

KIDZTECH



2019
ANNUAL REPORT 年報

TOPMAX
RACING



KIDZTECH HOLDINGS LIMITED
奇士達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

STOCK CODE 股份代號: 6918

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CORPORATE INFORMATION

公司資料

Board of Directors

Executive Directors

Mr. Yu Huang (*Chairman and Chief Executive Officer*)

Mr. Pui Lik Leung Kenny

Mr. Ni Yanlong

Non-executive Director

Ms. Zheng Jingyun

Independent non-executive Directors

Mr. He Weidong

Ms. Liu Man

Ms. Zhao Weiwei

Joint Company Secretaries

Ms. Cao Xuelian

Ms. Koo Ching Fan

Compliance Adviser

CMBC International Capital Limited

Authorised Representatives

Mr. Pui Lik Leung Kenny

Ms. Koo Ching Fan

Audit Committee

Ms. Zhao Weiwei (*Chairlady*)

Ms. Liu Man

Mr. He Weidong

Remuneration Committee

Ms. Liu Man (*Chairlady*)

Mr. Pui Lik Leung Kenny

Mr. He Weidong

Nomination Committee

Mr. He Weidong (*Chairman*)

Mr. Yu Huang

Mr. Pui Lik Leung Kenny

Ms. Liu Man

Ms. Zhao Weiwei

Auditor

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

Legal Adviser

CFN Lawyers

董事會

執行董事

余煌先生 (*主席及行政總裁*)

貝烈亮先生

倪彥龍先生

非執行董事

鄭靜雲女士

獨立非執行董事

何衛東先生

劉曼女士

趙衛衛女士

聯席公司秘書

曹雪蓮女士

顧菁芬女士

合規顧問

民銀資本有限公司

授權代表

貝烈亮先生

顧菁芬女士

審核委員會

趙衛衛女士 (*主席*)

劉曼女士

何衛東先生

薪酬委員會

劉曼女士 (*主席*)

貝烈亮先生

何衛東先生

提名委員會

何衛東先生 (*主席*)

余煌先生

貝烈亮先生

劉曼女士

趙衛衛女士

核數師

羅兵咸永道會計師事務所

註冊會計師

註冊公眾利益實體核數師

法律顧問

陳馮吳律師事務所

CORPORATE INFORMATION 公司資料

Registered Office

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

Head Office and Place of Business in the PRC

Chengyanggang Road, Ancheng Highway
Lianxia Town, Chenghai District
Shantou City
Guangdong
PRC

Place of Business in Hong Kong

Room 802, 8/F, Inter-Continental Plaza
94 Granville Road
Tsim Sha Tsui East
Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

Bank of China Limited Shantou Branch
Industrial Bank Co., Ltd. Shantou Branch
Lianshang Credit Cooperative of Shantou Chenghai Rural Credit
Cooperative Union

Website Address

www.kidztech.net

Stock Code

6918

註冊辦事處

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

中國總辦事處及營業地點

中國
廣東省
汕頭市
澄海區蓮下鎮
安澄公路程洋崗路段

香港營業地點

香港
九龍
尖沙咀東
加連威老道94號
明輝中心8樓802室

主要股份過戶登記處

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

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心
54樓

主要往來銀行

中國銀行股份有限公司汕頭分行
興業銀行股份有限公司汕頭分行
汕頭市澄海農村信用合作聯社蓮上信用社

網站

www.kidztech.net

股份代號

6918

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Kidztech Holdings Limited (the “**Company**”), it is my pleasure to present to you the first annual report of the Company and its subsidiaries (together the “**Group**”) upon our listing (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 March 2020 (the “**Listing Date**”).

The year of 2019 was significant to the Group in terms of growth and corporate development. During the year, the Group devoted its effort to the preparation for the Listing and fulfilled the stringent requirements of the international equity market and successfully enhanced its management standard through the Listing exercise. With the dedication of all our staff and support from other professionals, the Company achieved great success during the Listing of its shares (the “**Shares**”) in March 2020. The Listing has laid down an important milestone of the Group’s business development and is a recognition to our efforts in bringing to the market the best products ever since our inception. After the Listing, we shall continue to strengthen the Group’s existing market, and will also grasp every business opportunity to achieve satisfactory results.

