)	–	–	40,119,688	8.11%
Webb, David Michael	Beneficial owner & interest of a controlled corporation 實益擁有人及 受控制法團的權益	9,957,008	19,215,992 (Note 5) (註5)	–	29,173,000	5.90%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

- (1) Among these shares, 107,198,981 shares were held through Diamond-Harvest Limited. This company is beneficially controlled by spouse of Ms. Sun, Amelia Kwing Hai and Dr. Wong, Wilson Kin Lae, Ms. Sun, Amelia Kwing Hai is also a shareholder, who owned 8.3% of the issued shares of the above-mentioned company.
- (2) Ms. Sun, Amelia Kwing Hai and Dr. Wong, Wilson Kin Lae hold 8.3% and 91.7% of the issued shares of Diamond-Harvest Limited, respectively.
- (3) Alpha Luck Industrial Company Limited is wholly and beneficially owned by China North Industries Corp. China North Industries Corp. is owned as to 37.54% by China South Industries Group Corporation and 56.70% owned by China North Industries Group Corporation Ltd.. The above companies are wholly owned by 國務院國有資產管理委員會. Therefore, China North Industries Group Corporation Ltd, China South Industries Group Corporation, China North Industries Corp and 國務院國有資產管理委員會 deemed to be interested in the 53,080,800 shares held by Alpha Luck Industrial Company Limited.
- (4) Among these shares, 40,119,668 shares were held through Ho Kit Man Inc. and 86,000 shares held through Sunnydale Enterprises Holdings Ltd.. These two companies were 50% controlled by Dr. Wong, Philip Kin Hang and his spouse, Mrs. Wong Cheng, Gertude Kwok Cheung, respectively.
- (5) The number of shares disclosed was based on the latest disclosure of interest form filed on 4 September 2017 (the date of relevant event being 30 August 2017) received from Mr. David Michael WEBB ("Mr. Webb"). According to the filed form, Mr. Webb beneficially owned 9,957,008 shares and 19,215,992 shares were held through Preferable Situation Assets Limited, a company wholly-owned by Mr. Webb.
- (6) The percentage was compiled based on the total number of issued shares of the Company (i.e. 494,499,860 ordinary shares) as at 31 December 2019.

All the interests disclosed under this section represent long positions in the shares of the Company.

主要股東於本公司之股份及相關股份之權益 (續)

附註：

- (1) 該等股份乃透過辛炯僖女士及其配偶黃乾利博士實益擁有之Diamond-Harvest Limited(持有107,198,981股)持有。辛炯僖女士同時是以上公司之股東及持有8.3%股份權益。
- (2) 該等股份乃透過由黃乾利博士(持有91.7%股份權益)及辛炯僖女士(持有8.3%股份權益)控制之Diamond-Harvest Limited持有。
- (3) 安利實業有限公司由中國北方工業有限公司全資實益擁有。中國北方工業有限公司為中國兵器裝備集團有限公司及中國兵器工業集團有限公司分別持有37.54%及56.70%。以上公司由國務院國有資產管理委員會全資擁有。因此，中國兵器工業集團有限公司、中國兵器裝備集團有限公司、中國北方工業有限公司及國務院國有資產管理委員會被視為擁有安利實業有限公司持有的53,080,800股股份之權益。
- (4) 該等股份乃透過由黃乾亨博士及其配偶黃鄭國璋女士控制之Ho Kit Man Inc.(持有40,119,668股份權益)及Sunnydale Enterprises Holdings Ltd(持有86,000股份權益)持有。他們各自持有這兩間公司50%股份權益。
- (5) 披露的股份數量乃根據David MichaelWEBB先生於2017年9月4日(相關事件日期為2017年8月30日)提交的最新披露權益表格編制。根據提交的表格，David Michael WEBB先生實益擁有9,957,008股股份，19,215,992股股份通過David Michael WEBB先生全資擁有的Preferable Situation Assets Limited持有。
- (6) 概約持股百分比根據於2019年12月31日的已發行股份494,499,860普通股計算。

此部份所列之權益均為於本公司之股份中的好倉。

Report of the Directors

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year. The Company has purchased suitable insurances for the Directors with respect to their possible legal proceedings.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Except for the transactions disclosed in note 23(b) to the financial statements, no transaction, arrangement or contract of significance subsisted during or at the end of the year in which the Director or an entity connected with the Director is or was materially interested, either directly or indirectly.

FIVE YEAR SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 132 of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there was no restriction against such rights under the laws of Hong Kong, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

足夠公眾持股量

根據本公司從公開途徑取得的資料及就本公司董事所知，於本年報刊發日期，本公司維持香港聯合交易所有限公司證券上市規則所規定之公眾持股量。

獲准許彌償條文

董事之獲准許的彌償條文(定義見香港《公司條例》第469條)現時及於本財政年度生效。本公司已就其董事可能會面對的法律行動辦理及投購適當的保險。

董事之交易、安排或合同權益

除財務報表附註23(b)外，在年終或本年度任何時間內，均無董事或與該董事有關連的實體仍然或曾經直接或間接擁有重大權益的重要交易、安排或合約仍然生效着。

5年財政摘要

本集團過去5個財政年度之業績及資產負債摘要載於本年報第132頁。

股本優先購買權

組織章程中並無優先購股權之條文，而香港之法例亦無規定本公司需按比例向現有股東發售新股之類的限制。

管理合約

本集團於年內並無就整體業務或任何重要業務之管理或行政工作簽訂或存有任何重大合約。

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2019, which do not constitute connected transactions under the Listing Rules are disclosed in note 23(b) to the financial statements.

Save as disclosed above, there is no related party transaction set out in note 23 to the financial statements fall into the category of connected transactions or continuing connected transactions under the Listing Rules. The Company has complied with the requirements under Chapter 14A of the Listing Rules with respect to the connected transaction.

RETIREMENT SCHEMES

The Group operates a Mandatory Provident Fund scheme which covers all of the Group's employees. Particulars of these retirement schemes are set out in note 17 to the financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-Executive Directors to be independent.

AUDITORS

Baker Tilly Hong Kong Limited will retire on the date of the 2020 AGM. There has been no change in the auditors of the Company in the preceding three years.

By Order of the Board

Wong, Wilson Kin Lae
Chairman

Hong Kong, 26 March 2020

關連交易

本集團於截止2019年12月31日止之年度內進行之重要關連交易不構成上市規則項下之關連交易載於財務報表附註23(b)。

除上述披露外，概無其他載列於財務報表附註23的任何關聯方交易或持續關聯方交易屬於上市規則項下須予披露的關連交易或持續關連交易。本公司關連交易已符合上市規則第14A章的披露規定。

退休計劃

本集團設立一個強制性公積金計劃予本集團全體之員工，該等退休計劃之詳情刊載於財務報表附註17。

確認獨立性

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

核數師

天職香港會計師事務所有限公司將於2020年股東週年大會任滿告退，在過去三年，本公司並沒有更換核數師。

承董事會命

黃乾利
主席

香港，2020年3月26日

Corporate Governance Report

企業管治報告

The Company puts great emphasis on corporate governance by reviewing and strengthening corporate governance measures from time to time. The Board believes that shareholders can derive maximum benefits from good corporate governance.

Throughout the year ended 31 December 2019, the Company was in compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), with an exception of a deviation from code provision A.4.1 and A.4.3 of the CG Code in respect of the service term of independent non-executive directors.

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to rotation and re-election.

None of the existing non-executive directors (including independent non-executive directors) of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. However, all of them are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company’s Articles of Association. In addition, the Company has received the annual confirmation of independence from each independent non-executive director and the Board believes that the independent non-executive directors continue to be independent.

Under code provision A.4.3 of the CG Code, independent non-executive directors who serve more than 9 years could be relevant to the determination of a non-executive director’s independence. If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.

本公司對企業管治極為重視，並不時檢討及加強企業管治的措施。董事會相信股東可從良好的企業管治中獲得最大的利益。

於本年內截至2019年12月31日止，除關於獨立非執行董事之服務任期偏離了聯交所證券上市規則(以下簡稱「**上市規則**」)附錄14所載之企業管治常規守則(以下簡稱「**常規守則**」)A.4.1及A.4.3項條款外，本公司一直遵守常規守則之規定。

根據常規守則A.4.1項條款規定，非執行董事的委任應設有特定任期，並須接受重新選舉。

本公司之現任非執行董事(包括獨立非執行董事)均不設特定委任年期，此點偏離了常規守則A.4.1項條款之規定。然而，根據本公司之公司組織章程，所有非執行董事均須在應屆股東週年大會輪值告休及重選連任。再者，本公司已收到各獨立非執行董事之年度獨立確認，並深信各獨立非執行董事將繼續保持獨立。

根據常規守則A.4.3項條款規定，在釐定非執行董事的獨立性時，「擔任董事超過9年」足以作為一個考慮界線。若獨立非執行董事在任已過9年，其是否獲續任應以獨立決議案形式由股東審議通過。隨附該決議案一同發給股東的文件中，應載有董事會為何認為該名人士仍屬獨立人士及應獲重選的原因。

Save for Mr. Lo, Wilson Kwong Shun, all independent non-executive directors have served in the Group for more than 9 years. This constitutes a deviation from code provision A.4.3 of the CG Code. However, all independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association and voting by members is by way of a separate resolution. The Company will state the reason why the relevant independent non-executive director who is subject to rotation and re-election is still independent and should be re-elected in the shareholders' circular.

In view of the above, the Company considers that sufficient measures have been taken to ensure that the standard of the Company's corporate governance practices is not lower than those required in the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and established written guidelines no less exacting than the Model Code for senior management and specified persons who are likely to possess inside information in relation to the Group.

Having made specific enquiry, all the directors confirmed that they had complied with the required standards as set out in the Model Code for the year ended 31 December 2019.

GOVERNANCE STRUCTURE

The Company's corporate governance structure includes the Board and three committees under the Board, namely audit committee, remuneration committee and nomination committee. The Board stipulates the terms of reference for all committees in writing and specifies clearly the power and responsibilities of the committees.

BOARD OF DIRECTORS

The Board comprises four executive Directors, two non-executive Directors, and four independent non-executive Directors. Each of the non-executive Directors (including the independent non-executive Directors) is appointed for an unspecified term. Please refer to page 16 of this annual report for composition of the Board.

除了羅廣信先生外，本集團所有獨立非執行董事均已在任超過9年。此點偏離了常規守則A.4.3項條款之規定。然而，根據本公司之公司組織章程，所有獨立非執行董事均須在應屆股東週年大會輪值告休及重選連任，而他們是否獲續任應以獨立決議案形式由股東審議通過。本公司會在股東通函裡列名為何相關獨立非執行董事仍屬獨立人士及應獲重選的原因。

因此，本公司認為已採取充份措施以確保本公司之企業管治水平並不低於常規守則之要求。

董事進行證券交易

本公司已採納標準守則作為董事進行證券交易的操守守則，並採納將不遜於標準守則的書面指引應用至高級管理人員及可能得悉本集團內幕消息的指定人士。

經本公司查詢後，全體董事確認彼等於截至2019年12月31日止年度一直遵守標準守則。

管治架構

本公司的公司管治架構包括董事會及董事會轄下的3個委員會，即審核委員會，薪酬委員會，及提名委員會。董事會以書面訂明各委員的職權範圍，清楚說明委員的職權和責任。

董事會

董事會包括4名執行董事，2名非執行董事及4名獨立非執行董事。每名非執行董事(包括獨立非執行董事)之委任無特定委任年期。就董事會的組成請參閱本年報第16頁。

Corporate Governance Report

企業管治報告

All independent non-executive Directors have complied with the requirements of the Listing Rules and have submitted to the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and confirms that all independent non-executive Directors are independent parties. Mr. Leung, Michael Kai Hung was appointed on 16 March 1988, Mr. Fan, Anthony Ren Da was appointed on 12 December 1994, Mr. Ng Yiu Ming was appointed on 2 July 2004 and Mr. Lo, Wilson Kwong Shun was appointed on 1 January 2013. The appointment of Directors is not fixed for a specified term, but they are subject to the retirement and re-election requirements at every annual general meeting pursuant to the Articles of Association.

The family relationship among the Directors is summarized as follows:

Dr. Wong, Wilson Kin Lae is the father of Dr. Wong, Raymond Man Hin and uncle of Mr. Wong, John Ying Man and Mr. Wong, David Ying Kit.

Mr. Wong, John Ying Man and Mr. Wong, David Ying Kit are brothers and they are cousins of Dr. Wong, Raymond Man Hin.

The Directors have conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries.

The Board convenes at least four regular meetings each year, and will convene further meetings when necessary. When a regular Board meeting is convened, the Board documents will be sent to the Directors for review before the meeting pursuant to the Listing Rules and the CG Code so that the Directors can keep abreast of the information to perform their duties and responsibilities. The Board convened 4 regular meetings in 2019.

本公司各獨立非執行董事已符合上市規則的要求，向本公司出示根據上市規則第3.13條發出的獨立性週年確認書。董事會已評估彼等之獨立性並確認所有獨立非執行董事均屬上市規則所界定之獨立人士。梁啟雄先生於1988年3月16日獲委任、范仁達先生於1994年12月12日獲委任、伍耀明先生於2004年7月2日獲委任及羅廣信先生於2013年1月1日獲委任。董事之委任並無固定任期，惟於每屆股東週年大會彼等須遵行組織章程有關退任及重選連任之規定。

董事之間的家族關係摘要如下：

黃乾利博士是黃文顯博士的父親及黃英敏先生和黃英傑先生的叔父。

黃英敏先生及黃英傑先生是兄弟。他們是黃文顯博士的堂兄弟。

董事已審閱本公司及其附屬公司之內部監控系統之效用。

董事會每年最少召開4次定期會議，亦會在有需要時召開會議。在召開定期董事會會議時，董事會文件乃根據上市規則及常規守則的規定於會議前送交予董事審閱，使董事能夠掌握有關資料，以便履行其職責和責任。董事會於2019年共召開4次會議。

Corporate Governance Report

企業管治報告

The attendance of directors is as follows:

董事出席情況如下：

Director Name 董事名稱		Attendance No. of Board meetings attended/ No. of Board meetings held during term of service 出席出席會議次數/ 任期內會議次數	Attendance Rate 出席率	Attendance No. of general meetings attended/ No. of general meetings held during term of service 出席股東大會次數/ 任期內股東大會次數	Attendance Rate 出席率
<i>Executive Directors</i> 執行董事					
Dr. Wong, Wilson Kin Lae (Chairman)	黃乾利博士 (主席)	4/4	100%	1/1	100%
Mr. Wong, John Ying Man	黃英敏先生	4/4	100%	0/1	0%
Dr. Wong, Raymond Man Hin	黃文顯博士	4/4	100%	1/1	100%
Mr. Mok, Kin Hing	莫健興先生	4/4	100%	1/1	100%
<i>Non-Executive Directors</i> 非執行董事					
Mr. Xiong Zhengfeng	熊正峰先生	4/4	100%	0/1	0%
Mr. Wong, David Ying Kit	黃英傑先生	4/4	100%	1/1	100%
<i>Independent Non-Executive Directors</i> 獨立非執行董事					
Mr. Leung, Michael Kai Hung	梁啟雄先生	4/4	100%	1/1	100%
Mr. Fan, Anthony Ren Da	范仁達先生	4/4	100%	0/1	0%
Mr. Ng, Yiu Ming	伍耀明先生	4/4	100%	1/1	100%
Mr. Lo, Wilson Kwong Shun	羅廣信先生	4/4	100%	1/1	100%

The remuneration of Directors is determined with reference to their functions and responsibilities in the Company, the performance of the Company and the current market conditions. No Director is allowed to participate in determining his own remuneration. The remuneration received by the Directors from the Company during the year is set out in note 7 of the financial statements. The Board has set up an independent professional consulting procedure and upon reasonable request, Directors are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

董事的酬金乃參考彼等各自於本公司的職務及責任、本公司的表現及現時的市況而釐定，任何董事不得參與訂定本身的酬金。董事於本年度向本集團收取的酬金詳情已載於財務報表附註7。董事會已定立一套董事諮詢獨立專業意見的程序，讓董事按合理要求，可在適當的情況下尋求獨立專業意見，費用由本公司支付。

Apart from regular Board meetings, the chairman also held meeting with independent non-executive Directors without presence of executive Directors during the year.

除定期舉行的董事會會議外，主席亦於年內在執行董事缺席的情況下與獨立非執行董事舉行會議。

All the Directors have participated in continuous professional development, e.g. updated Listing Rules training, to develop and refresh their knowledge and skills provided by the Group. The Company maintained the training records received by each of the Directors in FY2019.

所有董事均有參與本集團提供的持續專業發展(如最新的上市規則培訓)，以發展並更新其知識及技能。本公司存置各董事於2019年培訓的記錄。

Corporate Governance Report

企業管治報告

AUDIT COMMITTEE

The audit committee comprises four independent non-executive Directors with extensive experience in accounting or legal matters. The audit committee was established with specific written terms of reference, mainly responsible for reviewing the financial statements, annual and interim reports and quarterly accounts of the Company, submitting relevant reports and recommendations to the Board, reviewing the Company's financial controls, internal control and risk management systems and making recommendations on the appointment and remuneration of the auditors of the Company and any matters related to the termination of appointment. Mr. Leung, Michael Kai Hung is chairman of the audit committee and is responsible for reporting the results and recommendations of the audit committee to the Board after each meeting.

In 2019, the audit committee convened 4 meetings. Members of the audit committee and their attendance are as follows:

Member Name 成員名稱		Attendance No. of meetings attended/ No. of meetings held during the year 出席出席會議次數/ 年期內會議次數	Attendance Rate 出席率
Mr. Leung, Michael Kai Hung (<i>Chairman</i>)	梁啟雄先生(主席)	4/4	100%
Mr. Fan, Anthony Ren Da	范仁達先生	4/4	100%
Mr. Ng, Yiu Ming	伍耀明先生	4/4	100%
Mr. Lo, Wilson Kwong Shun	羅廣信先生	4/4	100%

Tasks undertaken by the audit committee during the year included reviewing the 2018 audited financial statements and the annual results announcement, reviewing the interim report for the six months ended 30 June 2019 and the interim results announcement, considering the accounting standards adopted, reviewing the explanatory letter about audit submitted by the auditors to the management and the response of the management, the basis of opinion and qualified opinion (if any) made by the auditors in their report.

審核委員會

審核委員會由4名獨立非執行董事組成，在會計或法律方面有豐富經驗。審核委員會已成立權限範圍主要負責審閱本公司的財務報表及年度及每半年報告及季度賬目、向董事會提交相關報告及推薦意見、審閱本公司之財務監控、內部監控及風險管理系統及就本公司核數師的委任、薪酬及任何與終止委聘有關事宜提出建議。梁啟雄先生為審核委員會的主席，負責於每次會議後向董事會報告審核委員會的會議結果及推薦意見。

於2019年，審核委員會共召開4次會議。成員出席情況如下：

審核委員會在年度內所做的工作包括審閱2018年年度已審核財務報表及年度業績通告，審閱截至2019年6月30日6個月的中期報告及中期業績公告，考慮所採納的會計準則，審閱核數師提交管理層的審核情況說明函件及管理層回應、核數師在其報告書所作的意見基準及保留意見(如有)等事項。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining an adequate risk management and internal control system to manage risks on an ongoing basis to reasonably safeguard the interests of the Company's shareholders and the Group's assets. In addition, there is regular dialogue with the Group's internal and external auditors so that both are aware of the significant factors which may affect their respective scope of work.

The Board has approved an "Inside Information Policy" in May 2013 with the aim to set out guidelines to the directors, officers and all relevant employees of the Company and its subsidiaries to ensure Inside Information of the Company is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The term "relevant employee" refers to employee of the Group, because of his/her office or employment, who is likely to be in possession of the unpublished Inside Information.

The Group's risk management includes regular identification and review of business risks and control measures to mitigate such risks. The Group's internal control system comprises an established organizational structure as well as comprehensive policies and standards. Area of responsibilities of each business and functional unit is clearly defined to ensure effective check and balance. Procedures have been designed to safeguard assets from unauthorized use or disposition, and to ensure that proper accounting records are maintained and financial information used internally and for publication is reliable. The internal control procedures provide reasonable but not absolute assurance against material errors, losses and fraud; but deem sufficient to ensure full compliance with applicable laws and regulations.

The audit committee and the Board carry out an overview every six months on the effectiveness of the risk management and internal control system of the Group. The review covers all material controls, including financial, operational and risk controls. No material risk management and internal control aspects of any significant discrepancies were discovered during the review. Both the audit committee and the Board expressed satisfaction over the effectiveness and adequacy of both the internal control procedures and risk management procedures for the year under review.