The Group recorded increases in both the revenue and gross profit for the year ended 31 December 2019. To foster the growth of our business, the Group will further expand its global footprint by diversifying its customer base in the overseas market which has tremendous growth potential. One way of achieving it is through devoting substantial resources to developing business relationship with PRC export-oriented wholesalers, who have more bargaining power when dealing with different kinds of overseas retailers. In terms of product development, the Group intends to strengthen its product development capability to cater for different preferences and needs of end customers of its products by way of (i) devoting more resources in market research to enhance its sensitivity to the latest global trends; (ii) enhancing its engineering and quality control functions by retaining and employing additional engineers and quality assurance personnel as well as strengthening quality standards and procedures; and (iii) deploying further resources in product design and development. The Group envisages that the potential growth will need the solid support of enhanced production capacity and efficiency. Therefore, a production plant is currently under construction which helps capitalise on the growing demand, especially for smart toys.

致全體股東：

本人謹代表奇士達控股有限公司（「本公司」）的董事（「董事」）會（「董事會」），欣然向全體股東呈列本公司及其附屬公司（統稱「本集團」）於二零二零年三月十八日（「上市日期」）在香港聯合交易所有限公司（「聯交所」）主板上市（「上市」）後的本集團第一份年度報告。

二零一九年對本集團的增長與企業發展而言意義重大。年內，本集團致力籌備上市，並滿足國際股票市場的嚴格要求，以通過上市活動成功提升其管理水平。在全體員工的竭誠奉獻與其他專業人士的支持下，本公司在二零二零年三月其股份（「股份」）上市期間取得巨大成功。上市為本集團業務發展奠定了重要里程碑，是對本集團自成立以來一直致力於將最好的產品推向市場的肯定。上市後，我們將繼續鞏固本集團的現有市場，並會把握每一個商機，以取得令人滿意的業績。

本集團截至二零一九年十二月三十一日止年度之收益及毛利均錄得增長。為促進業務增長，本集團將透過多元化其具有巨大增長潛力的海外市場的客戶基數，進一步擴大其全球足跡。實現此目標的方法之一是通過投入大量資源與中國出口型批發商發展業務關係，該等批發商在與不同類型的海外零售商進行業務往來時具有更大的議價能力。在產品開發方面，本集團擬透過以下方式增強其產品開發能力，以滿足其最終客戶的不同偏好與需求：(i) 在市場研究上投入更多資源，以增強其對全球最新趨勢的敏感性；(ii) 透過聘用與僱用額外的工程師及質保人員以及加強質量標準和程序，增強其工程和質量控制職能；及(iii) 在產品設計和開發中進一步部署資源。本集團認為，其成長潛力將需要提高生產能力和效率的堅實支持。因此，目前正在建設生產工廠，以幫助把握不斷增長的需求，尤其是對智能玩具的需求。

CHAIRMAN'S STATEMENT 主席報告

On behalf of the Board, I wish to take this opportunity to express my deep gratitude to our shareholders (the “**Shareholders**”), clients, business partners, and suppliers for their continuous support. I would also like to express our sincere appreciation to the Group’s management and staff for their commitment, contribution and dedication throughout the years.

Yu Huang
Chairman

31 March 2020

本人謹代表董事會，藉此機會對我們的股東（「股東」）、客戶、業務合作夥伴及供應商的一貫支持深表謝意。此外，我要對本集團管理層與員工多年來的承擔、貢獻及奉獻表示由衷的感謝。

余煌
主席

二零二零年三月三十一日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Business and Financial Review

The Group has a vision of becoming a smart interactive entertainment product provider. The Group is principally engaged in the design, development, manufacture and sale of high-quality smart toy vehicles, smart interactive toys and traditional toys.

The Group recorded increases in both the revenue and the gross profit for the year ended 31 December 2019.