風險管理及內部監控

董事會有責任維繫足夠的風險管理及內部監控系統以持續地維護本公司股東的利益及本集團的資產。本公司審核委員會每年亦會協助董事會審閱此系統之有效性。另外，本集團也會定期與內部及外部核數師進行對話，使雙方也意識到影響其工作的重要因素。

董事會已於2013年5月通過「內幕消息政策」，目的是為本公司及其附屬公司的董事，職員及所有有關僱員制訂指引，以確保本公司內幕消息按照適用的法律法規平等及時向公眾發佈。「有關僱員」一詞是指本集團的僱員，因為他／她的職位或工作，可能擁有未公佈的內幕消息。

本集團的風險管理包括定期識別和審查業務風險以及減輕風險的控制措施。本集團內部控制制度既有組織結構，又有綜合政策和標準。明確界定每個業務和職能部門的責任範圍，以確保有效的檢查和平衡。程序旨在保護資產免遭未經授權的使用或處置，並確保妥善保留會計記錄，使內部使用和出版的財務信息可靠。內部控制程序為重大錯誤，損失和欺詐提供合理但不絕對的保證；但應足以確保完全遵守適用的法律法規。

審計委員會和董事會每六個月對本集團風險管理和內部控制制度的有效性進行全面審閱。審查包括所有重大控制措施，涵蓋財務，操作和風險控制。在審查期間沒有發現任何重大風險管理和內部控制方面的重大差異。審計委員會和董事會經審閱後，對本年度內部控制程序和風險管理程序的有效性和充分性表示滿意。

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REMUNERATION COMMITTEE

The remuneration committee comprises four independent non-executive Directors and two executive Directors. The remuneration committee was established with specific written terms of reference, principally responsible for reviewing and approving remuneration plans for directors and senior management, determining the remuneration package of executive directors and senior management, including benefits, pension interests and the payment of compensation. Mr. Leung, Michael Kai Hung is chairman of the remuneration committee and is responsible for reporting the meeting results and recommendations of the remuneration committee to the Board after each meeting.

In 2019, the remuneration committee convened 1 meeting. Members of the remuneration committee and their attendance are as follows:

薪酬委員會

薪酬委員會由4名獨立非執行董事及2名執行董事組成。薪酬委員會已成立權限範圍主要負責審閱及批准董事及高級管理人員的薪酬方案，釐定執行董事及高級管理層的薪酬待遇，包括利益、退休金權益及賠償支付。梁啟雄先生為薪酬委員會的主席，負責於每次會議後向董事會報告薪酬委員會的會議結果及推薦意見。

於2019年，薪酬委員會曾舉行1次會議。成員及出席情況如下：

Member Name 成員名稱		Attendance No. of meetings attended/ No. of meetings held during the year 出席出席會議次數/ 年期內會議次數	Attendance Rate 出席率
Mr. Leung, Michael Kai Hung (<i>Chairman</i>)	梁啟雄先生 (主席)	1/1	100%
Mr. Fan, Anthony Ren Da	范仁達先生	1/1	100%
Mr. Ng, Yiu Ming	伍耀明先生	1/1	100%
Mr. Lo, Wilson Kwong Shun	羅廣信先生	1/1	100%
Dr. Wong, Raymond Man Hin	黃文顯博士	1/1	100%
Mr. Wong, John Ying Man	黃英敏先生	1/1	100%

Tasks undertaken by the remuneration committee during the year included reviewing the remuneration structure, remuneration policy and bonus system of the Group, assessing performance of Executive Directors, considering the salary adjustment for the year and making recommendations to the Board. The remuneration committee also ensures that no Director or senior management member determines his own remuneration.

薪酬委員會在年度所做的工作包括檢討本集團的薪酬架構、薪酬政策、獎金制度及考慮本年度的薪金調整等，評估執行董事表現，並向董事會提出建議。薪酬委員會並確保沒有董事或高級管理人員自行釐定其本身的薪酬。

The remuneration policy of the Group is to determine the remuneration of executive Directors and senior management based on their responsibilities, qualifications and working performance. No Director or any of his associates is involved in deciding his own remuneration. The Company has adopted a share option scheme as an incentive to the Directors, employees and other eligible participants. Details of the share option scheme are set out in note 19 to the financial statements.

NOMINATION COMMITTEE

The nomination committee comprise four independent non-executive Directors, namely Mr. Ng, Yiu Ming (Chairman), Mr. Leung, Michael Kai Hung, Mr. Fan, Anthony Ren Da and Mr. Lo, Wilson Kwong Shun. The nomination committee is to deal with the appointment, re-election and retirement of Directors.

The nomination committee considers that in terms of professional experience, skill and knowledge and the structure, size and composition of the Board, the present members of the Board of the Company are generally in line with the diversity policy of the Company concerning board members, meeting the present situation and future development plan of the Company.

In 2019, the nomination committee convened 1 meeting. Members of the nomination committee and their attendance are as follows:

本集團的薪酬政策是以執行董事及高級管理人員及員工的職責、資歷及工作表現而釐定其酬金。沒有董事或其他聯繫人士參予決定其本身的酬金。本公司採納購股權計劃以激勵董事、僱員及其他合資格人士。購股權計劃之詳情已載於財務報表附註19。

提名委員會

提名委員會由4名獨立非執行董事，伍耀明先生(主席)，梁啟雄先生，范仁達先生及羅廣信先生組成。提名委員會處理董事的委任、重選及退任的事宜。

提名委員會認為本公司目前的董事成員，從專業經驗、技能及知識及董事會之架構、人數及組成等方面考慮，基本符合本公司董事多元化政策，符合本公司現狀及未來發展規劃。

於2019年，提名委員會曾舉行1次會議。成員及出席情況如下：

Member Name 成員名稱		Attendance	
		No. of meetings attended/ No. of meetings held during the year 出席出席會議次數/ 年期內會議次數	Attendance Rate 出席率
Mr. Ng, Yiu Ming (Chairman)	伍耀明先生(主席)	1/1	100%
Mr. Leung, Michael Kai Hung	梁啟雄先生	1/1	100%
Mr. Fan, Anthony Ren Da	范仁達先生	1/1	100%
Mr. Lo, Wilson Kwong Shun	羅廣信先生	1/1	100%

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ROLES OF THE BOARD AND MANAGEMENT

The Board is principally responsible for establishing the development direction of the Group, formulating targets and business development plans, approving major agreements and matters, and monitoring the performances of senior management. It is also responsible for corporate governance with a view to enhance shareholders' value. Led by the three general managers, the management is responsible for implementing the strategies and plans developed by the Board.

The Company has developed a schedule of matters reserved to the Board for decisions and has separately identified those functions reserved to the Board. The Board will review those arrangements on a regular basis to ensure that the arrangements meet the needs of the Company.

ROLES AND DUTIES OF CHAIRMAN AND GENERAL MANAGER

The chairman and the general manager (equivalent to chief executive officer) have different roles. The chairman is responsible for the operation of the Board and the general managers are responsible for managing the operations of the Group. Their functions have been clearly divided to ensure a balanced distribution of power and no authority will concentrate on a single individual.

Dr. Wong, Wilson Kin Lae, the chairman of the Board, is principally responsible for leading the Board and ensures the Board to act in the best interests of the Company. The chairman ensures that the Board to operate effectively and perform its proper duties and discuss all important and proper matters in a timely manner. The chairman is responsible for convening Board meetings, consulting, determining and approving the agenda of each Board meeting, and ensuring that Directors are provided sufficient information on current matters in a timely manner. The chairman oversees the structure, number of members and composition of the Board and makes recommendations to the Board and the relevant committees on any intended changes. The chairman is also responsible for ensuring that the Company formulates good corporate governance practice and procedure.

董事會及管理層的角色

董事會主要負責建立本集團的發展路向、定立目標及業務發展計劃、審批重大協議及事項，監控高級管理層表現及為公司管治負責以提升股東價值。管理層由3位總經理帶領，負責推行董事會制訂的策略及計劃。

本公司已訂立一份保留予董事會決定的事項表，將那些保留予董事會的職能分別確定，董事會會定期檢討該等安排，以確保有關安排符合本公司的需要。

主席及總經理的角色及責任

主席及總經理(等同行政總裁)的角色不同。主席負責董事會運作，而總經理負責管理本集團業務，兩者之間的職務已清楚區分，以確保權力和授權分佈均衡，不致集中在1位人士。

董事會主席為黃乾利博士，主要職責包括領導董事會，確保董事會行事符合公司最佳利益。主席須確保董事會有效地運作及履行應有職責，並及時就所有重要的、適當的事項進行討論；主席負責召開董事會會議，諮詢、釐定及批准每次董事會會議的議程，並確保董事及時獲悉當前的事項及充分的資料。主席並負責定期檢討董事會架構、人數及組成，並就任何擬作出的變動向董事會及有關委員會提出建議。主席同時負責確保公司制定良好的企業管治常規及程序。

Dr. Wong, Raymond Man Hin, the deputy executive chairman, an executive Director and a general manager, is principally responsible for the daily operation and management of the Group's overall operations and implementing the Board's operating strategy and policy and delegating tasks to all departments for implementation so as to realize the Board's objectives and decisions. In addition, he is also responsible for the Group's financial reporting, internal control, material procurement and control, logistics, customs, taxes and legal matters and compliance, coordinating close cooperation among all departments, uniting efforts of staff and encouraging the initiative of staff so as to ensure smooth and effective operation of the Company's operations and systems.

Mr. Wong, John Ying Man, an executive Director and a general manager, is principally responsible for the daily operation and management of the Group's overall operations and implementing the Board's operating strategy and policy and delegating tasks to all departments for implementation so as to realize the Board's objectives and decisions. In addition, he is also responsible for research & development, production, quality assurance and new product innovations, coordinating close cooperation among all departments, uniting efforts of staff and encouraging the initiative of staff so as to ensure smooth and effective operation of the Company's operations and systems.

Mr. Mok, Kin Hing, an executive Director and a general manager, is principally responsible for the daily operation and management of the Group's overall operations and implementing the Board's operating strategy and policy and delegating tasks to all departments for implementation so as to realize the Board's objectives and decisions. In addition, he is also responsible for supervising all personnel issues at our Nansha production facilities, all capital equipments installation and disposal, and overseeing all employee champions programs to optimize costs and make sure our facilities are in full compliance with local, international and environment laws and standards.

副執行主席，執行董事及總經理黃文顯博士，主要職責包括負責集團整體業務日常運作的經營及管理，貫徹董事會的經營策略及方針，下達任務至各部門執行，以實現董事會的目標和決定。此外，黃先生並負責本集團財務報告，內部監控，原料採購及監控，物流，稅項，法律事項及守則，協調各部門的緊密合作關係，團結員工的力量，鼓勵員工積極性，確保公司業務及制度暢順而有效地運作。

執行董事及總經理黃英敏先生，主要職責包括負責集團整體業務日常運作的經營及管理，貫徹董事會的經營策略及方針，下達任務至各部門執行，以實現董事會的目標和決定。此外，黃先生並負責研究及發展、生產、品質保證及創新新產品、協調各部門的緊密合作關係、團結員工的力量及鼓勵員工積極性，以確保公司業務及制度暢順而有效地運作。

執行董事及總經理莫健興先生，主要職責包括負責集團整體業務日常運作的經營及管理，貫徹董事會的經營策略及方針，下達任務至各部門執行，以實現董事會的目標和決定。此外，莫先生並負責南沙生產中心之所有人事管理，添置及出售資本設備，監督員工參與公司的發展計劃以達致成本最高效益，確保我們的設備完全符合本地、國際以及有關環境的法例及標準。

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NOMINATION OF DIRECTORS

Pursuant to Article 95 of the Articles of Association, the Board is entitled to appoint any person as Director from time to time or at any time to fill a casual vacancy or add a new member to the Board. For nomination, the nominee's qualifications, capabilities and potential to make contribution to the Company shall be taken into consideration by the nomination committee.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility in preparing the financial statements of the Group.

The finance department of the Company is managed by a qualified staff and supervised by executive Director and general manager, Dr. Wong, Raymond Man Hin, who is a U.S. certified public accountant. With the assistance of the finance department, the Board will ensure that the preparation of the financial statements of the Group complies with relevant regulations and applicable accounting standards.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services (including review of interim and quarterly financial information, tax services and risk advisory services) for the year ended 31 December 2019 provided by Baker Tilly Hong Kong Limited and its affiliate were approximately HK\$692,000, and HK\$601,000 respectively.

The statement of reporting responsibility issued by Baker Tilly Hong Kong Limited, the auditor of the Company, in respect of the financial statements of the Group is set out in the independent auditor's report on pages 44 to 51.

董事提名

根據本公司的組織章程第95條，董事會有權不時或於任何時間委任任何人選為董事，以填補臨時空缺或新增為董事會成員。提名委員會須考慮被提名人士之資格、能力及對本公司作貢獻的潛力。

問責及審核

董事確認須就編制本集團財務報表承擔有關責任。

本公司財務部由合資格職員管理，並由執行董事及總經理黃文顯博士監管及負責。黃博士是美國執業會計師。在財務部的協助下，董事會確保本集團財務報表的編制符合有關法規及適用的會計準則。

核數師酬金

截至2019年12月31日止年度，天職香港會計師事務所有限公司及其附屬公司審核服務及非審核服務（審閱中期及季度報告、稅務服務及風險諮詢服務）之酬金分別約為港幣692,000元及港幣601,000元。

本公司核數師天職香港會計師事務所有限公司就本集團財務報表所發表的申報責任聲明已載於第44至51頁的獨立核數師報告中。

COMMUNICATION WITH SHAREHOLDERS

The Company has maintained communication with its shareholders through the annual general meeting or other general meetings and encourages them to participate in general meetings. Registered shareholders of the Company receive notices of general meetings by post. The notice of general meeting contains the agenda, the proposed resolutions and the voting form. All shareholders of the Company are entitled to attend the annual general meeting and special general meetings of the Company. Shareholders who are unable to attend the general meeting can fill in the proxy form attached with the notice of general meeting and return the same to the share registrar and transfer office of the Company so as to appoint their representatives or the chairman of the meeting as their proxies.

SHAREHOLDERS' RIGHT

Right to convene an extraordinary general meeting

Pursuant to Article 68 of the Articles of Association, an extraordinary general meeting shall be convened on requisition as provided by the Companies Ordinance or by the requisitioner. The Directors are required to call a general meeting if the Company has received requests from shareholders of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings.

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries can be in writing and sent for the attention of the Board, in one of the following ways:

1. By Post: Raymond Industrial Limited
Rooms 1801-1813, 18th floor,
Grandtech Centre,
8 On Ping Street,
Shatin, New Territories
Hong Kong
2. By facsimile: (852) 2341 8669
3. By email: ril@rilhk.com

與股東的溝通

本公司就透過股東週年大會或其他股東大會與股東一直保持溝通並鼓勵彼等參與股東大會。本公司登記股東以郵遞方式收取股東週年大會通告。大會通告載有議程、提呈的決議案及投票表格。任何本公司之股東有權出席股東週年大會及股東特別大會。未能出席股東大會的股東可填妥隨附於大會通告的代表委任表格並交回本公司股份過戶處或註冊辦事處，以委任彼等之代表或大會主席擔任彼等的代表。

股東權利

要求召開股東特別大會的權利

根據公司章程細則第68條，董事或提出請求人可按公司條例規定召開股東特別大會。如公司收到佔全體有權在股東大會上表決的股東的總表決權最少5%的公司股東的要求，要求召開成員大會，則董事須召開股東特別大會。

向董事會提出查詢的權利

股東有權向董事會提出查詢。所有查詢可以書面形式提出，並以下列任何一種方式送呈董事局收啟：

1. 郵遞： 利民實業有限公司
香港新界沙田
安平街8號
偉達中心18樓
1801-1813室
2. 傳真： (852) 2341 8669
3. 電郵： ril@rilhk.com

Corporate Governance Report

企業管治報告

Procedures to put forward proposals at general meetings

Shareholders who would like to put forward proposals at a general meeting shall follow the procedures below.

Shareholders of the Company representing at least 2.5% of the total voting rights of all the shareholders who have a relevant right to vote or at least 50 shareholders who have a relevant right to vote may request the Company to:

- i) give notice of a resolution that may properly be moved and is intended to be moved at the annual general meeting of the Company; or
- ii) circulate a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution to be dealt with at a general meeting or other business to be dealt with at the meeting;

to each shareholder of the Company entitled to receive notice of the meeting.

A request to give notice of a resolution must be received by the Company not later than (i) 6 weeks before the annual general meeting to which the request relates; or (ii) if later, the time at which notice is given of that meeting. A request to circulate shareholders' statement must be received by the Company at least 7 days before the meeting to which it relates. Such request may be sent to the Company in hard copy form or in electronic form.

COMPANY SECRETARY

Ms. Liu Pui Yee ("Ms. Liu") was appointed as the company secretary of the Company on 9 February 2018. Ms. Liu is responsible for ensuring that the Board is fully apprised of the relevant corporate governance developments relating to the Group and facilitating the professional development of the directors.

Ms. Liu has received no less than 15 hours relevant professional training during FY 2019.

於股東大會上提呈建議的程序

擬於股東大會上提呈建議的股東須跟隨以下的程序。

佔全體有相關表決權利的股東的總表決權最少2.5%的本公司股東或最少50名有相關表決權利的本公司股東可要求本公司：

- i) 發出關於可在本公司周年股東大會上恰當地動議並擬在該股東大會上動議的決議的通知；或
- ii) 傳閱有待在該股東大會上處理的、某被提出的決議所述的事宜，或其他有待在該股東大會上處理的事務而字數不多於1000字的陳述書；

予每名有權收到該股東大會的通知的本公司股東。

發出決議通知的要求須於(i)該要求所關乎的周年股東大會舉行之前的6個星期之前；或(ii)(如在上述時間之後送抵本公司的話)該股東大會的通知發出之時送抵本公司。傳閱股東陳述書的要求須於該要求所關乎的股東大會前最少7日送抵本公司。該要求可採用印本形式或電子形式送交本公司。

公司秘書

廖佩儀女士(「廖女士」)自2018年2月9日起獲委任為本公司之公司秘書。廖女士負責確保董事會負責確保董事會對與本集團有關的企業管治發展有充份的評估及須促進董事的專業發展。

廖女士於2019年度已接受過不少於15個小時的相關專業訓練。

DIVIDEND POLICY

The Board has adopted a dividend policy. In proposing any dividend payout, the Board shall take into account certain factors, including but not limited to the Group's expected and actual financial performance, its retained earnings and distributable reserves, the Group's capacity from current and future operation, future commitments at the time of declaration of dividend.

The dividend policy and the payment of future dividend are subject to the Board's continuing determination which would be in the best interests of the Group and Shareholders and are in compliance with all applicable laws and regulations.

股息政策

董事會已採納股息政策。在提出任何股息支付時，董事會應考慮若干因素，包括但不限於本集團的預期及實際財務表現，其留存收益及可分派儲備，本集團當前及未來營運的能力，以及宣佈股息當時的未來承擔。

股息政策及未來股息的支付須遵守董事會的持續決定，這將符合本集團及股東的最佳利益，並符合所有適用法律及法規。

Independent Auditor's Report

獨立核數師報告



**Independent auditor's report to the members of
Raymond Industrial Limited**
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Raymond Industrial Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 52 to 131, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 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 (“**HKICPA**”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

致利民實業有限公司全體股東

(於香港註冊成立之有限公司)

意見

本核數師(以下簡稱「**我們**」)已審計列載於第52至131頁利民實業有限公司(以下簡稱「**貴公司**」)及其附屬公司(以下簡稱「**貴集團**」)的綜合財務報表，此綜合財務報表包括於2019年12月31日的綜合財務狀況表，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、綜合權益變動表和綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「**香港會計師公會**」)頒佈的香港財務報告準則(「**香港財務報告準則**」)真實而公平地反映 貴集團於2019年12月31日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為編製。

意見基準

我們已按照香港會計師公會頒佈的香港核數準則(「**香港核數準則**」)進行審計工作。我們根據該等準則的責任進一步描述於本報告「核數師審計綜合財務報表的責任」一節。按照香港會計師公會的「專業會計師操守守則」(「**守則**」)，我們獨立於 貴集團，且我們已按照守則履行其他道德責任。我們相信，我們獲取的審計證據屬充分、適當，為發表審計意見提供了基礎。

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.

關鍵審計事項

關鍵審計事項指根據我們的專業判斷，在我們對本期間綜合財務報表的審計中最重要的事項。該等事項在我們對綜合財務報表進行整體審計及就此達致意見時處理，我們並不就此另外提供意見。

The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計中如何處理有關事項
<p>Impairment of trade receivables 應收貿易賬款</p>	
<p><i>Refer to Note 2(g)(i) and 14 of the audited consolidated financial statements</i> 請參閱經審核綜合財務報表附註2(g)(i)及14</p>	
<p>As at 31 December 2019, the Group had significant trade receivables of HK\$257,326,000 (2018: HK\$261,565,000). No impairment has been recognised during the year. 於2019年12月31日，貴集團有重大應收貿易賬款港幣257,326,000元(2018年：港幣261,565,000元)。年內並無確認減值。</p> <p>The management has to apply judgement to assess the level of loss allowance required to adjust the value of trade receivables to their recoverable amounts. The Group's credit risk policy requires analysis of individual receivable account balances, taking into account receivables that are past due for more than 1 year. 在評估所需損失撥備水平，以將應收貿易賬款的價值調整至其可收回金額時，管理層須作出判斷。貴集團信貸風險政策要求分析個別應收賬款餘額，並考慮逾期超過1年的應收賬款。</p> <p>The level of judgement involved in determining whether a loss allowance should be recognised and how it should be measured, coupled with the fact that loss allowance movements impact earnings, results in this being one of the key judgmental areas that our audit concentrated on. 釐定是否應作出損失撥備及損失撥備應如何計量所涉及的判斷程度，再加上損失撥備變動影響盈利，令其成為我們的審計所專注的一個關鍵判斷領域。</p>	<p>Our audit procedures in this area included: 我們在此方面的審計程序包括：</p> <ul style="list-style-type: none"> assessing the robustness of the management impairment evaluation process and the adequacy of the impairment of trade receivables; 評估管理層減值評估程序是否穩健，以及應收貿易賬款的撥備是否充足； assessing the appropriateness of the Group's provisioning policy, with reference to the ageing of the customer balances, economic conditions, concentration of counterparty risk and the past history of debt recovery; and 參考客戶結餘的賬齡、經濟狀況、對手方風險集中及過往債務收回歷史，評估貴集團撥備政策；及 reviewing subsequent settlement records and challenging the management about their reasons for not considering loss allowances against any unsettled past-due balances. 審閱後續結算記錄，就為何不對未結清的逾期結餘作出撥備挑戰管理層，了解原因。

Independent Auditor's Report

獨立核數師報告

The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計中如何處理有關事項
Valuation of inventories 存貨估值	
<i>Refer to Note 2(h) and 13 of the audited consolidated financial statements</i> 請參閱經審核綜合財務報表附註2(h)及13	
<p>The Group operates in an industry in which developments in electrical home appliances may result in inventories becoming slow moving or obsolete. Its customers may modify their products orders or shift their orders to other manufacturers which would result in changes in product and stock lines. These factors, in turn, may mean that relevant inventory cannot be sold or sales prices are discounted to less than the inventory carrying value.</p> <p>由於 貴集團經營所在行業，家用電器的發展可能令存貨呆滯或過時。客戶可能修改產品訂單或將訂單轉移至其他製造商，這會導致產品及存貨水平變化。而該等因素可能意味著，相關存貨無法出售，或售價折扣至低於存貨賬面值。</p> <p>The value of inventory as at 31 December 2019 was HK\$124,496,000 (2018: HK\$170,995,000) which is significant for the consolidated statement of financial position. Further, a write-down of inventories and reversal of previous write-downs of inventories totaling HK\$1,827,000 (2018: HK\$802,000) and HK\$89,000 (2018: HK\$445,000) respectively were recognised during the year ended 31 December 2019.</p> <p>於2019年12月31日的存貨價值為港幣124,496,000元(2018年：港幣170,995,000)，對綜合財務狀況表而言金額重大。此外，截至2019年12月31日止年度，已確認存貨撇減港幣1,827,000元(2018年：港幣802,000元)及撥回存貨撥備港幣89,000元(2018年：港幣445,000元)。</p>	<p>Our audit procedures in this area included:</p> <p>我們在此方面的審計程序包括：</p> <ul style="list-style-type: none"> assessing the appropriateness of the Group's methodology for determining its inventory provision in the light of our understanding of the business and the industry, including our professional judgement of the age and nature of inventory, past usage and new product launches; 基於我們對業務及行業的了解(包括我們對存貨賬齡及性質的專業判斷、過往用途及新產品發佈)，評估 貴集團釐定存貨撥備的方法是否適當； assessing the accuracy of inventory provisions by examining the history or outcome of reversal of previously recorded provisions; 檢查早前入賬撥備的歷史或撥回結果，評估存貨撥備的準確性； testing the carrying value of inventory by comparing the carrying values to latest sales invoices for a representative sample of items to assess whether those items were held at the lower of cost or net realisable value; and 測試存貨賬面值，將具有代表性的存貨賬面值與最新銷售發票比較，評估該等存貨是否按成本與可變現淨值中的較低者入賬；及 assessing the adequacy of the disclosures in respect of management's judgements used in determining the carrying value of inventory. 評估有關管理層在釐定存貨賬面值時使用的判斷之披露是否充分。

Independent Auditor's Report

獨立核數師報告

The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 我們的審計中如何處理有關事項
Revenue recognition 收入確認	
<i>Refer to Note 2(q) and 3 of the audited consolidated financial statements</i> 請參閱經審核綜合財務報表附註2(q)及3	
<p>There is a risk that transactions completed just before and just after the year end could be incorrectly recorded due to a high volume of transactions close to the year-end date. 由於接近年末進行大量交易，年末前及年末後完成的交易可能入賬不正確。</p> <p>The Group also has a number of customers who have a variety of shipping terms which means that the transfer of control over a promised product occurred on different timing bases (such as on dispatch, on receipt at port of destination or on receipt by customer). This means that there is an increased risk that revenue may not be recognised in the correct period for sales occurring near to the year end. 貴集團亦有多名付運條款不同的客戶，這意味著所產生的控制產品轉移的時間基準不同(如於發貨時、目的地港口收貨或客戶收貨時)。這意味著，就接近年末發生的銷售而言，收入可能未於正確期間確認的風險有所增加。</p>	<p>Our audit procedures in this area included: 我們在此方面的審計程序包括：</p> <ul style="list-style-type: none"> selecting representative samples of transactions recorded before and after the year end for substantive testing by reference to the trigger event for revenue, when contractually the customer takes control over a product, and tracing back to third party carrier documentation and customers invoices and/or agreements; 選擇於年末前後錄得的具有代表性的交易樣本進行實質性測試，參考收入觸發事件、客戶在合約上獲得所有權的控制產品的時間，並追溯回至第三方運輸商文件及客戶發票及/或協議； examining the numeric sequence of goods delivery notes before and after the year end and investigating any apparent abnormalities; and 檢查年末前後的商品發貨單數字順序，調查任何明顯異常；及 conducting substantive analytical procedures on the pattern of sales just before and just after the year end, including a comparison with the pattern in prior years and corroborating the result of enquiries with management about any unusual fluctuations in sales. 對年末前後的銷售結構進行實質性分析程序，包括與過往年度的結構比較，就任何異常的銷售波動的查詢結果向管理層核實。

Independent Auditor's Report

獨立核數師報告

Other information

The directors of the Company (the “**Directors**”) are responsible for the other information. The other information comprises all 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 and those charged with governance for the consolidated financial statements

The Directors 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 Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

其他資料

公司董事(「**董事**」)對其他資料負責。其他資料包括年報中所有資料但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見不涵蓋其他資料，且我們並不對此發表任何形式的保證結論。

就我們對綜合財務報表的審計而言，我們的責任是閱讀上文所述的其他資料，並同時考慮其他資料是否與綜合財務報表或我們在審計過程中獲得的了解存在重大不一致或看似嚴重失實。

倘若基於我們就於本核數師報告日期前取得的其他資料進行的工作，我們認為該其他資料存在重大失實陳述，則我們須報告該事實。我們在此方面無任何發現可報告。

董事及相關負責人對綜合財務報表的責任

董事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編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大失實陳述。

在編製綜合財務報表時，董事有責任評估 貴集團持續經營的能力，披露(如適用)與持續經營有關的事項，並使用持續經營會計基準(除非董事擬將 貴集團清盤或終止經營，或除此之外並無其他可行的選擇)。

相關負責人負責監督 貴集團的財務申報程序。

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

核數師審計綜合財務報表的責任

我們的目標是就綜合財務報表整體是否不存在重大失實陳述(不論因欺詐或錯誤導致)取得合理保證,並出具包含我們意見的核數師報告。我們根據香港公司條例第405條僅向閣下(作為整體)作出報告,除此之外本報告別無其他目的。我們概不就本報告的內容向其他任何人負有或承擔任何責任。

合理保證是一種高水平的保證,但並不保證按照香港核數準則進行的審計總能發現所存在的重大失實陳述。失實陳述可能因欺詐或錯誤而產生,如個別或整體合理預期可能影響用戶基於該等綜合財務報表作出的經濟決定,則屬重大。

作為按照香港核數準則進行審計的一部分,我們在整個審計期間作出專業判斷並保持專業懷疑。我們亦:

- 識別及評估綜合財務報表中存在重大失實陳述(不論因欺詐或錯誤導致)的風險,設計及執行應對該等風險的審計程序,並取得充分適當的審計證據,為我們的意見提供基礎。未發現欺詐導致重大失實陳述的風險高於錯誤導致重大失實陳述的風險,原因是欺詐可能涉及勾結、偽造、故意遺漏、虛假陳述或超越內部控制。
- 取得與審計相關的內部控制的理解,以設計適當的審計程序,但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的適當性及所作出會計估計的合理性。

Independent Auditor's Report

獨立核數師報告

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事使用持續經營會計基準的適當性，及(基於所取得的審計證據)是否存在與事件或狀況相關且可能導致對 貴集團持續經營能力產生重大疑問的重大不確定性得出結論。倘若我們認為存在重大不確定性，需要在核數師報告中提請注意綜合財務報表的相關披露或(如該披露不足)修改我們的意見。我們的結論基於截至核數師報告日期所獲得的審計證據。然而，未來事件或狀況可能導致 貴集團無法持續經營。
- 評價綜合財務報表的整體列報、結構及內容，包括披露及綜合財務報表是否按實現公平列報的方式反映了相關交易及事件。
- 獲取有關 貴集團內實體或業務活動的財務資料的充分適當的審計證據，以對綜合財務報表發表意見。我們負責指導、監督及進行集團審計。我們仍然對我們的審計意見承擔全部責任。

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

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

我們就(其中包括)審計的規劃範圍及時間與重大審計結果(包括我們在審計中發現的內部控制重大缺陷)與相關負責人溝通。

我們亦向相關負責人提供一份聲明，表示我們已遵守有關獨立性的相關道德要求，並就合理可能導致對我們獨立性產生疑問的所有關係及(如適用)相關保障措施與審計委員會溝通。

Independent Auditor's Report

獨立核數師報告

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

Baker Tilly Hong Kong Limited

Certified Public Accountants
Hong Kong, 26 March 2020

Tong Wai Hang

Practising Certificate Number P06231

根據與相關負責人溝通的事項，我們認為有關事項是對審計本期間綜合財務報表而言最重要的事項，因此屬於主要審計事項。我們在核數師報告中說明該等事項，除非法律或法規禁止公開披露該事項，或（在極少數情況下）由於其不利後果合理預期將超過公開披露所帶來的公共利益，我們認為該事項不應在我們的報告中披露。

編製本獨立核數師報告的審計的工作主管為湯偉行。

天職香港會計師事務所有限公司

執業會計師
香港，2020年3月26日

湯偉行

執業證書編號 P06231

Consolidated Statement of Profit or Loss

(For the year ended 31 December 2019)

綜合損益表

(截至2019年12月31日止年度)

(Expressed in Hong Kong dollars)

(以港幣為單位)

		Note 附註	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Revenue	收入	3	1,155,578	1,285,918
Cost of sales	銷售成本		(1,007,721)	(1,092,494)
Gross profit	毛利		147,857	193,424
Other revenue	其他收入	4	4,208	3,211
Other net income	其他淨收益	4	9,094	4,705
Selling expenses	銷售費用		(15,010)	(29,001)
General and administrative expenses	一般及行政費用		(104,239)	(110,041)
Profit before taxation	除稅前溢利	5	41,910	62,298
Income tax	所得稅	6	(2,937)	(9,724)
Profit for the year attributable to equity shareholders of the Company	本公司股東應佔本年度溢利		38,973	52,574
Earnings per share	每股盈利	9		
Basic, HK cents	基本，港仙		7.89	10.71
Diluted, HK cents	攤薄，港仙		7.84	10.62

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

附註：本集團於2019年1月1日採用經修訂追溯法初始應用香港財務報告準則第16號。根據此方法，比較資料不予重列。見附註2(c)。

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 20(b).

有關應向本公司應佔年度溢利之權益持有人支付之股息詳情載於附註20(b)。

The notes on pages 59 to 131 form part of the consolidated financial statements.

載於第59頁至第131頁之附註為組成此等綜合財務報表之一部份。

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(For the year ended 31 December 2019)

綜合損益及其他全面收益表

(截至2019年12月31日止年度)

(Expressed in Hong Kong dollars)

(以港幣為單位)

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Profit for the year	本年度溢利	38,973	52,574
Other comprehensive loss for the year	本年度其他全面虧損：		
Item that may be reclassified subsequently to profit or loss:	之後或重新歸類於損益的項目：		
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	– 換算境外業務的財務報表產生的匯兌差額，無稅項之淨值	(6,107)	(13,363)
Total comprehensive income for the year attributable to equity shareholders of the Company	本公司股東應佔本年度之全面收益總額	32,866	39,211

The notes on pages 59 to 131 form part of the consolidated financial statements.

載於第59頁至第131頁之附註為組成此等綜合財務報表之一部份。

Consolidated Statement of Financial Position

(At 31 December 2019)

綜合財務狀況表

(2019年12月31日結算)

(Expressed in Hong Kong dollars)

(以港幣為單位)

	Note 附註	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Non-current assets			
非流動資產			
Property, plant and equipment	11	169,692	184,011
Interests in leasehold land held for own use under operating leases	11	-	6,664
Right-of-use assets	11	8,973	-
Deferred tax assets	12(b)	3,424	3,296
		182,089	193,971
Current assets			
流動資產			
Inventories	13	124,496	170,995
Trade and other receivables	14	278,452	289,831
Tax recoverable	12(a)	-	2,140
Cash and cash equivalents	15	255,198	190,007
		658,146	652,973
Current liabilities			
流動負債			
Trade and other payables	16	229,428	229,599
Dividends payable		282	258
Tax payable	12(a)	4,398	4,737
		234,108	234,594
Net current assets		424,038	418,379
Total assets less current liabilities		606,127	612,350
Non-current liabilities			
非流動負債			
Deferred tax liabilities	12(b)	173	181
NET ASSETS		605,954	612,169
CAPITAL AND RESERVES			
資本及儲備			
Share capital	20(a)	462,333	461,807
Reserves		143,621	150,362
TOTAL EQUITY		605,954	612,169

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

附註：本集團於2019年1月1日採用經修訂追溯法初始應用香港財務報告準則第16號。根據此方法，比較資料不予重列。見附註2(c)。

Approved and authorised for issue by the board of directors on 26 March 2020.

於2020年3月26日獲董事會批准及授權刊發。

Wong, Wilson Kin Lae

黃乾利

Director

董事

Wong, Raymond Man Hin

黃文顯

Director

董事

The notes on pages 59 to 131 form part of the consolidated financial statements.

載於第59頁至第131頁之附註為組成此等綜合財務報表之一部份。

Consolidated Statement of Changes in Equity

(For the year ended 31 December 2019)

綜合權益變動表

(截至2019年12月31日止年度)

(Expressed in Hong Kong dollars)

(以港幣為單位)

	Note	Share capital	Exchange reserve	Capital reserve	Retained earnings	PRC statutory reserve	Total equity
	附註	股本	匯兌儲備	資本儲備	滾存盈利	中國法定儲備	合計權益
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2018		453,723	53,167	2,291	47,307	38,873	595,361
Changes in equity for 2018:	2018之權益變動：						
Profit for the year		-	-	-	52,574	-	52,574
Exchange differences on translation of financial statements of foreign operations, net of nil tax		-	(13,363)	-	-	-	(13,363)
Total comprehensive income		-	(13,363)	-	52,574	-	39,211
Appropriation to PRC statutory reserve		-	-	-	(2,004)	2,004	-
Dividends approved in respect of							
- current year	20(b)(i)	-	-	-	(9,876)	-	(9,876)
- previous year	20(b)(ii)	-	-	-	(19,553)	-	(19,553)
Shares issued under share option scheme							
- gross proceeds	20(a)(ii)	7,026	-	-	-	-	7,026
- transfer from capital reserve		1,058	-	(1,058)	-	-	-
Share options lapsed		-	-	(374)	374	-	-
		8,084	(13,363)	(1,432)	21,515	2,004	16,808
At 31 December 2018		461,807	39,804	859	68,822	40,877	612,169

Consolidated Statement of Changes in Equity

(For the year ended 31 December 2019)

綜合權益變動表

(截至2019年12月31日止年度)

(Expressed in Hong Kong dollars)

(以港幣為單位)

			Share capital	Exchange reserve	Capital reserve	Retained earnings	PRC statutory reserve	Total equity
		Note	股本	匯兌儲備	資本儲備	滾存盈利	中國法定儲備	合計權益
		附註	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2019	於2019年1月1日結餘		461,807	39,804	859	68,822	40,877	612,169
Changes in equity for 2019:	2019年之權益變動：							
Profit for the year	本年度溢利		-	-	-	38,973	-	38,973
Exchange differences on translation of financial statements of foreign operations, net of nil tax	換算境外業務的財務報表產生的匯兌差額		-	(6,107)	-	-	-	(6,107)
Total comprehensive income	本年全面收益總額		-	(6,107)	-	38,973	-	32,866
Appropriation to PRC statutory reserve	中國法定儲備撥款		-	-	-	(5,082)	5,082	-
Dividends approved in respect of - current year	批准股息 - 本年	20(b)(i)	-	-	-	(9,886)	-	(9,886)
- previous year	- 往年	20(b)(ii)	-	-	-	(29,652)	-	(29,652)
Shares issued under share option scheme - gross proceeds	已發行之購股權股份 - 毛收益	20(a)(ii)	457	-	-	-	-	457
- transfer from capital reserve	- 由資本儲備轉移		69	-	(69)	-	-	-
Share options lapsed	取消購股權		-	-	(34)	34	-	-
			526	(6,107)	(103)	(5,613)	5,082	(6,215)
At 31 December 2019	於2019年12月31日結餘		462,333	33,697	756	63,209	45,959	605,954

The notes on pages 59 to 131 form part of the consolidated financial statements.

載於第59頁至第131頁之附註為組成此等綜合財務報表之一部份。

Consolidated Statement of Cash Flows

(For the year ended 31 December 2019)

綜合現金流量表

(截至2019年12月31日止年度)

(Expressed in Hong Kong dollars)

(以港幣為單位)

	Note	2019	2018
	附註	HK\$'000 港幣千元	HK\$'000 港幣千元
Operating activities	經營活動		
Profit before taxation	除稅前溢利	41,910	62,298
Adjustments for:	調整：		
- Amortisation of interests in leasehold land held for own use under operating leases	- 攤銷根據經營租賃持有自用之土地權益	-	398
	5(b)		
- Depreciation on right-of-use assets	- 使用權資產折舊	487	-
	5(b)		
- Depreciation on other property, plant and equipment	- 物業、廠房及設備折舊	33,959	31,004
	5(b)		
- Foreign exchange differences, net	- 匯兌淨差異	(2,065)	(3,184)
- Bank interest income	- 銀行利息收入	(4,208)	(3,211)
	4		
- Net loss on disposal of property, plant and equipment	- 出售物業、廠房及設備之淨虧損	1,206	776
	4		
- Write-down of inventories, net	- 報廢存貨淨值	1,738	357
Operating profit before changes in working capital	營運資金變動前經營溢利	73,027	88,438
Decrease/(increase) in inventories	減少/(增加)存貨	44,761	(32,042)
Decrease/(increase) in trade and other receivables	減少/(增加)貿易及其他應收賬項	11,379	(75,362)
(Decrease)/increase in trade and other payables	(減少)/增加貿易及其他應付賬項	(1,004)	34,252
Cash generated from operations	經營產生之現金	128,163	15,286
Tax paid:	稅項支出		
- Hong Kong Profits Tax refunded/(paid)	- 淨香港利得稅退回/(支出)	1,565	(4,217)
- PRC Enterprise Income Tax paid	- 中國企業所得稅支出	(3,697)	(8,215)
- PRC Enterprise Income Tax refunded	- 中國企業所得稅退回	1,704	2,634
Net cash generated from operating activities	經營活動產生之現金淨值	127,735	5,488
Investing activities	投資活動		
Payment for purchase of property, plant and equipment	支付購買物業、廠房及設備	(27,780)	(59,089)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	375	444
Bank interest received	銀行利息收入	4,208	3,211
Net cash used in investing activities	投資活動支出之現金淨值	(23,197)	(55,434)

Consolidated Statement of Cash Flows

(For the year ended 31 December 2019)

綜合現金流量表

(截至2019年12月31日止年度)

(Expressed in Hong Kong dollars)

(以港幣為單位)

		Note 附註	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Financing activities	融資活動			
Proceeds from shares issued under share option scheme	發行購股權股份之收益	20(a)(ii)	457	7,026
Dividends paid	支付股息		(39,514)	(29,403)
Net cash used in financing activities	融資活動支出之現金淨值		(39,057)	(22,377)
Net increase/(decrease) in cash and cash equivalents	增加/(減少)現金及現金等值項目淨值		65,481	(72,323)
Cash and cash equivalents at 1 January	於1月1日之現金及現金等值項目		190,007	263,777
Effect of foreign exchange rate changes	外匯匯率變動之影響		(290)	(1,447)
Cash and cash equivalents at 31 December	於12月31日之現金及現金等值項目	15	255,198	190,007

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

附註：本集團於2019年1月1日採用經修訂追溯法初步應用香港財務報告準則第16號。根據此方法，比較資料不予重列。見附註2(c)。

The notes on pages 59 to 131 form part of the consolidated financial statements.

載於第59頁至第131頁之附註為組成此等綜合財務報表之一部份。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

I COMPANY INFORMATION

Raymond Industrial Limited (the “Company”) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Rooms 1801 – 1813, 18th Floor, Grandtech Centre, 8 On Ping Street, Shatin, New Territories, Hong Kong.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements for year ended 31 December 2019 comprise the Company and its subsidiaries (together the “Group”).

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

A summary of significant accounting policies adopted by the Group is set out below.

I 公司資料

利民實業有限公司(「本公司」)於香港註冊成立，公司註冊辦事處及主要經營地點位於香港新界沙田安平街8號偉達中心18樓1801-1813室。

2 主要會計政策

(a) 合規聲明

截至2019年12月31日止年度之綜合財務報表包括本公司及其附屬公司(統稱「本集團」)之賬目。

此等綜合財務報表乃根據所有適用之香港財務報告準則(「香港財務報告準則」)編制。此統稱詞彙包括香港會計師公會(「香港會計師公會」)頒佈之所有適用之個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋、香港公認會計原則及香港公司條例之披露規定。此等綜合財務報表亦符合香港聯合交易所有限公司證券上市規則之適用披露條文。

香港會計師公會已頒佈一些新及經修訂香港財務報告準則，於本集團及本公司之當前會計期間首次生效或可提早採納。請參閱附註2(c)提供有關本集團因會計政策變動而影響本年及往年度期間的財務報表的資料。

本集團採用之重大會計政策概要載列如下。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(b) Basis of preparation of the consolidated financial statements

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

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 27.