Revenue

The Group's total revenue increased by approximately 16.9% from approximately RMB278.7 million for the year ended 31 December 2018 to approximately RMB325.8 million for the year ended 31 December 2019. Such increase was primarily due to (i) the increase in sale to one of its major overseas retailer customers by approximately RMB31.4 million; (ii) the increase in sale of its smart interactive toys primarily due to the increase in sale of its co-branded products branded under the brand of a famous toy brand licensor which ranks second in the retail brand of the global toy market in terms of sales revenue in 2018 according to a report prepared by China Insights Industry Consultancy Limited, an independent industry expert, such as electronic piano, walkie-talkie and toy guitar; and (iii) the increase in sale of traditional toys to its customers in the People's Republic of China (the "PRC"), in particular the wholesalers based in the PRC which principally export and sell toys to overseas wholesalers and retailers and mainly onward export the Group's products to overseas market (the "PRC Export-Oriented Wholesalers").

The PRC continued to be the Group's biggest market in 2019, contributing approximately 48.3% of revenue (amongst such 48.3%, approximately 36.5% of which was indirect sales to overseas made through the PRC Export-Oriented Wholesalers, while approximately 11.8% of which was domestic sales made through the PRC domestic-sale-oriented wholesalers and retail sales in the PRC market). Europe as a whole contributed approximately 18.7%, the North America contributed approximately 25.9%, Asia (excluding the PRC) contributed approximately 3.4%, and approximately 3.8% came from Oceania, South America and Africa.

業務及財務回顧

本集團的願景是成為智能互動式娛樂產品供應商。本集團主要設計、開發、製造及銷售高品質智能車模、智能互動式玩具及傳統玩具。

本集團截至二零一九年十二月三十一日止年度的收益及毛利均錄得增長。

收益

本集團總收益由截至二零一八年十二月三十一日止年度的約人民幣278.7百萬元增加約16.9%至截至二零一九年十二月三十一日止年度的約人民幣325.8百萬元。有關增加主要由於(i)我們向其中一名主要海外零售商客戶的銷售增加約人民幣31.4百萬元；(ii)智能互動式玩具的銷售增加，主要由於使用著名玩具品牌授權人（根據灼識行業諮詢有限公司（一間獨立行業專家）編制的報告，按二零一八年銷售收益計，在全球玩具市場的零售品牌中排行第二）品牌的聯合品牌產品（如電子琴、對講機及玩具吉它）的銷售增加；及(iii)向中華人民共和國（「中國」）客戶的傳統玩具銷售增加，尤其是其主要向海外批發商和零售商出口與銷售玩具以及主要是將本集團的產品出口到海外市場的中國批發商（「中國出口型批發商」）。

中國在二零一九年仍然是本集團的最大市場，佔收益的約48.3%（該48.3%分為約36.5%經過中國出口型批發商間接銷售到海外市場，及約11.8%經過中國內銷型批發商及中國零售商銷售到中國市場）。歐洲整體貢獻收益的約18.7%，北美貢獻約25.9%，亞洲（不包括中國）貢獻約3.4%，此外，約3.8%來自大洋洲、南美洲及非洲。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



Analysis of revenue by product type is as follows:

按產品類型劃分的收益分析如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Smart toys	智能玩具		
– Smart toy vehicles	– 智能車模	209,584	218,120
– Smart interactive toys	– 智能互動式玩具	28,459	19,659
Traditional toys	傳統玩具	84,697	34,500
Smart hardware	智能硬件	3,060	6,438
		325,800	278,717

Smart toys

智能玩具

Smart toy vehicles

智能車模

The Group's smart toy vehicles mainly comprise full function radio controlled toy vehicles, which are manufactured in different scales. During the year ended 31 December 2019, the Group's smart toys vehicles are mostly "kidztech" brand products and co-branded products collectively released by the Company and renowned automobile manufacturers. The Group also manufactures under overseas customers' brands on original equipment manufacturing ("OEM") and original design manufacturing ("ODM") bases.

本集團的智能車模主要包括全功能無線電遙控車模，該等產品按不同比例生產。於截至二零一九年十二月三十一日止年度，本集團的智能車模大部分為「奇士達」品牌產品和奇士達與知名汽車製造商推出的聯合品牌產品。本集團亦通過原設備製造（「OEM」）及原設計製造（「ODM」）模式以海外客戶的品牌製造產品。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Smart interactive toys

The Group's smart interactive toys mainly comprise smart interactive playsets, activity toys and musical toys, and some of these toys, which play music and contain play features, are intended to stimulate the sensory development of children. During the year ended 31 December 2019, most of these toys were sold under either (i) co-branded with popular entertainment characters featured in animated television series or motion pictures or toy brand owner; or (ii) its "kidztech" brand.