2 主要會計政策(續)

(b) 綜合財務報表之編制基準

編制本綜合財務報表所採用之計算基準為歷史成本基準。

編制符合香港財務報告準則之綜合財務報表，要求管理層就可影響政策應用以及資產及負債、收入及開支之呈報金額作出判斷、估計及假設。有關估計及相關假設乃根據過往經驗，以及多項在此情況下相信屬合理之其他因素而作出，有關結果構成對未能在其他資料來源顯示之資產及負債之賬面值作出判斷之基礎。實際結果可能與有關估計有所不同。

本公司會持續對估計及相關假設進行評估。如果會計估計之更改僅影響該期間，則有關影響會在估計變更期間確認，或如果有關更改會影響本期間及未來期間，有關影響則於更改期間及未來期間確認。

管理層採用香港財務報告準則之判斷對於綜合財務報表及估計有重大調整之巨大風險在附註27論述。

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賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Changes in accounting policies

The HKICPA has issued an new HKFRS, HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Except for HKFRS 16, Leases, none of the developments have had a material effect on the Group's financial statements for the current or prior periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 28).

This note explains the impact of the adoption of HKFRS 16 on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different from those applied in prior periods.

HKFRS 16, Leases

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

2 主要會計政策(續)

(c) 會計政策變動

香港會計師公會已頒佈多項新香港財務報告準則、香港財務報告準則第16號及香港財務報告準則的修訂，於本集團之當前會計期間首次生效。除香港財務報告準則第16號「租賃」之外，並無修訂對本集團於當前或過往期間的財務報告產生重大影響。

本集團在當前會計期間未採納任何仍未生效的新準則或詮釋(附註28)。

本附註闡釋採納香港財務報告準則第16號對本集團綜合財務報表的影響，亦披露自2019年1月1日起應用的新會計政策(倘其與過往期間所應用者不同)。

香港財務報告準則第16號「租賃」

本集團自2019年1月1日起初始採納香港財務報告準則第16號。本集團已採納經修訂的追溯法，因而確認初始採納的累積影響作為對於2019年1月1日期初權益餘額的調整。本集團概無重列比較數據，並繼續根據香港會計準則第17號呈報。

香港財務報告準則第16號取代香港會計準則第17號「租賃」及相關詮釋、香港(國際財務報告詮釋委員會)詮釋第4號「釐定安排是否包含租賃」、香港(常設詮釋委員會)詮釋第15號「經營租賃 – 優惠」及香港(常設詮釋委員會)詮釋第27號「評估涉及租賃法律形式的交易實質」。其引入針對承租人的單一會計模式，要求承租人就所有租賃確認使用權資產及租賃負債，除租賃期為十二個月或以下的租賃(「短期租賃」)及低價值資產租賃之外。出租人會計方法規定承繼香港會計準則第17號，大致不變。

Notes to the Consolidated Financial Statements

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(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

The Group reassessed all lease contracts at 1 January 2019 in which, except for contracts relating to leasehold land, the Group had no other lease contracts that were classified as leases under HKAS 17 but also satisfied the definition of a lease under HKFRS 16.

Upon the adoption of HKFRS 16, the Group reclassified the assets under finance leases (mainly leasehold land) from property, plant and equipment and interests in leasehold land under operating leases to right-of-use assets for presentation purposes in which the right-of-use assets are depreciated over their existing lease terms onwards.

The following table summarises the impacts of the adoption of HKFRS 16, on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:

Property, plant and equipment
Interests in leasehold land held for own use under operating leases
Right-of-use assets

採納香港財務報告準則第16號影響綜合財務狀況表的相同項目：

物業、廠房及設備
根據經營租賃持作自用之土地權益
使用權資產

2 主要會計政策(續)

(c) 會計政策變動(續)

香港財務報告準則第16號「租賃」(續)

本集團於2019年1月1日重新評估所有租賃合約，其中，除有關土地的合約之外，本集團概無任何根據香港會計準則第17號分類為租賃的租賃合約，但亦符合香港財務報告準則第16號項下租賃的定義。

於採納香港財務報告準則第16號後，本集團將在物業、廠房及設備項目下之融資租賃項下資產(主要為土地)自及以經營租賃持作自用之土地權益重新分類至使用權資產(就呈報而言)，其中，使用權資產按其現有租賃期開始折舊。

下表概述採納香港財務報告準則第16號對本集團綜合財務狀況表的影響：

At 31 December 2018 於2018年 12月31日 HK\$'000 港幣千元	HKFRS 16 Reclassification 香港財務報 告準則第16號 重新分類 HK\$'000 港幣千元	At 1 January 2019 於2019年 1月1日 HK\$'000 港幣千元
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184,011	(2,931)	181,080
6,664	(6,664)	–
–	9,595	9,595

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

After initial recognition of right-of-use assets at 1 January 2019, amortisation and depreciation charges in respect of leasehold land held for own use under operating leases and finance leases were now presented as depreciation of right-of-use assets for the year ended 31 December 2019. And there was no impact on the opening balance of equity at 1 January 2019.

For further details on the Group's accounting policy for lease assets, see note 2(f).

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)(ii)).

2 主要會計政策(續)

(c) 會計政策變動(續)

香港財務報告準則第16號「租賃」(續)

於2019年1月1日初始確認使用權資產後，有關以經營租賃及融資租賃持作自用之土地權益之折舊及攤銷現列示為使用權資產之折舊。於2019年1月1日期初權益餘額概無任何影響。

有關本集團租賃資產會計政策的更多詳情，請參見附註2(f)。

(d) 附屬公司

附屬公司乃本集團控制之公司。本集團可控制一實體當通過參予該實體從而享有不同回報的權利或風險及運用其控制權以影響回報金額。當考慮本集團是否有控制權是指持有主要權益(本集團及其他人士持有)。

附屬公司之投資於擁有控制權日期起被合併入綜合財務報表，直至該控制權終止時止。本集團內部往來之結餘和交易及其產生之任何未變現溢利，均在編制綜合財務報表時全數抵銷。在沒有證據顯示已出現減值之情況下，本集團內部交易所產生之未變現虧損，會按未變現收益相同之方法抵銷。

於本公司之財務狀況表內，於附屬公司之投資按成本減去減值虧損後入賬(見附註2(g)(ii))。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(e) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(g)(ii)).

The cost of construction in progress includes the cost of machinery, materials, construction expenditures and other costs directly attributable to bringing the assets to a working condition for its intended use. Construction in progress is not depreciated until it is completed and ready for its intended use.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, over their estimated useful lives at the following annual rates:

Buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(f))	4.0% – 4.5% straight line
Leasehold land is depreciated over the unexpired term of lease (see note 2(f))	2.0% straight line
Plant and machinery	9.0% – 18.0% straight line
Furniture, fixtures and equipment	9.0% – 33.3% straight line
Motor vehicles	25.0% reducing balance and 18.0% straight line

Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 主要會計政策(續)

(e) 物業、廠房及設備

物業、廠房及設備項目按成本減去累積折舊及減值虧損列賬(見附註2(g)(ii))。

在建工程成本包括機器、材料、建築費用及其他直接分配至可作營運用途的資產的成本。在建工程將不計折舊直至工程完成及可供使用。

報廢或出售物業、廠房及設備所產生之損益是以資產出售所得款項淨額與賬面值之間之差額釐定，並在報廢或出售當日在損益內確認。

物業、廠房及設備之折舊乃在扣除其估計殘值(如有)後按下列預計可使用年限計算。

可與租約業權土地權益之公平值在獲取時能可攤分的建於租賃土地上之自用房屋(見附註(2(f)))	直線法4.0% – 4.5%
租賃土地在未到期的租賃期內折舊(見附註(2(f)))	直線法2.0%
廠房及機器	直線法9.0% – 18.0%
傢俬、裝置及設備	直線法9.0% – 33.3%
汽車	25.0% 餘額遞減法及直線法18.0%

資產的可使用年期及剩餘價值，如有，在每年進行檢討。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

(A) Policy applicable from 1 January 2019

Assets leased to the Group

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets leased by the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate.

2 主要會計政策(續)

(f) 租賃資產

本集團會於合約初始生效時評估該合約是否屬租賃或包含租賃。倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約屬租賃或包含租賃。倘客戶有權主導可識別的資產的使用及從該使用中獲取幾乎所有的經濟收益，則表示控制權已轉讓。

作為承租人

(A) 自2019年1月1日起適用的政策

租賃給本集團的資產

本集團於租賃開始日期(即相關資產可供使用當日)確認使用權資產及相應的負債。租賃付款於融資開支及租賃承擔減少之間按比例分配，以就負債之餘額達致固定利率。使用權資產以直線法於其估計使用年期及租賃期(以較短者為準)內計提折舊。

本集團租賃的資產及相應的負債按現值進行初始計量。租賃負債包括以下租賃付款的淨現值：

- 固定付款(包括實質固定付款)減去應收租賃優惠；和
- 基於指數或比率而定的可變租賃付款。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Leased assets (Continued)

As a lessee (Continued)

(A) Policy applicable from 1 January 2019 (Continued)

Assets leased to the Group (Continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of the respective entities. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

2 主要會計政策(續)

(f) 租賃資產(續)

作為承租人(續)

(A) 自2019年1月1日起適用的政策(續)

租賃給本集團的資產(續)

如果可以確定租賃利率，可以使用租賃中隱含的利率或各個實體的增額借款利率對租賃付款進行折現。使用權資產按以下成本計量：

- 租賃負債的初始計量金額；
- 在開始日期或之前支付的任何租賃款項，減去收到的任何租賃；
- 任何初始直接費用；和
- 復原費用。

與短期租賃和低價值資產租賃有關的付款以直線法確認為損益中支出。短期租賃是指租賃期為12個月或更短的租賃。低價值資產包括設備和辦公家具的小物件。

Notes to the Consolidated Financial Statements

賬目附註

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(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Leased assets (Continued)

As a lessee (Continued)

(B) Policy applicable prior to 1 January 2019

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except where the land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred. The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term. Impairment losses are recognised in accordance with accounting policy set out in note 2(g)(ii).

2 主要會計政策(續)

(f) 租賃資產(續)

作為承租人(續)

(B) 2019年1月1日之前適用的政策

(i) 租予本集團之資產分類

本集團根據租約持有之資產，如果絕大部份風險及擁有權利益均轉移至本集團之租約，有關的資產便會劃歸為融資租賃持有。如果不會向本集團轉移絕大部份風險及擁有權利益之租約則分類為經營租賃；以經營租賃持作自用但無法在租賃初始時將其公平價值與座落其上面之建築物之公平值分開計量時，則會按根據融資租賃持有之物業列賬，但清楚地以經營租賃持有的建築物除外。就該等項目的而言，該租賃之開始時間為最初訂立有關租約時或自前承租人接收建築物時。

(ii) 經營租賃支出

本集團是以經營租賃獲得資產的使用權，其租賃的支出根據其租賃期所涵蓋的會計期間，於損益中確認，除非有其他基準能更清晰地反映其租賃資產所產生的收益模式。租賃所涉及的鼓勵措施的收入均在損益中確認為租賃淨付款總額的組成部分。或有租金在其產生的會計期間內在損益中確認。根據經營租賃獲得的土地購置成本在租賃期內按直線法攤銷。

以經營租賃持有土地的收購成本以直線法於租賃期內攤銷。減值虧損根據會計政策附註2(g)(ii)確認。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, and amounts due from subsidiaries in the Company’s statement of financial position).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rate where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 主要會計政策(續)

(g) 信貸損失和資產減值

(i) 金融工具的信貸損失

本集團就按攤銷成本計量的金融資產(包括現金及現金等價物、貿易及其他應收款項以及本公司財務狀況表中應收附屬公司款項)確認ECL的虧損撥備。

ECL的計量

ECL是信用損失的概率加權估計。信貸虧損按所有預期現金短缺的現值(即根據合約應付集團的現金流量與本集團預期收到的現金流量之間的差額)計量。

如果貼現的影響很大，則使用以下貼現率貼現預期現金短缺：

- 固定利率金融資產和貿易及其他應收款：初始確認時確定的實際利率或其近似值；

估計預期信用損失時所考慮的最長期限是本集團面臨信用風險的最長合約期。

在衡量ECL時，本集團會考慮合理且可支持的信息，而無需過多的成本或努力。這包括有關過去事件，當前狀況和未來經濟狀況預測的信息。

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(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs 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 and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 主要會計政策 (續)

(g) 信貸損失和資產減值 (續)

(i) 金融工具的信貸損失 (續)

ECL的計量 (續)

ECL在以下任一基礎上計量：

- 12個月的預期信用損失：這些是預計在報告日期後12個月內可能發生的違約事件造成的損失；和
- 終身ECL：這些是預期由ECL模型適用的項目的預期壽命內的所有可能的默認事件導致的損失。

貿易應收款項的損失準備金總是以等於終身ECL的金額計量。這些金融資產的預期信用損失使用基於本集團歷史信用損失經驗的撥備矩陣進行估算，並根據債務人特有的因素進行調整，並對報告日期的當前和預測的一般經濟狀況進行評估。

對於所有其他金融工具，本集團確認相當於12個月預期信用損失的損失準備金，除非自初始確認以來金融工具的信用風險顯著增加，在這種情況下，損失準備金的計算金額等於終身金額的ECL。

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2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Credit losses and impairment of assets

(Continued)

(i) Credit losses from financial instruments

(Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). 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:

- Failure to make payments of principal or interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- An actual or expected significant deterioration in the operating results of the debtor; and
- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2 主要會計政策(續)

(g) 信貸損失和資產減值(續)

(i) 金融工具的信貸損失(續)

信用風險顯著增加

在評估自初始確認後金融工具的信用風險是否顯著增加時，本集團將報告日期評估的金融工具違約風險與初始確認日評估的風險進行比較。在進行重新評估時，本集團認為，當借款人不可能全額支付其對本集團的信貸責任，且本集團無需追究實現擔保(如有任何保證)等行動時，就會發生違約事件。本集團考慮合理且可支持的定量和定性信息，包括歷史經驗和前瞻性信息，無需過多的成本或努力即可獲得。

特別是，在評估自初始確認後信用風險是否顯著增加時，會考慮以下信息：

- 未在合同到期日支付本金或利息；
- 金融工具的外部或內部信用評級(如果有)的實際或預期的顯著惡化；
- 債務人經營業績的實際或預期顯著惡化；和
- 技術，市場，經濟或法律環境的現有或預測變化，對債務人履行其對本集團的義務的能力產生重大不利影響。

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 2(q) (ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2 主要會計政策 (續)

(g) 信貸損失和資產減值 (續)

(i) 金融工具的信貸損失 (續)

信用風險顯著增加 (續)

根據金融工具的性質，對信用風險顯著增加的評估是在個人基礎上或集體基礎上進行的。當評估在集體基礎上進行時，金融工具根據共享信用風險特徵進行分組，例如過期狀態和信用風險評級。

在每個報告日期重新計量預期信用損失，以反映自初始確認以來金融工具信用風險的變化。ECL金額的任何變動均確認為減值損益。本集團確認所有金融工具的減值損益，並通過損失準備賬戶對其賬面金額進行相應調整。

利息收入的計算基礎

根據附註2(q)(ii)確認的利息收入乃根據金融資產的賬面總值計算，除非該金融資產為信貸減值，在此情況下，利息收入乃根據攤銷成本計算（即金融資產的賬面總額減去損失準備金額。

於各報告日期，本集團會評估金融資產是否為信貸減值。當一項或多項事件對金融資產的估計未來現金流量產生不利影響時，金融資產即為信用減值。

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2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Credit losses and impairment of assets

(Continued)

(i) Credit losses from financial instruments

(Continued)

Basis of calculation of interest income (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 主要會計政策 (續)

(g) 信貸損失和資產減值 (續)

(i) 金融工具的信貸損失 (續)

利息收入的計算基礎 (續)

金融資產信用減值的證據包括以下可觀察事件：

- 債務人的重大財務困難；
- 違約，例如違約或拖欠利息或本金付款；
- 借款人很可能會進入破產或其他財務重組；
- 對債務人產生不利影響的技術，市場，經濟或法律環境的重大變化；或
- 由於發行人的財務困難，證券市場活躍的市場消失。

註銷政策

在沒有實際復甦前景的情況下，核銷(部分或全部)金融資產的賬面總額。當集團確定債務人沒有資產或收入來源可以產生足夠的現金流來償還註銷金額時，通常就是這種情況。

先前已撇銷的資產的後續回收確認為恢復發生期間的損益減值撥回。

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- pre-paid interests in leasehold land classified as being held for own use under operating leases; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 主要會計政策 (續)

(g) 信貸損失和資產減值 (續)

(ii) 其他非流動資產減值

內部和外來之信息會在每個報告期末審閱，以確定下列資產有否出現減值跡象，或以往確認之減值虧損不復存在或可能已經減少：

- 物業、廠房及設備；
- 使用權資產；
- 預付租賃土地權益分類為營運租賃；及
- 在財務狀況表中附屬公司投資。

如果發現任何減值跡象，便會估計資產可收回金額。

- 計算可收回金額

資產之可收回金額為其公平值減出售成本與使用價值兩者中之較高者。在評估使用價值時，預期未來現金流量會按可以反映當時市場對貨幣時間值及資產特定風險之評估之稅前貼現率，貼現至其現值。如果資產所產生之現金流入基本上並非獨立於其他資產所產生之現金流入，則會以可獨立產生現金流入之最小資產類別（即現金產生單位）來釐定可收回金額。

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2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Credit losses and impairment of assets

(Continued)

(ii) Impairment of other non-current assets

(Continued)

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of assets in the unit (or group of units) on a pro rata basis, and then, to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 主要會計政策(續)

(g) 信貸損失和資產減值(續)

(ii) 其他非流動資產減值(續)

- 確認減值虧損

減值虧損於一項資產或其所屬現金產生單位之賬面值超逾其可收回金額時，便會於損益內確認。就現金產生單位確認之減值虧損會作出分配，首先會分攤以減低任何已分攤至現金產生單位(或一組單位)之任何商譽之賬面值，然後按比例減低單位(或一組單位)內其他資產之賬面值，但資產賬面值不得低於其個別公平值減出售成本，或其使用價值(若可確定)。

- 減值虧損轉回

倘若用以釐定可收回金額之估計數據出現有利變化，有關減值虧損便會轉回。所轉回之減值虧損限於該資產於過往年度並無確認減值虧損時所釐訂之賬面值。所轉回之減值虧損於確認轉回年度計入損益。

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2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(q)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(j)).

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

A receivable is stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(g)(i)).

2 主要會計政策(續)

(h) 存貨

存貨乃按成本與可變現淨值兩者間較低者列賬。

成本乃使用加權平均成本公式計算。成本包括所有購買成本、加工及運輸存貨到當前位置及狀況所產生的其他成本。

可變現淨值乃在日常業務過程中的估計售價減完成生產估計成本及進行銷售所需的估計成本。

在出售存貨時，該等存貨的賬面值按確認為有關收益獲確認的期間的開支。存貨撇減至可變現淨值數額及所有存貨虧損應確認為產生撇減或虧損的期間的開支。任何撥回存貨的數額應減少在有關回撥期間確認為開支的存貨數額。

(i) 合約負債

當客戶在本集團確認相關收入前支付代價時，確認合約負債(附註2(q))。倘本集團於本集團確認相關收入前擁有無條件收取代價之權利，則亦將確認合約負債。在這種情況下，也將確認相應的應收款(附註2(j))。

(j) 貿易及其他應收款項

應收款項於本集團有無條件接納代價之權利時確認。如果在支付該對價到期之前只需要經過一段時間，則獲得代價的權利是無條件的。

應收款項採用實際利率法減去信貸損失準備，按攤餘成本列賬(見附註2(g)(i))。

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2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses in accordance with the policy set out in note 2(g)(i).

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to mandatory provident fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to retirement benefit schemes for the employees of the Group's subsidiaries in the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity (see note 2(n)).

2 主要會計政策(續)

(k) 貿易及其他應付款項

貿易及其他應付款項初步按公平價值確認入賬。如貿易及其他應付款項按經攤銷成本除貼現並無重大影響，而在這樣情況下成本列賬。

(l) 現金及現金等值項目

現金及現金等值項目包括銀行存款及現金、存放於銀行和其他金融機構的存款，以及短期和高流動性的投資。此等投資可以隨時換算為已知之現金額，而價值變動方面之風險不大，並在購入後3個月內到期。現金及現金等價項目按照附註2(g)(i)所載政策評估預期信貸損失。

(m) 僱員福利

(i) 短期僱員福利及向定額供款退休計劃作出之供款

薪金、年度獎金、有薪年假、定額供款退休計劃之供款及各項非貨幣福利之成本，均在本集團僱員提供相關服務之年度內累計。如延遲支付或結算會構成重大影響，則上述數額須按現值列賬。

根據香港強制性公積金計劃條例規定就強積金計劃和本集團在中國之附屬公司於中國政府籌辦的退休福利計劃作出的供款，乃按產生時確認為開支。

(ii) 以股份為基礎的支付交易

授予員工之購股權之公平值確認為員工成本，並相應於股本內增加資本儲備(附註2(n))。

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2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Equity-settled share-based payment transactions

The Company operates a share option scheme under which the Group receives services or goods from its directors, employees and other eligible persons as consideration for share options of the Company. The fair value of the services or goods received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share options, which is measured at grant date using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. Where the counterparties have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised which included in the amount recognised in share capital for the shares issued or the option expires (when it is released directly to retained earnings).

2 主要會計政策(續)

(n) 權益償付以股份為基礎項目

本公司提供購股權計劃，據此本集團董事、僱員及其他合資格人士以提供服務或貨品作為本公司授出購股權的代價。此等服務或貨品之公平值則確認為開支，其公平值乃按授予購股權之公平值而釐定。購股權公平值是在授予日期以畢蘇模式計量，並會考慮有關購股權授予之條款及條件後釐定。倘對方須符合歸屬條件方能無條件取得購股權，購股權之估計公平值總額將於歸屬期間攤分，並考慮到購股權將予歸屬之可能性。

於歸屬期間，預期歸屬之購股權數目將獲審核。對於過往年間確認之累計公平值作出之任何調整，將支取／計入審核年間之溢利或虧損，除非原來僱員之開支可獲確認為資產，並於資本儲備中作出相應調整。於歸屬日，已確認為開支之金額將調整至反映歸屬之購股權數目（並於資本儲備中作出相應調整），因無法達到與本公司股份市價相關之歸屬條件而喪失者除外。股本金額將於資本儲備確認，直到購股權獲行使轉入股本或購股權期屆滿（直接釋放到滾存盈利）。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2 主要會計政策(續)

(o) 所得稅

本年度所得稅包括本期稅項及遞延稅項資產及負債之變動。本期稅項及遞延稅項資產及負債之變動均在損益內確認，但與直接確認為其他全面收益或權益項目相關者，則分別確認為其他全面損益或權益。

本期稅項乃按本年度應課稅收入，根據已生效或在報告期末實質上已生效之稅率計算而預期應付之稅項，並就過往年度應付稅項作出任何調整。

遞延稅項資產及負債分別由可抵扣及應課稅暫時差異產生。暫時差異是指資產及負債在就財務呈報目的之賬面值與其稅基之差異。遞延稅項資產亦可以由未利用稅項虧損及未利用稅項抵免產生。

除了某些有限之例外情況外，所有遞延稅項負債及遞延稅項資產(只以未來可能有應課稅溢利予以抵銷之資產為限)均會確認。支持確認由可抵扣暫時差異所產生遞延稅項資產之未來應課稅溢利，包括因撥回現有應課稅暫時差異而產生之數額；但有關差異必須與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回之同一期間或遞延稅項資產所產生之稅項虧損向後期或向前期結轉之期間內撥回。在決定現有之應課稅暫時差異是否足以支持確認由未利用稅項虧損及抵免所產生之遞延稅項資產時，亦會採用同一準則，倘涉及同一稅務機關及同一應課稅實體，而且預期在能夠使用稅項虧損及抵免之同一期間內撥回，則予以計算在內。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2 主要會計政策(續)

(o) 所得稅(續)

遞延稅項資產及負債確認之有限例外情況包括不影響會計或應課稅溢利(如屬業務合併之一部分則除外)之資產或負債之初次確認,以及於附屬公司之投資之暫時差異(如屬應課稅差異,只限於本集團可以控制轉回之時間,而且在可預見之將來不大可能轉回之差異;或如屬可予扣減之差異,則只限於可在將來轉回之差異)。

已確認之遞延稅項數額是按照資產及負債賬面值之預期實現或清償方式,以報告期末已生效或實際生效之稅率計量。遞延稅項資產及負債均不須貼現。

遞延稅項資產之賬面值,每屆報告期末予以重計,並於不可能再有足夠應課稅溢利可供動用有關稅項福利予以削減。任何有關減少在可能有足夠應課稅溢利可供抵免時撥回。

源自股息分派之額外所得稅,於派付有關股息之責任獲確認時確認。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

2 主要會計政策(續)

(o) 所得稅(續)

本期稅項結餘及遞延稅項結餘及其變動額會分開列示，並且不予抵銷。倘本公司或本集團有法定行使權以本期稅項資產抵銷本期稅項負債，並且符合以下附帶條件之情況下，本期稅項資產與遞延稅項資產始會分別與本期稅項負債及遞延稅項負債抵銷：

- 倘為本期稅項資產及負債，本公司或本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 倘為遞延稅項資產及負債，而此等資產及負債與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同之應課稅實體。此等實體計劃在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之期間內，按淨額基準變現本期稅項資產及清償本期稅項負債，或同時變現該資產及清償該負債。

(p) 撥備及或然負債

如果本集團或本公司須就已發生之事件承擔法律或推定義務，而會導致經濟利益外流及在可以作出可靠之估計時，則就該時間或數額不定之其他負債計提準備。如果貨幣時間值重大，則按履行義務預計所需支出之現值計提準備。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Provisions and contingent liabilities

(Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

The Group recognises revenue when a performance obligation is satisfied, i.e. when control over a product underlying the particular performance obligation is transferred to the customers, at the amount of promised consideration to which the Group is expected to be entitled. Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the goods are delivered at the customers' premises in accordance with shipping terms stipulated in contracts which is taken to be the point in time when the customer has accepted the goods. Revenue excludes value added tax or other sale taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

2 主要會計政策(續)

(p) 撥備及或然負債(續)

如果流出經濟利益之可能性較低，或無法對有關數額作出可靠之估計，則會將該義務披露為或然負債，但經濟利益外流之可能性極低則除外。如果有關義務須視乎某宗或多宗未來事件是否發生才能確定是否存在，則會披露為或然負債，除非經濟利益外流之可能性極低。

(q) 收入確認

本集團於履行履約義務時確認收入，即當對特定履約責任所依據的產品的控制權轉移至客戶時，按本集團預期有權獲得的承諾代價金額確認。有關本集團收入及其他收入確認政策的進一步詳情如下：

(i) 銷售貨物

當貨物按照合同中規定的運輸條款在客戶的場所交付時，即在客戶接受貨物的時間點確認收入。收入不包括增值稅或其他銷售稅，並扣除任何貿易折扣。

(ii) 利息收入

利息收入按採用實際利率法累計確認。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(s) Product development costs

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour and an appropriate proportion of overheads. Development expenditure is recognised as an expense in the period in which it is incurred.

2 主要會計政策(續)

(r) 外幣換算

年內之外幣交易按交易日外幣兌換率換算。以外幣計值之貨幣資產及負債均按報告期末之外幣兌換率換算。匯兌盈虧均於損益內確認入賬。以歷史成本計量之外幣非貨幣資產及負債按交易日之匯率換算。

海外業務之業績按與交易日外幣匯率相若之匯率換算為港元。財務狀況表項目則按報告期末之外幣兌換率換算為港元。匯兌差額乃於其他全面損益內確認，並於匯兌儲備個別累計為權益。

在出售海外業務時，與該海外業務有關並於權益確認的累計匯兌差額會在計算出售的溢利或虧損時包括在損益內。

(s) 產品開發成本

在開發活動中研究成果乃應用於新或大有改進的產品或程序的生產計劃或設計上。開發活動的開支乃在產品或程序在技術上及商業上切實可行時及本集團有充裕資源及意圖完成開發時列作資本。列作資本的開支包括物料、直接勞力及適合比例的人手的成本。開發開支乃於產生時在損益確認為開支。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(t) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (i).

2 主要會計政策(續)

(t) 關連人士

- (a) 符合以下條件之一的人士或其直系家庭成員將被視為本集團的關聯方：
- (i) 對本集團有控制或共同控制；
 - (ii) 對本集團有重大影響；或
 - (iii) 本集團或本集團母公司主要管理人員的成員。
- (b) 符合以下條件之一的企業將被視為本集團的關聯方：
- (i) 企業和本集團為同一集團下的成員(即母公司和各子公司均為相互的關聯方)。
 - (ii) 企業為另外一家企業的聯營公司或合營公司(或企業為該另外一家企業的集團成員的聯營公司或合營公司)。
 - (iii) 兩家企業同為一個第三方的合營公司。
 - (iv) 企業為一家第三方企業的合營公司及另一家企業為該第三方企業的聯營公司。
 - (v) 企業為一僱員退休福利計劃，且該福利計劃的受益人為本集團的僱員或本集團任何關聯方。
 - (vi) 企業被在註釋(i)下認定的人士控制或共同控制。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

2 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(t) Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies: (Continued)
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 主要會計政策 (續)

(t) 關連人士 (續)

- (b) 符合以下條件之一的企業將被視為本集團的關聯方：(續)
- (vii) 在註釋(a)(i)下認定的人士對企業有重大影響，或該人士為企業(或企業的母公司)的主要管理人員。
- (viii) 企業，或一間集團之任何成員向集團或集團母公司提供主要管理人員服務。

個人的直系家庭成員是指預期他們在與企業的交易中，可能會影響該個人或受其影響的家屬。

(u) 分部報告

經營分部及合併財務報表中報告的每個分部項目的金額，均從經常向本集團最高級執行管理人員提供的財務信息確定，目的是為本集團的各種資源分配資源和評估其績效的業務和地理位置。

就財務報告而言，個別重大經營分部不會合併，惟分部間有類似經濟特點及在產品及服務性質、生產過程性質、客戶種類或類別、用作分銷產品或提供服務之方法以及監管環境性質方面相類似則除外。倘並非個別重大之經營分部符合大部分此等準則，則該等經營分部可能會被合併。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

3 REVENUE

The principal activities of the Group are the manufacture and sale of electrical home appliances. Revenue from sale of electrical home appliances is recognised at point in time when the control over the promised products are transferred to customers upon the agreed shipping terms stipulated in contracts.

Disaggregation of revenue from customers by geographic markets is disclosed in note 10.

Revenue represents the sales value of goods supplied to customers, net of discounts, returns and value added tax or other sales taxes.

3 收入

本集團的主要業務為製造及銷售家用電器。銷售家用電器的收入在對承諾產品的控制權按照合同規定的約定運輸條款轉移給客戶的時間點確認。

地區市場的客戶收入分解在附註10中披露

收入是銷售與客戶之銷貨值，扣除折扣、退貨及增值稅或其他銷售稅。

4 OTHER REVENUE AND OTHER NET INCOME

4 其他收入及淨收益

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Other revenue	其他收入		
Bank interest income	銀行利息收入	4,208	3,211
Other net income	其他淨收益		
Net gain on disposal of scrap materials	出售殘餘物淨收益	819	1,239
Net exchange gain	匯兌淨收益	5,087	1,442
Net loss on disposal of property, plant and equipment	出售物業，廠房及設備淨虧損	(1,206)	(776)
Sample sales income	樣板收益	1,034	1,629
Subsidy income	補助收益	1,520	356
Sundry income	其他收益	1,840	815
		9,094	4,705

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5 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

5 除稅前溢利

除稅前溢利乃經扣除下列各項後達致：

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
(a)	Staff costs (including directors' remuneration (note 7))		
	Salaries, wages and other benefits	206,333	230,997
	Discretionary bonuses	2,312	4,714
	Contributions to defined contribution retirement plans	17,598	17,869
		226,243	253,580
(b)	Other items		
	Cost of inventories sold (note 13(b)) [#]	1,007,721	1,092,494
	Amortisation of interests in leasehold land held for own use under operating leases (Note)	-	398
	Depreciation of right-of-use assets (Note)	487	-
	Depreciation of other property, plant and equipment (Note)	33,959	31,004
	Claims on sales [^]	-	11,076
	Auditor's remuneration	692	692
	Product development costs*	40,844	44,315

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5 PROFIT BEFORE TAXATION (Continued)

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leasehold land (see note 11). After initial recognition of right-of-use assets at 1 January 2019, amortisation and depreciation charges in respect of leasehold land held for own use under operating leases and finance leases were now presented as depreciation of right-of-use assets for the year ended 31 December 2019. Under this approach, the comparative information is not restated.

Cost of inventories includes approximately HK\$199,075,000 (2018: HK\$224,550,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 5(a) for each of these types of expenses.

* Product development costs include approximately HK\$23,198,000 (2018: HK\$19,317,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 5(a) for each of these types of expenses.

^ Pursuant to an agreement with a customer, the Company agreed to compensate certain claims by this customer arising from defective goods with totaling US\$1,429,000 (equivalent to HK\$11,076,000) and will be settled by agreed instalments. This compensation was recognised in profit or loss and included in "Selling expenses" in prior year.

5 除稅前溢利(續)

附註：本集團最初採納經修訂的追溯法應用香港財務報告準則第16號，並於2019年1月1日調整期初結餘以確認與租賃土地相關的使用權資產(見附註11)。於2019年1月1日初始確認使用權資產後，經營租賃和融資租賃項持有自用的租賃土地的攤銷和折舊費用現列為截至2019年度的使用權資產折舊。在此情況下，比較資料不重列。

銷售存貨成本有關僱員成本及折舊為港幣199,075,000元(2018年：港幣224,550,000元)，該金額亦包括於上述總金額及附註5(a)個別披露各項費用總金額。

* 產品開發成本包括與員工成本及折舊有關的約港幣23,198,000元(2018年：港幣19,317,000元)，該金額亦包括於附註5(a)披露各項費用總金額。

^ 根據與客戶達成的協議，本公司同意賠償該客戶因瑕疵貨品而產生的若干索償，總額為美元1,429,000元(相當於港幣11,076,000元)，並將按協定分期付款。該補償在損益中確認，併計2018年度的"銷售費用"。

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(以港幣為單位)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

6 綜合損益表之所得稅

(a) Taxation in the consolidated statement of profit or loss represents:

(a) 於綜合損益表呈列之稅項：

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Current tax – Hong Kong Profits Tax	本年度稅項 – 香港所得稅		
Provision for the year (note 12(a))	本年撥備(附註12(a))	2,343	963
Over-provision in respect of prior years	往年度撥備過多	(252)	–
		2,091	963
Current tax – PRC Enterprise Income Tax	本年度稅項 – 中國企業所得稅		
Provision for the year (note 12(a))	本年撥備(附註12(a))	2,740	10,084
Over-provision in respect of prior years	往年度撥備過多	(1,703)	(2,634)
		1,037	7,450
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 12(b))	遞延稅項暫時差異的產生及轉回(附註12(b))	(191)	1,311
Income tax expense	利得稅支出	2,937	9,724

Note:

附註：

(i) Hong Kong Profits Tax

(i) 香港利得稅

In March 2018, the Hong Kong Government introduced a two-tiered profits tax rate regime by enacting the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"). Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of assessable profits of a qualifying corporation, which only one qualifying corporation within the Group is selected, is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The Ordinance is effective from the year of assessment 2018 – 2019.

2018年3月，香港政府通過制定「2018年稅務(修訂)(第3號)條例」(「條例」)，引入雙層利得稅制度。根據雙層利得稅制度，合資格公司的首2,000,000港元應課稅溢利(即本集團內只有一間合資格公司)的稅率為8.25%，其餘應課稅溢利則按16.5%徵稅。該條例自2018年至2019年的課稅年度起生效。

Accordingly, the provision for Hong Kong Profits Tax for the qualifying corporation is calculated in accordance with the two-tiered profits tax rate regime whereas the provision for other Hong Kong incorporated corporations are charged at 16.5% (2018: 16.5%).

因此，合資格公司的香港利得稅撥備乃根據雙層利得稅稅率制度計算而其他香港註冊成立的公司收取16.5%的費用(2018年：16.5%)。

(ii) PRC Enterprise Income Tax

(ii) 中國企業所得稅

A subsidiary in the PRC was qualified as a high and new technology enterprise and can enjoy a preferential tax rate of 15% (2018: 15%).

中國的附屬公司於被視為高新科技企業，可享有15%的優惠稅率(2018年：15%)。

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Continued)

(b) Reconciliation between income tax expense and accounting profit at the applicable tax rates:

6 綜合損益表之所得稅(續)

(b) 按稅率調整利得稅支出及會計溢利：

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Profit before taxation	除稅前溢利	41,910	62,298
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	按有關地區適用稅率計算之除稅前溢利名義稅項	6,478	10,254
Tax effect of non-deductible expenses	不可扣除支出之稅務影響	111	1,640
Tax effect of non-taxable income	非應課稅收入之稅務影響	(1,794)	(899)
Effect of temporary differences not recognised	臨時差異未得到承認之影響	97	(130)
Effect of deferred tax balances at 1 January resulting from a change in tax rate	1月1日遞延稅項結餘因稅率的變化之影響	-	1,493
Over-provision in respect of prior years	往年度淨撥備過多	(1,955)	(2,634)
Actual tax expense	實際稅項支出	2,937	9,724

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7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:

7 董事酬金

董事酬金根據香港《公司條例》第383(1)條及公司守則部份2披露如下：

Year ended 31 December 2019 至2019年12月31日年度止		Salaries, allowances and benefits				Total
		Directors' fees	in kind	Discretionary bonuses	Retirement scheme contributions	
		薪金、袍金	薪金、津貼及福利	酌情發放之花紅	退休金供款	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Executive directors	執行董事					
Dr. Wong, Wilson Kin Lae (Chairman)	黃乾利博士 (主席)	200	7	410	-	617
Mr. Wong, John Ying Man	黃英敏先生	170	3,964	400	240	4,774
Dr. Wong, Raymond Man Hin	黃文顯博士	170	3,727	500	300	4,697
Mr. Mok, Kin Hing	莫健興先生	150	1,980	270	162	2,562
Non-executive directors	非執行董事					
Mr. Xiong, Zhengfeng	熊正峰先生	-	-	-	-	-
Mr. Wong, David Ying Kit	黃英傑先生	150	-	-	-	150
Independent non-executive directors	獨立非執行董事					
Mr. Leung, Michael Kai Hung	梁啟雄先生	210	-	-	-	210
Mr. Fan, Anthony Ren Da	范仁達先生	210	-	-	-	210
Mr. Ng, Yiu Ming	伍耀明先生	210	-	-	-	210
Mr. Lo, Wilson Kwong Shun	羅廣信先生	210	-	-	-	210
Alternate director	代董事					
Mr. Zhang, Yuankun	張元坤先生	-	180	-	-	180
		1,680	9,858	1,580	702	13,820

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7 DIRECTORS' REMUNERATION (Continued)

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows (continued):

7 董事酬金(續)

董事酬金根據香港《公司條例》第383(1)條及公司守則部份2披露如下：(續)

Year ended 31 December 2018 至2018年12月31日年度止	Directors' fees 袍金 HK\$'000 港幣千元	Salaries, allowances and benefits in kind 薪金、津貼及福利 HK\$'000 港幣千元	Discretionary bonuses 酌情發放之花紅 HK\$'000 港幣千元	Retirement scheme contributions 退休金供款 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元	
Executive directors	執行董事					
Dr. Wong, Wilson Kin Lae (Chairman)	黃乾利博士 (主席)	200	7	260	–	467
Mr. Wong, John Ying Man	黃英敏先生	170	3,925	365	240	4,700
Dr. Wong, Raymond Man Hin	黃文顯博士	170	3,727	465	300	4,662
Mr. Mok, Kin Hing	莫健興先生	150	1,980	240	142	2,512
Non-executive directors	非執行董事					
Mr. Xiong, Zhengfeng	熊正峰先生	150	–	–	–	150
Mr. Wong, David Ying Kit	黃英傑先生	150	–	–	–	150
Independent non-executive directors	獨立非執行董事					
Mr. Leung, Michael Kai Hung	梁啟雄先生	210	–	–	–	210
Mr. Fan, Anthony Ren Da	范仁達先生	210	–	–	–	210
Mr. Ng, Yiu Ming	伍耀明先生	210	–	–	–	210
Mr. Lo, Wilson Kwong Shun	羅廣信先生	210	–	–	–	210
Alternate director	代董事					
Mr. Zhang, Yuankun	張元坤先生	–	164	–	–	164
		1,830	9,803	1,330	682	13,645

During the years ended 31 December 2018 and 2019, there was no amount paid or payable by the Group to the directors or any of the highest paid individuals as set out in note 8 below as an inducement to join or upon joining the Group or as compensation for loss of office. Except for the waiver of director's fee for the year ended 31 December 2019 for Mr. Xiong, Zhengfeng which is agreed by him, there was also no arrangement under which a director has waived or agreed to waive any remuneration during the years ended 31 December 2018 and 2019.