Traditional toys

Traditional toys include traditional toy vehicles, traditional educational toys, dolls and other traditional toys such as outdoor and sport as well as infant toys. During the year ended 31 December 2019, the majority of revenue from traditional toys were derived from sale of traditional toy vehicles. Traditional toy vehicles include pull back toy vehicles and inertia toy vehicles which are mainly designed for children aged one to three years or above. During the year ended 31 December 2019, most of these toys were sold under its "kidztech" brand.

Smart hardware

In view of the rapid growth of smart hardware market, leveraging the expertise of the Group in designing and manufacturing high quality radio controlled smart toy vehicles, the Group had in 2018 commenced selling smart hardware, such as Bluetooth speakers, which are sold under its "kidztech" brand. During the year ended 31 December 2019, most of the smart hardware products continued to be sold under its "kidztech" brand.

Brands

The Group's products are (i) branded with its "kidztech" brand; (ii) co-branded with renowned automobile manufacturers, popular entertainment characters featured in animated television series or motion pictures or toy brand owner; or (iii) branded under its overseas customers brands, which mainly represent the products manufactured by the Group on ODM and OEM bases and the products sold to its customers branded under their respective brands.

During the year ended 31 December 2019, approximately 46.0% of revenue was attributable to products under its "kidztech" brand (2018: approximately 51.8%), approximately 45.3% of revenue was attributable to products under co-brand (2018: approximately 40.1%) and approximately 8.7% of revenue was attributable to products under overseas customers brands (2018: approximately 8.1%).

智能互動式玩具

本集團的智能互動式玩具產品主要包括智能互動式玩具套裝、活動玩具及音樂玩具，部分玩具可播放音樂並具有播放功能，旨在激發兒童感官發育。於截至二零一九年十二月三十一日止年度，大部分該等玩具乃以(i)與動畫電視劇或電影的流行娛樂角色或玩具品牌擁有人推出的聯合品牌；或(ii)我們的「奇士達」品牌出售。

傳統玩具

傳統玩具包括傳統玩具車、傳統教育玩具、玩偶及其他如戶外及體育以及嬰兒玩具等傳統玩具。於截至二零一九年十二月三十一日止年度，大部份來自傳統玩具的收益來自銷售傳統玩具車。傳統玩具車包括回力玩具車及慣性玩具車，主要為一至三歲或以上兒童設計。於截至二零一九年十二月三十一日止年度，大部分該等玩具以我們的「奇士達」品牌出售。

智能硬件

鑒於智能硬件市場的快速增長，憑藉本集團在設計及製造高品質無線電遙控智能車模方面的專業知識，本集團於二零一八年已開始銷售智能硬件，如藍牙揚聲器，以我們的「奇士達」品牌出售。於截至二零一九年十二月三十一日止年度，大多數智能硬件產品繼續以「奇士達」品牌出售。

品牌

本集團的產品為(i)「奇士達」品牌的產品；(ii)與知名汽車製造商、動畫電視劇集或電影所塑造的流行娛樂角色或玩具品牌擁有人推出的聯合品牌的產品；或(iii)使用我們海外客戶的品牌（主要指本集團以ODM及OEM模式製造的產品）的產品，以及售予客戶使用客戶各自品牌的產品。

於截至二零一九年十二月三十一日止年度，約46.0%的收益產生自「奇士達」品牌的產品（二零一八年：約51.8%），約45.3%的收益產生自聯合品牌的產品（二零一八年：約40.1%）及約8.7%的收益產生自海外客戶品牌的產品（二零一八年：約8.1%）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Gross profit and gross profit margin

The Group's gross profit increased from approximately RMB95.6 million for the year ended 31 December 2018 to approximately RMB122.2 million for the year ended 31 December 2019, representing an increase of approximately 27.8%. The Group's gross profit margin increased by approximately 3.2% from approximately 34.3% for the year ended 31 December 2018 to approximately 37.5% for the year ended 31 December 2019. The increase in the gross profit margin was primarily due to (i) the appreciation of United States dollars ("USD") against Renminbi ("RMB") as the Group usually billed its overseas customers in USD; and (ii) the increase in the overall sales to overseas retailer customers and overseas wholesaler customers with higher profit margin.