截至2018年及2019年12月31日止年度，本集團並無向附註8所載的董事或任何最高薪酬人士支付或應付任何金額作為加入或加入本集團或作為補償失去辦公室的誘因。除了熊正峰先生同意放棄2019年度之董事酬金外，截至2018年及2019年12月31日止年度，董事亦沒有安排放棄或同意放棄任何酬金。

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8 INDIVIDUALS WITH HIGHEST EMOLUMENTS 8 個別最高薪酬人士

Of the five individuals with the highest emoluments within the Group, three (2018: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2018: two) individuals are as follows:

本集團5位最高薪酬人士中包括3位(2018年:3位)董事, 彼等之酬金已載於附註7, 餘下2位(2018年:2位)最高薪酬人士之酬金分析如下:

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Salaries and other emoluments	薪金及其他薪酬	1,335	1,301
Discretionary bonuses	酌情發放花紅	225	202
Retirement scheme contributions	退休金供款	181	148
		1,741	1,651

The emoluments of the other two (2018: two) individuals with the highest emoluments are within the following bands:

個別最高薪酬人士2位(2018年:2位)酬金組別分析如下:

		Number of individuals 人數	
		2019	2018
HK\$Nil – HK\$1,000,000	由港幣零元至港幣 1,000,000 元	1	1
HK\$1,000,001 – HK\$1,500,000	由港幣 1,000,001 元至港幣 1,500,000 元	1	1

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9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity shareholders of the Company of HK\$38,973,000 (2018: HK\$52,574,000) and the weighted average number of ordinary shares of 494,195,000 (2018: 490,856,000) shares in issue during the year. The weighted average number of ordinary shares is calculated as follows:

		2019 '000 千股	2018 '000 千股
Issued ordinary shares at 1 January	於1月1日已發行之普通股	493,815	485,917
Effect of share options exercised (note 20(a)(ii))	行使購股權之影響(附註20(a)(ii))	380	4,939
Weighted average number of ordinary shares at 31 December	於12月31日之普通股加權平均股數	494,195	490,856

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to equity shareholders of the Company of HK\$38,973,000 (2018: HK\$52,574,000) and the weighted average number of ordinary shares of 497,067,000 (2018: 494,850,000) shares (diluted). The weighted average number of ordinary shares (diluted) is calculated as follows:

		2019 '000 千股	2018 '000 千股
Weighted average number of ordinary shares at 31 December	於12月31日之普通股之加權平均股數	494,195	490,856
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 19)	根據本公司購股權計劃以零代價視作 發行股份之影響(附註19)	2,872	3,994
Weighted average number of ordinary shares (diluted) at 31 December	於12月31日之普通股之加權平均股數 (攤薄)	497,067	494,850

9 每股盈利

(a) 每股基本盈利

每股基本盈利之計算是以本公司股東應佔本年度溢利港幣38,973,000元(2018年:港幣52,574,000元)及根據年內之已發行加權平均股數494,195,000(2018年:490,856,000)普通股計算:

(b) 每股攤薄盈利

每股攤薄盈利之計算是以本公司股東應佔本年度溢利港幣38,793,000元(2018年:港幣52,574,000元)及加權平均股數497,067,000(2018年:494,850,000)(攤薄)普通股計算:

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10 SEGMENT REPORTING

The Group is principally engaged in the manufacture and sale of electrical home appliances. In a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment, the Group has identified six reportable segments on a geographical basis: Japan, the United States, the PRC, Europe, Asia (excluding Japan and the PRC) and rest of the world. The electrical home appliances are manufactured in the Group's manufacturing facilities located in the PRC. The "rest of the world" segment covers sales of electrical home appliances to customers in Australia, Canada, South America and Africa.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of tax balances. Segment liabilities include trade creditors, contract liabilities, accrued charges and other payables, with the exception of tax balances and dividends payable, attributable to the manufacture and sale activities of the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from other revenue and net income, and the depreciation and amortisation of assets attributable to those segments.

The measurement used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

10 分部報告

本集團主要業務是製造及銷售家用電器。已按與本集團最高層行政管理人員就評價分部表現及分配分部資源所採用之資料一致之方式報告，本集團將家用電器業務按地區分為：日本、美國、中國、歐洲、亞洲（不包括日本及中國）及世界各地。本集團製造家用電器之設施在中國。分部中之世界各地是包括銷售家用電器與澳洲、加拿大、南美及非洲之客戶。

(a) 分部業績、資產及負債

分部資料已按與本集團最高層行政管理人員就評價分部表現及分配分部資源所採用之資料一致之方式編製。就此而言，本集團之高層行政管理人員乃按以下基礎監察各可報告分部應佔之業績、資產及負債：

分部資產包括所有有形資產及流動資產，但不包括於可退回稅項。分部負債包括貿易及其他應付款項、合約負債及計提費用，但不包括個別分部應佔之本期應付稅項及應付股息。

收入及支出參照可報告分部所產生之銷售額及該等分部所產生之支出或該等分部應佔其他收入及淨收益，和資產折舊和攤銷所產生之支出，以分配至該等分部。

匯報分部溢利所採用之方法為「已調整EBITDA」，即「未計利息、稅項、折舊及攤銷前之經調整盈利」。為達致已調整EBITDA，本集團之溢利並無就特定撥歸個別分部之項目（如總部或公司行政成本）進一步作出調整。

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10 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning inter-segment sales, interest income and expense from cash balances managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

10 分部報告(續)

(a) 分部業績、資產及負債(續)

除獲得有關已調整EBITDA之分部資料外，管理層亦獲提供有關內部銷售分部、利息收入及由分部、折舊及攤銷產生現金結餘中之費用和增加至經營分部之非流動分部資產之分部資料。內部分部銷售之價格參考對外銷售合約之價格。

有關提供予本集團最高層行政管理人員以分配資源及評價分部表現之資料載列於下文。

		Electrical home appliances 家用電器													
		The United States 美國		The PRC 中國		Japan 日本		Europe 歐洲		Asia (excluding Japan and the PRC) 亞洲(不包括日本及中國)		Rest of the world 世界各地		Total 合計	
		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Revenue from external customers	對外客戶之收入	267,130	300,708	303,140	294,304	245,525	265,297	242,612	321,231	58,614	61,389	38,557	42,989	1,155,578	1,285,918
Inter-segment revenue	內部分部收入	-	-	437,273	522,585	-	-	-	-	896,533	1,008,268	-	-	1,333,806	1,530,853
Reportable segment revenue recognised at a point in time	於一時點確認之 可報告分部收入	267,130	300,708	740,413	816,889	245,525	265,297	242,612	321,231	955,147	1,069,657	38,557	42,989	2,489,384	2,816,771
Reportable segment profit (adjusted EBITDA)	可報告分部溢利 (已調整EBITDA)	14,577	22,651	16,541	22,168	13,397	8,907	13,238	24,197	80,889	117,786	2,103	3,237	140,745	198,946
Reportable segment assets as at 31 December	於12月31日之 可報告分部資產	-	-	392,700	446,922	-	-	-	-	525,873	515,813	-	-	918,573	962,735
Reportable segment liabilities as at 31 December	於12月31日之 可報告分部負債	-	-	(147,125)	(176,479)	-	-	-	-	(198,049)	(174,347)	-	-	(345,174)	(350,826)
Additions to non-current segment assets during the year	本年度非流動分 部資產增加	-	-	27,780	56,833	-	-	-	-	-	2,256	-	-	27,780	59,089

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(Expressed in Hong Kong dollars)

(以港幣為單位)

10 SEGMENT REPORTING (Continued)

10 分部報告(續)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

(b) 可報告分部收入、損益、資產及負債之對賬

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Revenue	收入		
Reportable segment revenue	可報告分部收入	2,489,384	2,816,771
Elimination of inter-segment revenue	內部分部收入抵銷	(1,333,806)	(1,530,853)
Consolidated revenue	綜合收入	1,155,578	1,285,918
		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Profit	溢利		
Reportable segment profit	可報告分部溢利	140,745	198,946
Elimination of inter-segment profits	內部分部溢利抵銷	(77,691)	(113,162)
Reportable segment profit derived from Group's external customers	從本集團對外客戶之可報告分部溢利	63,054	85,784
Other revenue and net income	其他收入及淨收益	13,302	7,916
Depreciation and amortisation	折舊及攤銷	(34,446)	(31,402)
Consolidated profit before taxation	綜合除稅前溢利	41,910	62,298

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(Expressed in Hong Kong dollars)

(以港幣為單位)

10 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

10 分部報告 (續)

(b) 可報告分部收入、損益、資產及負債之對賬 (續)

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Assets	資產		
Reportable segment assets	可報告分部資產	918,573	962,735
Elimination of inter-segment receivables	內部分部應收賬項抵銷	(81,762)	(121,227)
		836,811	841,508
Tax recoverable	可退回稅項	-	2,140
Deferred tax assets	遞延稅項資產	3,424	3,296
Consolidated total assets	綜合總資產	840,235	846,944
		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Liabilities	負債		
Reportable segment liabilities	可報告分部負債	(345,174)	(350,826)
Elimination of inter-segment payables	內部分部應付賬項抵銷	115,746	121,227
		(229,428)	(229,599)
Dividends payable	應付股息	(282)	(258)
Tax payable	應付稅項	(4,398)	(4,737)
Deferred tax liabilities	遞延稅項負債	(173)	(181)
Consolidated total liabilities	綜合總負債	(234,281)	(234,775)

Notes to the Consolidated Financial Statements

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(Expressed in Hong Kong dollars)

(以港幣為單位)

10 SEGMENT REPORTING (Continued)

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue of the Group, is set out below:

10 分部報告(續)

(c) 主要客戶

從主要客戶所得之收入，每客戶分別佔總收入10%或以上，詳列如下：

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Customer A	客戶 A	314,640	260,007
Customer B	客戶 B	238,664	253,359
Customer C	客戶 C	198,079	200,264
Customer D	客戶 D	176,143	185,120

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賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

II PROPERTY, PLANT AND EQUIPMENT, LEASEHOLD LAND AND RIGHT-OF-USE ASSETS

II 物業、廠房及設備及使用權資產

(a) Reconciliation of carrying amount

(a) 賬面價值和解

Cost	成本	Interests in leasehold land held for own use under finance leases		Buildings held for own use 持有自用之建築物	Plant and machinery 廠房及機器	Furniture, fixtures and equipment 傢私、裝置及設備	Motor vehicles 汽車	Interests in leasehold land held for own use under operating leases		Right-of-use assets 使用權資產	Total 總固定資產合計
		Construction in progress 在建工程	根據財務租賃持作自用之土地權益					Sub-total 小計	根據經營租賃持作自用之土地權益		
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1 January 2018	於2018年1月1日	4,978	5,235	187,246	216,749	170,198	12,901	597,307	16,166	-	613,473
Exchange adjustments	兌換調整	(322)	-	(7,620)	(7,730)	(10,227)	(403)	(26,302)	(775)	-	(27,077)
Additions	增加	33,302	-	-	7,373	15,679	2,735	59,089	-	-	59,089
Transfers	轉移	(30,974)	-	-	1,327	29,647	-	-	-	-	-
Disposals	出售	-	-	-	(3,887)	(4,784)	(697)	(9,368)	-	-	(9,368)
At 31 December 2018	於2018年12月31日	6,984	5,235	179,626	213,832	200,513	14,536	620,726	15,391	-	636,117
At 31 December 2018	於2018年12月31日	6,984	5,235	179,626	213,832	200,513	14,536	620,726	15,391	-	636,117
Effects of the adoption of HKFRS 16 (see note 2(c))	採用香港財務報告準則第16號之影響(見附註2(c))	-	(5,235)	-	-	-	-	(5,235)	(15,391)	20,626	-
At 1 January 2019	於2019年1月1日	6,984	-	179,626	213,832	200,513	14,536	615,491	-	20,626	636,117
Exchange adjustments	兌換調整	(197)	-	(3,241)	(3,344)	(4,708)	(170)	(11,660)	-	(329)	(11,989)
Additions	增加	20,267	-	-	2,651	4,800	62	27,780	-	-	27,780
Transfers	轉移	(17,444)	-	-	1,585	15,859	-	-	-	-	-
Disposals	出售	-	-	-	(2,499)	(12,418)	(705)	(15,622)	-	-	(15,622)
At 31 December 2019	於2019年12月31日	9,610	-	176,385	212,225	204,046	13,723	615,989	-	20,297	636,286

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(以港幣為單位)

II PROPERTY, PLANT AND EQUIPMENT, LEASEHOLD LAND AND RIGHT-OF-USE ASSETS (Continued)

II 物業、廠房及設備及使用權資產(續)

(a) Reconciliation of carrying amount (Continued)

(a) 賬面價值和解(續)

		Interests in leasehold land held for own use under finance leases		Buildings held for own use	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Interests in leasehold land held for own use under operating leases		Right-of-use assets	Total
		Construction in progress	根據財務租賃持作自用之土地權益					Sub-total	根據經營租賃持作自用之土地權益		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Accumulated amortisation and depreciation	累計攤銷及折舊										
At 1 January 2018	於2018年1月1日	-	2,199	156,565	161,477	102,757	8,728	431,726	8,763	-	440,489
Exchange adjustments	兌換調整	-	-	(6,399)	(5,091)	(6,069)	(308)	(17,867)	(434)	-	(18,301)
Charge for the year	本年度折舊	-	105	2,221	8,352	19,077	1,249	31,004	398	-	31,402
Disposals	出售	-	-	-	(3,275)	(4,298)	(575)	(8,148)	-	-	(8,148)
At 31 December 2018	於2018年12月31日	-	2,304	152,387	161,463	111,467	9,094	436,715	8,727	-	445,442
At 31 December 2018	於2018年12月31日	-	2,304	152,387	161,463	111,467	9,094	436,715	8,727	-	445,442
Effects of the adoption of HKFRS 16 (see note 2(c))	採用香港財務報告準則第16號之影響(見附註2(c))	-	(2,304)	-	-	-	-	(2,304)	(8,727)	11,031	-
At 1 January 2019	於2019年1月1日	-	-	152,387	161,463	111,467	9,094	434,411	-	11,031	445,442
Exchange adjustments	兌換調整	-	-	(2,753)	(2,290)	(2,852)	(137)	(8,032)	-	(194)	(8,226)
Charge for the year	本年度折舊	-	-	2,145	7,973	22,489	1,352	33,959	-	487	34,446
Disposals	出售	-	-	-	(2,244)	(11,172)	(625)	(14,041)	-	-	(14,041)
At 31 December 2019	於2019年12月31日	-	-	151,779	164,902	119,932	9,684	446,297	-	11,324	457,621
Net carrying value	賬面淨值										
At 31 December 2019	於2019年12月31日	9,610	-	24,606	47,323	84,114	4,039	169,692	-	8,973	178,665
At 1 January 2019	於2019年1月1日	6,984	-	27,239	52,369	89,046	5,442	181,080	-	9,595	190,675
At 31 December 2018	於2018年12月31日	6,984	2,931	27,239	52,369	89,046	5,442	184,011	6,664	-	190,675

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(以港幣為單位)

II PROPERTY, PLANT AND EQUIPMENT, LEASEHOLD LAND AND RIGHT-OF-USE ASSETS (Continued)

(a) Reconciliation of carrying amount (Continued)

Upon the initial adoption of HKFRS 16, certain interests in leasehold land under finance leases and operating leases were presented and grouped into right-of-use assets and opening balances at 1 January 2019 have been adjusted accordingly (see note 2(c)).

Right-of-use assets represent leasehold land under medium-term leases.

(b) The analysis of carrying value of properties is as follows:

II 物業、廠房及設備及使用權資產(續)

(a) 賬面價值和解(續)

於初始香港財務報告準則第16號後，已呈列融資租賃及經營租賃下的租賃土地權益中的若干權益，並分類為使用權資產，並於2019年1月1日的期初結餘已作相應調整(見附註2(c))。

使用權資產指中期租賃的土地。

(b) 物業賬面淨值分析如下：

		31 December 2019	1 January 2019
		2019年12月31日	2019年1月1日
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Medium-term leases	中期租賃		
– in Hong Kong	– 香港	5,394	6,284
– outside Hong Kong	– 香港以外	28,185	30,550
		33,579	36,834
Representing:	組成：		
Buildings held for own use	持作自用建築物	24,606	27,239
Interests in leasehold land held for own use classified as right-of-use assets (Note)	持作自用之土地權益分類為使用權資產(附註)	8,973	9,595
		33,579	36,834

Note: Interests in leasehold land held for own use under finance leases and operating leases as at 31 December 2018, with the net carrying value of HK\$2,931,000 and HK\$6,664,000 respectively, were separately disclosed under item of property, plant and equipment.

附註：於2018年12月31日，根據融資租賃及經營租賃自用之租賃土地權益賬面淨值分別為港幣2,931,000元及港幣6,664,000元，分別於物業、廠房及設備項下披露。

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

12 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

12 於綜合財務狀況表的所得稅

(a) Current taxation in the consolidated statement of financial position represents:

(a) 綜合財務狀況表之所得稅

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Provision for the year (note 6(a))	本年度撥備(附註6(a))		
– Hong Kong Profits Tax	– 香港所得稅	2,343	963
– PRC Enterprise Income Tax	– 中國企業所得稅	2,740	10,084
		5,083	11,047
Provisional tax paid	預繳稅支出		
– Hong Kong Profits Tax	– 香港所得稅	(758)	(4,217)
– PRC Enterprise Income Tax	– 中國企業所得稅	–	(2,721)
		(758)	(6,938)
		4,325	4,109
Balance of income tax relating to prior years	往年度所得稅撥備餘額	73	(1,512)
		4,398	2,597
Represented by:	呈列:		
Tax recoverable	可退回稅項	–	2,140
Tax payable	應付稅項	(4,398)	(4,737)
		(4,398)	(2,597)

Notes to the Consolidated Financial Statements

賬目附註

(Expressed in Hong Kong dollars)

(以港幣為單位)

12 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

(b) Analysis of deferred tax assets and liabilities are as follows :

12 於綜合財務狀況表的所得稅(續)

(b) 遞延稅項資產及負債分析如下：

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Net deferred tax assets	淨遞延稅項資產	3,424	3,296
Net deferred tax liabilities	淨遞延稅項負債	(173)	(181)
		3,251	3,115

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

本年度於綜合財務狀況表中已確認之遞延稅項資產/(負債)的組成及其變動之詳情如下：

Deferred tax arising from: 遞延稅項之產生由：		Tax losses 稅項虧損 HK\$'000 港幣千元	Depreciation allowances in excess of the related depreciation 計稅折舊費大於有關折舊 HK\$'000 港幣千元	Other temporary differences 其他短暫差異 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
At 1 January 2018	於2018年1月1日	87	(120)	4,595	4,562
Exchange adjustments (Charged)/credited to profit or loss, net (note 6(a))	兌換變動之影響 (扣除)/計入在損益 (附註6(a))	-	-	(136)	(136)
- arising from a change in tax rate	- 因稅率的變化	-	-	(1,493)	(1,493)
- others	- 其他	(32)	(4)	218	182
At 31 December 2018	於2018年12月31日	55	(124)	3,184	3,115
At 1 January 2019	於2019年1月1日	55	(124)	3,184	3,115
Exchange adjustments (Charged)/credited to profit or loss (note 6(a))	兌換變動之影響 (扣除)/計入在損益 (附註6(a))	-	-	(55)	(55)
		(34)	(6)	231	191
At 31 December 2019	於2019年12月31日	21	(130)	3,360	3,251

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賬目附註

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(以港幣為單位)

13 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Raw materials	原材料	62,298	76,617
Work in progress	半成品	19,445	25,336
Finished goods	產成品	42,753	69,042
		124,496	170,995

13 存貨

(a) 於財務狀況表存貨包括：

(b) The analysis of the amount of inventories recognised as an expense is as follows:

(b) 存貨金額之分析已確認為費用如下：

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Carrying amount of inventories sold	存貨銷售賬面值	1,005,983	1,092,137
Write-down of inventories	存貨減值	1,827	802
Reversal of write-down of inventories	存貨減值回撥	(89)	(445)
		1,007,721	1,092,494

During the year, certain aged inventories were sold, and as a result, a reversal of write-down of inventories of HK\$89,000 (2018: HK\$445,000) has been recognised and included in cost of inventories sold.

於年內，若干陳舊存貨已售出，因此存貨減值撥回港幣89,000元(2018年：港幣445,000元)已確認併計入年內出售存貨成本。

14 TRADE AND OTHER RECEIVABLES

Trade debtors
Other debtors
Deposits and prepayments

貿易債務人
其他債務人
訂金及預付款項

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Trade debtors	貿易債務人	257,326	261,565
Other debtors	其他債務人	15,286	20,525
Deposits and prepayments	訂金及預付款項	5,840	7,741
		278,452	289,831

14 貿易及其他應收賬項

All of the trade and other receivables, apart from certain deposits amounting to HK\$994,000 (2018: HK\$1,531,000), are expected to be recovered or recognised as expenses within one year.

所有貿易及其他應收賬項，除部份按金額港幣994,000元(2018年：港幣1,531,000元)，期於1年內可收回或確認為費用。

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(Expressed in Hong Kong dollars)

(以港幣為單位)

14 TRADE AND OTHER RECEIVABLES

(Continued)

(a) Ageing analysis

The ageing analysis of trade debtors as of the end of the reporting period, based on invoice date, is as follows:

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Within 1 month	1個月內	91,749	85,823
More than 1 month but less than 3 months	超過1個月但少於3個月	117,144	127,551
More than 3 months but less than 12 months	超過3個月但少於12個月	48,366	47,840
Over 12 months	超過12個月	67	351
		257,326	261,565

Trade debtors are due within 30 to 120 days from the date of billing. Further details on the Group's credit policy are set out in note 22(a).

14 貿易及其他應收賬項(續)

(a) 賬齡分析

於報告期末貿易債務人之賬齡按發票日期分析如下：

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Within 1 month	1個月內	91,749	85,823
More than 1 month but less than 3 months	超過1個月但少於3個月	117,144	127,551
More than 3 months but less than 12 months	超過3個月但少於12個月	48,366	47,840
Over 12 months	超過12個月	67	351
		257,326	261,565

貿易債務人賬項由票據日起30至120天內到期。本集團之信貸政策詳載於附註22(a)。

(b) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Neither past due nor impaired	沒有逾期或減值	232,079	233,071
Within 1 month past due	逾期少於1個月	16,969	24,685
More than 1 month but less than 3 months past due	逾期超過1個月但少於3個月	4,310	2,983
More than 3 months but less than 12 months past due	逾期超過3個月但少於12個月	3,901	744
Over 12 months past due	逾期超過12個月	67	82
Amounts past due	逾期金額	25,247	28,494
		257,326	261,565

(b) 沒有減值之貿易債務人

貿易債務人之賬齡分析並沒有部份或全部減值如下：

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(以港幣為單位)

15 CASH AND CASH EQUIVALENTS

15 現金及現金等值項目

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Time deposits	定期存款	196,870	117,816
Cash at bank and in hand	銀行存款及現金	58,328	72,191
		255,198	190,007

16 TRADE AND OTHER PAYABLES

16 貿易及其他應付賬項

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Trade creditors (note a)	貿易債權人(附註a)	180,084	170,420
Accrued charges and other payables	應付費用及其他應付賬項	49,344	59,179
		229,428	229,599

All of the trade and other payables are expected to be settled or recognised as revenue within one year.

所有貿易及其他應付賬項預期於1年內支付或確認。

Note:

附註:

(a) The ageing analysis of trade creditors as of the end of the reporting period, based on invoice date, is as follows:

(a) 於報告期末貿易債權人之賬齡按發票日期分析如下:

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Within 1 month	1個月內	174,823	63,803
More than 1 month but less than 3 months	超過1個月但少於3個月	2,686	100,470
More than 3 months but less than 12 months	超過3個月但少於12個月	2,449	5,183
Over 12 months	超過12個月	126	964
		180,084	170,420

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17 DEFINED CONTRIBUTION RETIREMENT PLANS

The Group operates the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (the “**Ordinance**”). The scheme is defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately upon the completion of service in the relevant service period.

At 31 December 2019, certain employees of the Group had completed the required number of years of service under the Ordinance and are eligible for long service payments on termination of their employment. The Group is only liable to make such payments when the termination meets the required circumstances specified in the Ordinance and the employees’ entitlement is not covered by the aforesaid provident funds. At 31 December 2019, the Group’s contributions to the MPF Scheme and the accrued interest thereon exceeded the potential liabilities should the required circumstances specified in the Ordinance be met.

The Group’s subsidiaries in the PRC also participate in defined contribution retirement schemes covering its full-time PRC employees. The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group’s subsidiary in the PRC.

17 界定供款退休計劃

本集團按香港強制性公積金計劃條例為根據香港僱傭條例（「**條例**」）例司法權利保障之香港僱員提供強制性公積金計劃（「**強積金計劃**」）。該強積金計劃由獨立信託基金管理。根據強積金計劃，本集團及其僱員均須每月按僱員有關薪金5%為強積金計劃供款，薪金上限為每月港幣30,000元。所有供款按服務提供期間完成後繳付。

在2019年12月31日，本集團的部份員工的服務年期已達至香港僱傭條例（「**條例**」）的規定，在其聘用期完結時可享長期服務金，然而在此條例指定之情形下，本集團須付之數額僅為該員工可得之退休金不足支付其長期服務金的差額。若所有符合此條例之員工離職，本集團在2019年12月31日在公積金計劃中滾存之款項多於條例規定之潛在負債。

本集團在中國的附屬公司需要為中國國內全職員工設立退休供款計劃。此計劃受中國政府有關部門監管。本集團及員工需按此計劃規定各按有關薪金之一定百分比作出供款，而有關政府承諾承擔本集團在中國的附屬公司全體現有及未來退休員工之退休福利責任。

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18 BANKING FACILITIES

At 31 December 2019, the Group had unsecured revolving banking facilities of HK\$68,350,000 (2018: HK\$68,350,000). The banking facilities include documentary letters of credit, trust receipt, bill payables, trade loans and trade guarantee. The amount utilised by the Group at 31 December 2019 under these facilities was HK\$211,000 (2018: HK\$193,000).

19 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme which was adopted on 6 June 2003 for the purpose to give eligible participants incentives or rewards for their contribution or potential contribution to the Group (Refer to the Report of the Directors in the Annual Report for the details of the share option scheme).

18 銀行信貸額度

在2019年12月31日，本集團向銀行獲得之無須抵押信貸額度約為港幣68,350,000元(2018年：港幣68,350,000元)。銀行之信貸額度以用於信用証、信託收據、應付票據、貿易貸款及貿易擔保。同時期已用信貸額度約為港幣211,000元(2018年：港幣193,000元)。

19 權益償付以股份為基礎交易

本公司於2003年6月6日設立購股權計劃。旨在為合資格參與者提供獎勵或獎勵以作出貢獻或可能對本集團作出貢獻(有關詳情，請參閱年報中董事會報告中購股權計劃)。

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19 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) The following table discloses movements of the Company's outstanding share options, which have no specific vesting conditions, held by directors, employees and other eligible participants during the years ended 31 December 2019 and 2018:

19 權益償付以股份為基礎交易 (續)

(a) 下表披露截至2018年和2019年12月31日止年度董事、僱員及其他合資格人士持有的本公司未行使購股權變動(並沒有既得條件需要滿足)：

Type of participates 參加者類別	Date of grant 授出日期	Exercisable period 可行使期	Exercise price 行使價 HK\$ 港幣	Number of share options 購股權數目				
				Total share options granted at initial date and existed at 31 December 2019 於初始日期授出及於2019年12月31日存在的總購股權	Outstanding at 1 January 2019 於2019年1月1日未行使	Exercised during the year 於年內行使	Lapsed during the year 於年內註消	Outstanding at 31 December 2019 於2019年12月31日未行使
Directors 董事	6 October 2009 2009年10月6日	6 October 2009 to 5 October 2019 2009年10月6日至2019年10月5日	0.63	-	300,000	-	(300,000)	-
	20 July 2012 2012年7月20日	20 July 2012 to 19 July 2022 2012年7月20日至2022年7月19日	0.69	17,900,000	7,200,000	-	-	7,200,000
Employees 僱員	6 October 2009 2009年10月6日	6 October 2009 to 5 October 2019 2009年10月6日至2019年10月5日	0.63	-	260,000	(260,000)	-	-
	20 July 2012 2012年7月20日	20 July 2012 to 19 July 2022 2012年7月20日至2022年7月19日	0.69	24,380,000	1,375,000	(425,000)	-	950,000
				42,280,000	9,135,000	(685,000)	(300,000)	8,150,000

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19 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) The following table discloses movements of the Company's outstanding share options, which have no specific vesting conditions, held by directors, employees and other eligible participants during the years ended 31 December 2019 and 2018: (Continued)

19 權益償付以股份為基礎交易 (續)

(a) 下表披露截至2018年和2019年12月31日止年度董事、僱員及其他合資格人士持有的本公司未行使購股權變動(並沒有既得條件需要滿足): (續)

Type of participates 參加者類別	Date of grant 授出日期	Exercisable period 行使期	Exercise price 行使價 HK\$ 港幣	Number of share options 購股權數目				
				Total share options granted at initial date and existed at 31 December 2018 於初始日期授出及於2018年12月31日存在的總購股權	Outstanding at 1 January 2018 於2018年1月1日未行使	Exercised during the year 於年內行使	Lapsed during the year 於年內註銷	Outstanding at 31 December 2018 於2018年12月31日未行使
Directors 董事	30 June 2008 2008年6月30日	30 June 2008 to 29 June 2018 2008年6月30日至2018年6月29日	0.91	-	7,837,600	(6,787,600)	(1,050,000)	-
	6 October 2009 2009年10月6日	6 October 2009 to 5 October 2019 2009年10月6日至2019年10月5日	0.63	18,901,488	600,000	(300,000)	-	300,000
	20 July 2012 2012年7月20日	20 July 2012 to 19 July 2022 2012年7月20日至2022年7月19日	0.69	17,900,000	7,500,000	(300,000)	-	7,200,000
Employees 僱員	30 June 2008 2008年6月30日	30 June 2008 to 29 June 2018 2008年6月30日至2018年6月29日	0.91	-	1,240,000	(310,000)	(930,000)	-
	6 October 2009 2009年10月6日	6 October 2009 to 5 October 2019 2009年10月6日至2019年10月5日	0.63	20,485,000	260,000	-	-	260,000
	20 July 2012 2012年7月20日	20 July 2012 to 19 July 2022 2012年7月20日至2022年7月19日	0.69	24,380,000	1,425,000	(50,000)	-	1,375,000
Other eligible persons 其他合資格人士	30 June 2008 2008年6月30日	30 June 2008 to 29 June 2018 2008年6月30日至2018年6月29日	0.91	-	900,000	(150,000)	(750,000)	-
				81,666,488	19,762,600	(7,897,600)	(2,730,000)	9,135,000

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19 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS (Continued)

19 權益償付以股份為基礎交易 (續)

(b) The number and weighted average exercise prices of share options are as follows:

(b) 購股權之數量及加權平均行使價如下：

		2019		2018	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		加權平均行使價	購股權之數量	加權平均行使價	購股權之數量
		HK\$	'000	HK\$	'000
		港幣	千股	港幣	千股
Outstanding at the beginning of the year	年初未行使	0.6863	9,135,000	0.7985	19,762,600
Exercised during the year	本年度行使	0.6672	(685,000)	0.8896	(7,897,600)
Lapsed during the year	本年度註銷	-	(300,000)	-	(2,730,000)
Outstanding at the end of the year	本年度止未行使	0.6900	8,150,000	0.6863	9,135,000
Exercisable at the end of the year	本年度止可行使	0.6900	8,150,000	0.6863	9,135,000

The weighted average share price at the date of exercise for share options exercised during the year was HK\$1.11 (2018: HK\$1.10).

本年度行使購股權於行使日之加權平均股價為港幣1.11元 (2018年：港幣1.10元)。

The options outstanding at 31 December 2019 had an exercise price of HK\$0.69 (2018: HK\$0.630, HK\$0.690) and a weighted average remaining contractual life of 2.55 years (2018: 3.38 years).

於2019年12月31日未行使購股權之行使價為港幣0.690元 (2018年：港幣0.630元、港幣0.690元)及加權平均餘下契約年期是2.55年 (2018年：3.38年)。

During the year ended 31 December 2019, share options of 685,000 (2018: 7,897,600) were exercised and resulted in 685,000 (2018: 7,897,600) ordinary shares being issued with proceeds of approximately HK\$457,000 (2018: HK\$7,026,000). The related weighted average price at the time of exercise was HK\$1.11 (2018: HK\$1.10). During the year ended 31 December 2019, 300,000 share options with unit value of HK\$0.11295 lapsed by reason of expiration of the share option scheme. The total value of the share options lapsed of approximately HK\$34,000 (2018: HK\$374,000) was transferred to retained earnings during the year.

截至2019年12月31日止年度，已行使685,000 (2018年：7,897,600)股購股權，導致發行685,000股 (2018年：7,897,600股)普通股。約港幣457,000元 (2018年：港幣7,026,000元)。行使時的相關加權平均價格為港幣1.11元 (2018年：港幣1.10元)。截至2019年12月31日止年度，由於購股權計劃到期，300,000股購股權已失效其單位價值港幣0.11295元。已失效的購股權總值約港幣34,000元於年內轉撥至滾存盈利 (2018年：港幣374,000元)。

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19 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on Black Scholes model. The fair value measurement is categorised within level 2. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Black Scholes model.

Fair value of share options and assumptions:

19 權益償付以股份為基礎交易 (續)

(c) 購股權之公平值及假設

就授出購股權而接受之服務之公平值乃參考所授出購股權公平值而計量。所授出購股權之估計公平值乃按畢蘇模式計量。公平值以分類2計算。購股權之合約年期乃作為此項模式之輸入項。預期提早行使亦套用於畢蘇模式。

購股權之公平值及假設

		Date of grant		
		30 June 2008	6 October 2009	20 July 2012
		2008年6月30日	2009年10月6日	2012年7月20日
Fair value at measurement date	於計量日期之公平值	HK\$0.13685	HK\$0.11295	HK\$0.0929
Share price	股價	HK\$0.90000	HK\$0.61000	HK\$0.6900
Exercise price	行使價	HK\$0.91000	HK\$0.63000	HK\$0.6900
Expected volatility (expressed as weighted average volatility used in the modelling under the Black Scholes model)	預期波幅 (以畢蘇模式項下設定所用加權平均波幅表示)	36.94%	44.579%	33.073%
Option life (expressed as weighted average life used in the modelling under the Black Scholes model)	購股權年期 (以畢蘇模式項下設定所用加權平均波幅表示)	3 years 年	3 years 年	3 years 年
Expected dividends	預期股息	6.67%	8.20%	6.687%
Risk-free interest rate (based on 3-year Hong Kong Fund Exchange Notes)	無風險利率 (按3年外匯基金債券)	2.87%	0.931%	0.182%

The expected volatility is based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There were no market conditions associated with the share option grants.

預期波幅乃按過往波幅 (按購股權之加權平均剩餘年期計算) 計算, 並就根據公開可得資料預期日後波幅的任何變動作出調整。預期股息乃按過往之股息計算。主輸入假設項目之變動可對公平值之估計造成重大影響。

購股權之授出與市場狀況並無聯繫。

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20 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Issued share capital

		2019		2018	
		Number of shares	HK\$'000	Number of shares	HK\$'000
		股權數量	港幣千元	股權數量	港幣千元
Ordinary shares, issued and fully paid:	普通股，已發行及繳足：				
At 1 January	於1月1日	493,814,860	461,807	485,917,260	453,723
Shares issued under share option scheme	已發行之購股權股份	685,000	526	7,897,600	8,084
At 31 December	於12月31日	494,499,860	462,333	493,814,860	461,807

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20 資本、儲備及股息

(a) 股本

(i) 已發行股本

普通股持有人有權不時收取所宣派的股息，並有權於本集團會議上按每股一票投票表決。所有普通股在本集團剩餘資產方面具同等地位。

(ii) Shares issued under share option scheme

During the year ended 31 December 2019, options were exercised to subscribe for 685,000 (2018: 7,897,600) ordinary shares of the Company at a total cash consideration of HK\$457,000 (2018: HK\$7,026,000).

(ii) 購股權發行之股份

截至2019年12月31日年度止，已行使購股權685,000股公司普通股(2018年：7,897,600股普通股)，總代價為港幣457,000元(2018年：港幣7,026,000元)。

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20 CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(a) Share capital (Continued)

(iii) Terms of unexpired and unexercised share options at the end of the reporting period

20 資本、儲備及股息(續)

(a) 股本(續)

(iii) 於報告期末表結算日之未到期及未行使的購股權

Exercise period 行使期		Exercise price 行使價	2019 Number of share options 數量	2018 Number of share options 數量
6 October 2009 to 5 October 2019	2009年10月6日至 2019年10月5日	HK\$0.630 港幣0.630元	–	560,000
20 July 2012 to 19 July 2022	2012年7月20日至 2022年7月19日	HK\$0.690 港幣0.690元	8,150,000	8,575,000
			8,150,000	9,135,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 19.

持有人有權以每一股購股權認購一股本公司普通股。有關這購股權詳情載於本財務報告附註19。

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20 CAPITAL, RESERVES AND DIVIDENDS (Continued)

20 資本、儲備及股息(續)

(b) Dividends

(b) 股息

(i) Dividends payable to equity shareholders of the Company attributable to the year

(i) 本年度應付股息與本公司股東應佔

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Interim dividend declared and paid of 2 HK cents per ordinary share (2018: 2 HK cents per ordinary share)	已宣佈及派發之中期股息每股普通股港幣2仙 (2018年：每股普通股港幣2仙)	9,886	9,876
Final dividend proposed after the end of the reporting period of 4 HK cents per ordinary share (2018: 4 HK cents per ordinary share)	於本報告期末後建議之末期股息每股普通股港幣4仙 (2018年：每股普通股港幣4仙)	19,780	19,753
Special dividend proposed after the end of the reporting period of nil HK cents per ordinary share (2018: 2 HK cents per ordinary share)	於本報告期末後建議之特別股息每股普通股港幣零仙 (2018年：每股普通股港幣2仙)	-	9,876
		29,666	39,505

The final and special dividends proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

於本報告期末後建議宣佈派發之末期股息及特別股息於本報告期末未確認為負債。

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20 CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(b) Dividends (Continued)

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

20 資本、儲備及股息(續)

(b) 股息(續)

(ii) 於往年度應付股息與本公司股東應佔及在本年度已批准及支付

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Final dividend in respect of the previous financial year, approved and paid during the year, of 4 HK cents per ordinary share (2018: 4 HK cents per ordinary share)	往年度末期息在本年度已批准及支付 每股普通股港幣4仙 (2018年：每股普通股港幣4仙)	19,768	19,553
Special dividend in respect of the previous financial year, approved and paid during the year, of 2 cents per ordinary share (2018: nil cents per ordinary share)	往年度特別股息在本年度已批准及支付 每股普通股港幣2仙 (2018年：每股普通股港幣零仙)	9,884	–
		29,652	19,553

(c) Nature and purpose of reserves

(i) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(r).

(ii) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Group and other eligible persons recognised in the accordance with the accounting policy adopted for share-based payments in note 2(n).

(c) 儲備之性質及目的

(i) 匯兌儲備

匯兌儲備包括來自轉化海外業務之綜合財務報告的外匯兌差異。儲備根據載於會計政策附註2(r)處理。

(ii) 資本儲備

股本儲備包括根據會計政策附註2(n)採納以股本為基礎授予公司僱員及其他合資格人士之真實或估計未行使購股權數量的公平值確認。

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(Expressed in Hong Kong dollars)

(以港幣為單位)

20 CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(c) Nature and purpose of reserves (Continued)

(iii) PRC statutory reserve

Pursuant to the laws and regulations governing the PRC enterprises, certain of the Group's PRC subsidiaries, which are wholly foreign-owned enterprises, are required to allocate at least 10% of their after-tax profit but before dividend distribution to general reserve until the reserve has reached 50% of their registered capital. The general reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital. Appropriation to general reserve during the year amounted to approximately HK\$5,082,000 (2018: HK\$2,004,000).

(d) Distributability of reserves

At 31 December 2019, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK\$12,853,000 (2018: HK\$31,515,000). After the end of the reporting period, the directors proposed a final dividend of 4 HK cents (2018: 4 HK cents) per ordinary share and a special dividend of nil HK cents (2018: 2 HK cents) per ordinary share totaling HK\$19,780,000 (2018: HK\$29,629,000). These dividends have not been recognised as liabilities at the end of the reporting period.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions.

20 資本、儲備及股息(續)

(c) 儲備之性質及目的(續)

(iii) 中國法定儲備

依照中華人民共和國之法律及規定對企業之要求，本集團之中國附屬公司屬外商獨資企業，須把最少10%分之稅後盈利分配到普通儲備，直至該儲備達註冊資本的50%為止。普通儲備只可經有關當局批准用於抵銷累積虧損或增加資本。本年度分配至普通儲備之數額約為港幣5,082,000元(2018年：港幣2,004,000元)。

(d) 可分配儲備

於2019年12月31日累計可分配予本公司股東之儲備金額為港幣12,853,000元(2018年：港幣31,515,000元)。於本報告期後，董事建議宣派每股普通股末期股息港幣4仙(2018年：港幣4仙)及每股普通股特別股息港幣零仙(2018年：港幣2仙)，合計港幣19,780,000元(2018年：港幣29,629,000元)。於本報告期末這些股息未確認為負債。

(e) 資本管理

本集團之基本目標為管理股本以保障本集團之繼續營運之能力，以使其能持續向股東提供回報及向其他相關人士提供利益，以產品價格及在風險水平內之相應服務及以合理成本安全運用資金。

本集團主動及定期檢討其資本結構以維持平衡高回報股東、良好及安全提供合理資本狀況，及在經濟情況下作出對資本結構最少變動之判斷。

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(以港幣為單位)

20 CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(e) Capital management (Continued)

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes trade and other payables) plus unaccrued proposed dividends. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During the year ended 31 December 2019, the Group's strategy, which was unchanged from 2018, was to maintain the net debt-to-adjusted capital ratio of no more than 50%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt-to-adjusted capital ratio at 31 December 2019 and 2018 was as follows:

20 資本、儲備及股息(續)

(e) 資本管理(續)

與行業慣例一致，本集團會以淨負債對經調整資本比率為基準監察其資本架構。就此，本集團按總負債(包括貿易及其他應付賬項及財務損失撥備)加不應計建議派發股息。經調整資本包括所有權益減不應計建議派發股息。

於2019年，本集團之策略如同2018年一樣，是維持其淨負債與調整股本的比例不超過50%。為了維持或調整比例，本集團可能調整應派付予股東之股息、發行新股、退回股本予股東、籌集新之債項融資或出售資產以減少債項。

於2019年及2018年12月31日之淨負債與經調整股本的比例如下：

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Current liabilities:	流動負債：		
Trade and other payables	貿易及其他應付賬項	229,428	229,599
Add: Proposed dividends	加：建議派發股息	19,780	29,629
Net debt	負債淨值	249,208	259,228
Total equity	總權益	605,954	612,169
Less: Proposed dividends	減：建議派發股息	(19,780)	(29,629)
Adjusted capital	經調整資本	586,174	582,540
Net debt-to-adjusted capital ratio	淨負債與調整股本的比例	43%	44%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

本公司及其附屬公司都不會受外來徵收資本要求的影響。

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(以港幣為單位)

21 COMMITMENTS

Capital commitments outstanding at 31 December 2019 not provided for in the consolidated financial statements were as follows:

21 承擔

於2019年12月31日綜合財務報告沒有提撥的未付資本承擔如下：

	2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Contracted for: 已簽約：		
– Purchase of equipment and moulds – 購買設備及模具	631	2,859

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

22 財務風險管理及公平值

信貸、資金流動性、利率及外幣風險會於本集團的一般業務進程中產生。這些風險了及財務風險會受本集團的財務管理政策及常規見下文。

(a) Credit risk and concentration risk

The Group's credit risk is primarily attributable to cash and cash equivalents and trade debtors. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(a) 信貸風險及集中風險

本集團的信貸風險主要來自現金及現金等值項目及貿易債務人。最大信貸風險之產生呈列於綜合財務狀況表中每項財務資產賬面值。

Substantially all the Group's cash and cash equivalents are deposited in financial institutions in Hong Kong and the PRC. The credit risk is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit rating agencies or stated-controlled financial institutions with good reputations.