Selling expenses

The Group's selling expenses increased by approximately 20.4% from approximately RMB16.6 million for the year ended 31 December 2018 to approximately RMB20.0 million for the year ended 31 December 2019. The increase was primarily due to (i) the increase in staff costs of approximately RMB1.5 million due to increase in number of staff and staff remuneration; and (ii) the increase in customs declaration and related fees of approximately RMB2.2 million due to the increase in sale of the Group's products to the overseas retailer customers.

Administrative expenses

The Group's administrative expenses increased by approximately 54.8% from approximately RMB33.6 million for the year ended 31 December 2018 to approximately RMB52.0 million for the year ended 31 December 2019. Such increase was mainly attributable to the incurrance of Listing expenses of approximately RMB16.4 million during the year ended 31 December 2019 for the preparation of the Listing.

Taxation

Income tax expenses increased by approximately 46.6% to approximately RMB12.9 million for the year ended 31 December 2019 from approximately RMB8.8 million for the year ended 31 December 2018. Such increase was due to (i) the increase in profit before tax before Listing expenses; and (ii) the increase in the applicable enterprise income tax rate of Kidztech Intelligent (as defined below), an indirectly wholly-owned subsidiary of the Company, from 15% for the year ended 31 December 2018 to 25% for the year ended 31 December 2019 as it failed to obtain review qualification certificate before 31 December 2019 for the High and New Technology Enterprise Certificate ("HNTE Certificate").

毛利及毛利潤率

本集團的毛利由截至二零一八年十二月三十一日止年度的約人民幣95.6百萬元增加至截至二零一九年十二月三十一日止年度的約人民幣122.2百萬元，增幅約27.8%。本集團的毛利率由截至二零一八年十二月三十一日止年度的約34.3%增加至截至二零一九年十二月三十一日止年度的約37.5%（增長約3.2%）。毛利率增加，主要由於(i)美元（「美元」）兌人民幣（「人民幣」）升值，因本集團通常以美元向海外客戶出具發票；及(ii)向利潤率較高的海外零售商客戶及海外批發商客戶的整體銷售增加。

銷售開支

本集團的銷售開支由截至二零一八年十二月三十一日止年度的約人民幣16.6百萬元增加約20.4%至截至二零一九年十二月三十一日止年度的約人民幣20.0百萬元。有關增幅主要由於(i)員工人數及員工薪酬增加，導致員工成本增加約人民幣1.5百萬元；及(ii)本集團向海外零售商客戶銷售產品增加，導致報關及相關費用增加約人民幣2.2百萬元。

行政開支

本集團行政開支由截至二零一八年十二月三十一日止年度的約人民幣33.6百萬元增加約54.8%至截至二零一九年十二月三十一日止年度的約人民幣52.0百萬元。有關增幅主要由於在截至二零一九年十二月三十一日止年度為籌備上市而產生上市開支約人民幣16.4百萬元。

稅項

所得稅開支由截至二零一八年十二月三十一日止年度的約人民幣8.8百萬元增加約46.6%至截至二零一九年十二月三十一日止年度的約人民幣12.9百萬元。有關增幅主要由於(i)扣除稅項及上市開支前的盈利增加；及(ii)奇士達智能（定義如下）（本公司間接全資附屬公司）的適用企業所得稅率由截至二零一八年十二月三十一日止年度15%增加至截至二零一九年十二月三十一日止年度的25%，原因是其高新科技企業證書（「高新科技企業證書」）未在二零一九年十二月三十一日前取得複審合格證書。

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The Group's effective tax rate increased from approximately 21.2% for the year ended 31 December 2018 to approximately 26.7% for the year ended 31 December 2019, which was mainly due to (i) the increase in expenses incurred in relation to the preparation for the Listing which was not deductible for tax purpose; and (ii) the increase in the applicable enterprise income tax rate of Kidztech (Guangdong) Intelligent Technology Co., Ltd.* (奇士達(廣東)智能科技有限公司) (formerly known as Kidztech Intelligent Technology Co. Ltd.* (奇士達智能科技股份有限公司)) ("**Kidztech Intelligent**"), an indirect wholly-owned subsidiary of the Company, from 15% to 25% as discussed hereinabove.