本集團主要現金及現金等值項目一般存放於信譽良好之香港及中國金融機構。資金流動性之信貸風險是有限是因大多數貿易伙伴是獲國際信譽評級機構評為信貸良好之財務機構及國家控制之良好信譽的財務機構。

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risks of the industry and country in which customers operate also have an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a certain concentration of credit risk as 44% (2018: 36%); and 92% (2018: 90%) of the trade debtors was due from the largest customer and the five largest customers respectively.

本集團所面臨之信貸風險，主要受各客戶之個別特色所影響。客戶經營所在之行業及國家之隱含風險亦影響信貸風險，惟影響相對較少。於本報告期末止，本集團之一客戶及五大客戶佔貿易債務人款項分別為44% (2018年：36%) 及92% (2018年：90%)；，故承受一定程度的信貸集中風險。

Notes to the Consolidated Financial Statements

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(Expressed in Hong Kong dollars)

(以港幣為單位)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk and concentration risk (Continued)

In respect of trade debtors, management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 30 to 120 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. As 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.

The directors of the Company have considered the credit risk of trade receivables and note that there was no actual loss nor significant past due experience over the past 10 years, including periods of unfavourable economic conditions. The directors consider the aggregate risks arising from the possibility of credit loss on trade receivables are not significant and no allowance for credit losses were made as at 31 December 2019.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors are set out in note 14.

22 財務風險管理及公平值(續)

(a) 信貸風險及集中風險(續)

就貿易債務人而言，管理層有既定的信貸政策，並會持續監控所承受的信貸風險。對於所有要求超過若干信貸金額之客戶均會進行個別信貸評估。此等評估主要針對客戶以往到期時之還款紀錄及現時的還付能力，並考慮客戶的個別資料及客戶所處的經濟環境的資料。貿易應收款項由發出賬單當日起計30-120日內到期。超逾一月之應收賬款結餘，均需全數清償方可獲授予任何其他信貸。本集團一般不會向客戶收取抵押品。

本集團以等於整個存續期的預期信用損失的金額計量貿易應收款項的損失準備。由於本集團的歷史信用損失經驗並未表明不同客戶群的損失模式存在顯著差異，因此基於過期狀態的損失準備不會進一步區分本集團的不同客戶群。

本公司董事已考慮貿易應收款項的信貸風險，根據過去十年經驗並無實際虧損或重大逾期欠款，包括在不利經濟狀況期間。董事認為，貿易應收款項可能出現信貸虧損所產生的總風險並不重大，且於2019年12月31日並無作出信貸虧損撥備。

有關本集團因貿易債務人而產生的信貸風險的進一步量化披露載於附註14。

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(以港幣為單位)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents which were contracted at short-term variable rates and expose the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate risk

		2019		2018	
		Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
		%	港幣千元	%	港幣千元
		實際利率		實際利率	
		%		%	
Fixed rate bank deposits	銀行定期存款固定利率	2.11	196,870	1.92	117,816
Variable rate bank deposits	銀行定期存款浮息	0.12	47,226	0.10	66,974

(ii) Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained earnings by approximately HK\$460,000 (2018: HK\$655,000) respectively. Other components of equity would not be affected (2018: HK\$Nil) by changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2018.

22 財務風險管理及公平值(續)

(c) 利率風險

本集團之利率風險主要是現金及現金等值項目之約定短期浮動利率及引致本集團在現金流有利率風險。本集團之利率概況由管理層管理並載列(i)如下：

(i) 利率風險

於2019年12月31日在所有其他變化因素維持不變的情況下，估計一般於利率中增加／減少100點子，將分別增加／減少本集團之除稅後利潤及未分配利潤約分別港幣460,000元(2018年：港幣655,000元)。其他權益不受利率變動影響(2018年：港幣零元)。

以上的敏感度分析已假設利率變動已於報告期末發生而釐訂，並已應用於就於該日所面對來自衍生及非衍生財務工具之利率風險。100點子增加或減少指管理層對直至下一個年度報告期末期間之利率可能合理變動之評估。分析按2018年相同之基準進行。

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(以港幣為單位)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk

(i) Foreign currency transactions

The Group is exposed to currency risk primarily through sales and expense transactions that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar and British Pound.

(ii) Recognised assets and liabilities

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(iii) The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

22 財務風險管理及公平值(續)

(d) 外幣風險

(i) 外幣交易

本集團主要由於以該等經營業務功能貨幣以外之貨幣列值之收入和支出而須承擔外匯風險。構成是項風險之貨幣主要為美元及英鎊。

(ii) 已確認資產及負債

至於以有關之功能貨幣以外之貨幣持有之其他貿易應收及應付款項，本集團會在必要應付短期的不平衡時，以現貨匯率買入或賣出外匯，確保淨影響會維持在一個可接受的程度。

(iii) 下表列示本集團於報告期末因預計兌換或確認以功能貨幣以外的一種貨幣列值的資產或負債而須面對的貨幣風險。

	2019		2018	
	United States Dollars 美元 '000 千元	British Pounds 英鎊 '000 千鎊	United States Dollars 美元 '000 千元	British Pounds 英鎊 '000 千鎊
Trade and other receivables	26,207	248	25,065	149
Cash and cash equivalents	31,368	35	22,013	1,098
Trade and other payables	(6,992)	-	(6,400)	-
Net exposure arising from recognised assets and liabilities	50,583	283	40,678	1,247

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22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk (Continued)

(iv) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained earnings in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

		2019		2018	
		Increase/ (decrease) in foreign exchange rate 匯率增加/ (減少)	Effect on profit after tax and retained earnings 對除稅後 溢利及保留 盈利之影響 HK\$'000 港幣千元	Increase/ (decrease) in foreign exchange rate 匯率增加/ (減少)	Effect on profit after tax and retained earnings 對除稅後 溢利及保留 盈利之影響 HK\$'000 港幣千元
British Pounds	英鎊	5% (5%)	122 (122)	5% (5%)	521 (521)

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit after tax and retained earnings measured in the respective functional currencies, translated into Hong Kong Dollar at the exchange rate ruling as at the end of the reporting period for presentation purposes.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates occurred at the end of the reporting period and applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. In this respect, it is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies. The percentage of increase and decrease in foreign exchange rate represents the management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2018.

22 財務風險管理及公平值(續)

(d) 外幣風險(續)

(iv) 敏感度分析

下表闡釋本集團於本報告期末止所承受重大風險之匯率之合理可能變動對除稅後虧損及保留盈利造成之概約變動。

上表所列示之分析結果指各集團及公司實體之除稅後溢利及有關功能貨幣按報告期末之匯率(就呈報而言)兌換為港元計算之股本之總計。

敏感度分析乃假設匯率變動於報告期末發生，並應用於本集團各實體就於該日仍存在之非衍生金融工具所承受之貨幣風險，而所有其他可變因素(尤其利率)保持不變。就此，假設港元兌美元之掛勾匯率將不會因美元兌換其他貨幣之變動而受重大影響。所呈列之變動指管理層估計匯率於直至下一個年度報告期末止期間之合理可能變動。進行分析之基礎與2018年所依據之基礎相同。

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22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair value as at 31 December 2019 and 2018.

22 財務風險管理及公平值(續)

(e) 公平值

所有金融工具之入賬金額與其於2019年及2018年12月31日之公平值無重大不同。

23 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group represents amounts paid to the Company's executive directors as disclosed in note 7.

23 關聯方之重大交易及結餘

(a) 主要管理層人員酬金

集團主要管理層人員酬金包括支付本公司執行董事於附註7披露。

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Short-term employee benefits	短期僱員福利	11,948	11,659
Post-employment benefits	後僱用福利	702	682
		12,650	12,341

(b) Other related party transactions

During the year ended 31 December 2019, the Company entered into an agreement with RJW Technology Company Limited ("RJW Technology") to acquire one (2018: two) unit(s) machine(s) for cash consideration of HK\$950,000 (2018: HK\$1,900,000), which has/have been delivered to the Group's premises. RJW Technology is controlled 10% and 80% respectively by each of the two executive directors, Mr. Wong, John Ying Man and Dr. Wong, Raymond Man Hin.

(b) 其他關聯方項目

截至2019年12月31日止年度，本公司與RJW技術有限公司(「RJW 技術」)訂立協議，以現金代價港幣950,000元(2018年：港幣1,900,000元)購買1台(2018年：2台)精密電化學加工機器，該機器已交付本集團物業。RJW技術由兩位執行董事黃英敏先生及黃文顯先生分別控制10%及80%權益。

Notes to the Consolidated Financial Statements

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(Expressed in Hong Kong dollars)

(以港幣為單位)

23 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(Continued)

(c) Balances dealt with related parties

Balances with subsidiaries are disclosed in the Company's statement of financial position contained in note 26(a).

24 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend and a special dividend. Further details are disclosed in note 20(b).

25 SUBSIDIARIES' INFORMATION

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

23 關聯方之重大交易及結餘(續)

(c) 關聯方結餘

與同系附屬公司之結餘已在本公司的財務狀況表之附註26(a)中披露。

24 本報告期間後未調整事項

本報告期間後止，董事建議派發之末期息及特別股息。詳情於附註20(b)。

25 附屬公司資料

影響本集團之業績、資產及負債之附屬公司詳情如下。除特別列出，所持有之股權為普通股。

Name of company 公司名稱	Place of incorporation 註冊地點	Place of operation 經營地點	Particulars of issued and paid up capital 已發行及繳足股本之詳情	Proportion of ownership interest held by the Company 本公司有效權益	Principal activities 主要業務
Mass Top Corporation	The British Virgin Islands 英屬處女島	Hong Kong 香港	1 share of US\$1 1股普通股每股1美元	100%	Property holding 投資物業
Raymond (Panyu Nansha) Electrical Appliances Development Company Limited (Note) 利民(番禺南沙)電器發展有限公司(附註)	The PRC 中國	The PRC 中國	Registered capital US\$22,380,000 註冊資本 22,380,000美元	100%	Manufacture and sale of electrical home appliances 製造及銷售家用電器

Note:

The statutory financial statements of Raymond (Panyu Nansha) Electrical Appliances Development Company Limited for the financial year ended 31 December 2019, prepared under generally accepted accounting principles applicable in the PRC, have been audited by 廣州業勤會計師事務所有限公司。

Raymond (Panyu Nansha) Electrical Appliances Development Company Limited is a wholly foreign owned enterprise registered under PRC Law.

附註：

利民(番禺南沙)電器發展有限公司截至2019年12月31日止之年度財務報表按中國會計守則編制，已經由廣州業勤會計師事務所有限公司審核。

利民(番禺南沙)電器發展有限公司是根據中國法律註冊的外商獨資企業。

Notes to the Consolidated Financial Statements

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(Expressed in Hong Kong dollars)

(以港幣為單位)

26 FINANCIAL INFORMATION OF THE COMPANY 26 本公司財務資料

(a) Statement of financial position (a) 財務狀況表

		2019 HK\$'000 港幣千元	2018 HK\$'000 港幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	2,443	3,319
Investments in subsidiaries	附屬公司投資	173,703	173,703
		176,146	177,022
Current assets	流動資產		
Inventories	存貨	1,898	3,016
Trade and other receivables	貿易及其他應收賬項	191,842	197,646
Amounts due from subsidiaries	應收附屬公司賬項	-	42,572
Tax recoverable	可退回稅項	-	2,140
Cash and cash equivalents	現金及現金等值項目	239,054	181,366
		432,794	426,740
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付賬項	82,303	90,547
Amounts due to subsidiaries	應付附屬公司賬項	48,882	18,628
Tax payable	應付稅項	1,383	-
Dividends payable	應付股息	282	258
		132,850	109,433
Net current assets	流動資產淨值	299,944	317,307
Total assets less current liabilities	總資產減流動負債	476,090	494,329
Non-current liabilities	非流動負債		
Deferred tax liabilities	遞延稅項負債	148	148
NET ASSETS	資產淨值	475,942	494,181
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	462,333	461,807
Reserves	其他儲備	13,609	32,374
TOTAL EQUITY	總權益	475,942	494,181

Approved and authorised for issue by the board of directors on 26 March 2020.

於2020年3月26日獲董事會批准及授權刊發。

Wong, Wilson Kin Lae

黃乾利

Director

董事

Wong, Raymond Man Hin

黃文顯

Director

董事

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(Expressed in Hong Kong dollars)

(以港幣為單位)

26 FINANCIAL INFORMATION OF THE COMPANY (Continued)

26 本公司財務資料(續)

(b) Details of changes in the Company's individual components of reserve during the year:

(b) 下表載列本公司個別權益組成部份本年度的變動詳情：

	Note 附註	Share capital 股本 HK\$'000 港幣千元	Capital reserve 資本儲備 HK\$'000 港幣千元	Retained earnings 滾存盈利 HK\$'000 港幣千元	Total equity 合計權益 HK\$'000 港幣千元
At 1 January 2018	於2018年1月1日結餘	453,723	2,291	32,372	488,386
Changes in equity for 2018:	2018年權益變動：				
Profit and total comprehensive income for the year	本年溢利及全面收益總額	-	-	28,198	28,198
Dividends approved in respect of the	批准股息				
- current year	- 本年	20(b)(i)	-	(9,876)	(9,876)
- previous year	- 往年	20(b)(ii)	-	(19,553)	(19,553)
Shares issued under share option scheme	購股權已發行之股份				
- gross proceeds	- 毛收益	20(a)(ii)	7,026	-	7,026
- transfer from capital reserve	- 由資本儲備轉移		1,058	(1,058)	-
Share options lapsed	取消購股權		-	374	-
		8,084	(1,432)	(857)	5,795
At 31 December 2018	於2018年12月31日結餘	461,807	859	31,515	494,181
At 1 January 2019	於2019年1月1日結餘	461,807	859	31,515	494,181
Changes in equity for 2019:	2019年權益變動：				
Profit and total comprehensive income for the year	本年溢利及全面收益總額	-	-	20,842	20,842
Dividends approved in respect of the	批准股息				
- current year	- 本年	20(b)(i)	-	(9,886)	(9,886)
- previous year	- 往年	20(b)(ii)	-	(29,652)	(29,652)
Shares issued under share option scheme	購股權已發行之股份				
- gross proceeds	- 毛收益	20(a)(ii)	457	-	457
- transfer from capital reserve	- 由資本儲備轉移		69	(69)	-
Share options lapsed	取消購股權		-	34	-
		526	(103)	(18,662)	(18,239)
At 31 December 2019	於2019年12月31日結餘	462,333	756	12,853	475,942

Notes to the Consolidated Financial Statements

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(以港幣為單位)

27 ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Depreciation

Property, plant and equipment and right-of-use assets are depreciated on a straight-line basis or reducing balance basis over the estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future periods is adjusted if there are significant changes from the previous estimation.

(b) Impairments

In considering the impairment loss that may be required for certain property, plant and equipment, right-of-use assets and investments in subsidiaries, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to estimate precisely the fair value price because quoted market prices for the assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

The Group considers the ECLs of trade receivables are based on management's estimate of the lifetime expected credit losses which is taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

27 會計估計及判斷

董事應用於本集團之會計政策的方法、估算及判斷對本集團之財務狀況及營運業績有重大影響。某些會計政策要求本集團應用估計及判斷在不確定事件上。關鍵會計判斷應用在本集團之會計政策詳列如下：

(a) 折舊

物業、廠房及設備及使用權資產以直線法或餘額遞減法按資產的估計可使用年期折舊。集團會每年檢討對該等資產的可使用年期的及餘值估計，如有，未來的折舊開支會因應過往估計數字的重大變化而調整。

(b) 減值

考慮到若干物業、廠房及設備、使用權資產及於附屬公司之投資及可收回資產可能出現減值虧損，須釐定資產之可收回金額。可收回金額為淨售價與使用價值兩者之較高者。由於此等資產之所報市價不能可靠地獲取，故難以準確地估計售價。在釐定使用價值時，資產所產生之預期現金流量乃折讓至其現有價值，而須就營業額水平及營運成本金額等項目作出重要評估。本集團在釐定金額時使用所有可靠取得之資料，而金額為可收回金額之合理概約金額，包括根據合理及有支持之假設及預測項目如營業額及營運成本等估計數據。

本集團認為貿易應收款項的預期信用損失基於管理層對存續期預期信用損失的估計，該估計考慮了信用損失經驗，逾期貿易應收賬款的賬齡，客戶的還款記錄和客戶的財務狀況以及當前和預測的總體經濟狀況評估，所有這些很大程度由管理層判斷。

Notes to the Consolidated Financial Statements

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(Expressed in Hong Kong dollars)

(以港幣為單位)

27 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Impairments (Continued)

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. The information about the ECLs and the Group's trade receivables are disclosed in note 14 and 22(a). If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for tax losses not yet used and temporary deduction differences. Those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax credit can be utilised, consequently management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(d) Inventory provision

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analyses, projections of expected future saleability of goods and management experience and judgement. Based on these reviews, write-down of inventories will be made when the carrying amounts of inventories fall below their estimated net realisable value. Due to changes in customers' performance, actual sale of goods may be different from estimates and profit or loss could be affected by differences from estimates.

27 會計估計及判斷(續)

(b) 減值(續)

提供預期信用損失對環境變化和預測總體經濟狀況很敏感。有關預期信用損失及本集團貿易應收款項的資料於附註14及22(a)披露。如果客戶的財務狀況或預測的經濟狀況惡化，實際損失準備金將高於估計。

(c) 所得稅

釐定所得稅撥備涉及對若干交易未來稅項處理之評估及稅務規則之詮釋。本集團審慎地評估交易之隱含稅項，並據此提撥稅項撥備。該等交易之稅項處理乃定期檢討，以計及稅項法例之所有變動。

遞延稅項資產乃就未動用但臨時扣減差額之稅項虧損確認。由於該等遞延稅項資產僅於未來溢利將可用作抵銷而未動用抵減稅額可動用時方會確認，管理層須評估未來應課稅溢利之可能性。管理層之評估乃定期檢討，倘未來應課稅溢利將允許收回遞延稅項資產，則會確認額外遞延稅項資產。

(d) 存貨撥備

本集團執行定期檢討按存貨賬齡分析、預期未來銷售、管理經驗及判斷之存貨賬面值。基於此檢討，已因存貨賬面值下跌低於其估算計現價值淨值而作存貨減值。因客戶表現的變動、實際銷售將與此估計有差異及此計亦可能影響溢利或虧損。

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28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8, Definition of material	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

28 截至2019年12月31日止年度已頒佈但未生效之修訂、新準則及詮釋之潛在影響

截至此等綜合財務報表刊發之日，香港會計師公會已頒佈多項修訂及新準則，但於截至2019年12月31日止年度仍未生效，且仍未於此等綜合財務報表採納。這些包括以下可能與本集團相關的內容：

	在以下日期或之後開始的會計期間生效
香港財務報告準則第3號修訂，業務定義	2020年1月1日
香港會計準則第1號及香港會計準則第8號的修訂，重大水平的定義	2020年1月1日

本集團正在評估這些修訂和新準則在首次應用期間的預期影響。到目前為止，本集團相信，採用這些準則對綜合財務報沒有產生重大影響。

Five Years Financial Summary

五年財務摘要

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 綜合損益表

		2015 HK\$'000 港幣千元	2016 HK\$'000 港幣千元	2017 HK\$'000 港幣千元	2018 HK\$'000 港幣千元	2019 HK\$'000 港幣千元
Revenue	收入	988,449	1,019,442	997,697	1,285,918	1,155,578
Profit before taxation	除稅前溢利	44,745	72,704	46,445	62,298	41,910
Income tax	所得稅	(8,417)	(21,693)	(9,983)	(9,724)	(2,937)
Profit for the year attributable to equity shareholders of the Company	本公司股東應佔本年 來之溢利	36,328	51,011	36,462	52,574	38,973

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

		2015 HK\$'000 港幣千元	2016 HK\$'000 港幣千元	2017 HK\$'000 港幣千元	2018 HK\$'000 港幣千元	2019 HK\$'000 港幣千元
Property, plant and equipment	物業、廠房及設備	165,693	145,331	165,581	184,011	169,692
Interests in leasehold land held for own use under operating leases	根據經營租賃持作 自用之土地權益	8,142	7,251	7,403	6,664	-
Right-of-use assets	使用權資產	-	-	-	-	8,973
Deferred tax assets	遞延稅項資產	8,346	4,910	5,296	3,296	3,424
Net current assets	流動資產淨值	382,380	414,705	417,815	418,379	424,038
Deferred tax liabilities	遞延稅項負債	(168)	(308)	(734)	(181)	(173)
Net assets	資產淨值	564,393	571,889	595,361	612,169	605,954
Share capital	股本	445,821	448,167	453,723	461,807	462,333
Reserves	儲備	118,572	123,722	141,638	150,362	143,621
Total equity attributable to equity shareholders of the Company	本公司股東應佔權益	564,393	571,889	595,361	612,169	605,954



RAYMOND Industrial Ltd
利民實業有限公司