Profit for the year

The Group's profit (before Listing expenses) increased by approximately 58.2% from approximately RMB32.8 million for the year ended 31 December 2018 to approximately RMB51.8 million for the year ended 31 December 2019; while its profit (after Listing expenses) increased by approximately 8.2% from approximately RMB32.8 million for the year ended 31 December 2018 to approximately RMB35.4 million for the year ended 31 December 2019.

The Group's net profit margin (before Listing expenses) increased from approximately 11.8% for the year ended 31 December 2018 to approximately 15.9% for the year ended 31 December 2019; while its net profit margin (after Listing expenses) decreased from approximately 11.8% for the year ended 31 December 2018 to approximately 10.9% for the year ended 31 December 2019.

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019.

Liquidity and financial resources

As at 31 December 2019, the Group's cash and restricted cash amounted to approximately RMB117.6 million (31 December 2018: approximately RMB189.6 million).

本集團的實際稅率由截至二零一八年十二月三十一日止年度的約21.2%上升至截至二零一九年十二月三十一日止年度的約26.7%，主要由於(i)與籌備上市有關的不可扣稅開支增加；及(ii)如上所述，奇士達(廣東)智能科技有限公司(「奇士達智能」，前稱為奇士達智能科技股份有限公司，為本公司之間接全資附屬公司)的適用企業所得稅率由15%增加至25%。

本年度盈利

本集團扣除上市開支前的盈利由截至二零一八年十二月三十一日止年度的約人民幣32.8百萬元增加約58.2%至截至二零一九年十二月三十一日止年度的約人民幣51.8百萬元；其扣除上市開支後的盈利由截至二零一八年十二月三十一日止年度的約人民幣32.8百萬元增加約8.2%至截至二零一九年十二月三十一日止年度的約人民幣35.4百萬元。

本集團扣除上市開支前的純利率由截至二零一八年十二月三十一日止年度的約11.8%增加至截至二零一九年十二月三十一日止年度的約15.9%；其扣除上市開支後的純利率由截至二零一八年十二月三十一日止年度的約11.8%減少至截至二零一九年十二月三十一日止年度的約10.9%。

末期股息

董事會不建議派發截至二零一九年十二月三十一日止年度的末期股息。

流動資金及財務資源

於二零一九年十二月三十一日，本集團的現金及受限制現金約為人民幣117.6百萬元(二零一八年十二月三十一日：約人民幣189.6百萬元)。

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For the year ended 31 December 2019, net cash generated from operating activities was approximately RMB34.7 million, net cash generated from investing activities was approximately RMB6.2 million and net cash used in financing activities approximately RMB114.5 million.

For the year ended 31 December 2018, net cash generated from operating activities was approximately RMB51.1 million, net cash used in investing activities was approximately RMB61.3 million and net cash generated from financing activities was approximately RMB38.3 million.

The net debt to total capital ratio, which represents total borrowings less cash and cash equivalents divided by total capital as at the end of the financial year and multiplied by 100%, was approximately 8.5% as at 31 December 2019 (31 December 2018: not applicable as the Group maintained at net cash position).

The current ratio, which is calculated based on the total current assets at the respective dates divided by the total current liabilities at the respective dates, was approximately 1.4 as at 31 December 2019 (31 December 2018: approximately 1.7); whereas the quick ratio, which is calculated based on the total current assets (excluding inventories) at the respective dates divided by the total current liabilities at the respective dates, was approximately 1.1 as at 31 December 2019 (31 December 2018: approximately 1.5).

Working capital

The average inventory turnover period of the Group was approximately 86.3 days for the year ended 31 December 2019 (2018: approximately 63.1 days). The increase was primarily due to the addition in inventory reserve in preparation for future growing orders by the Group.

The Group's trade receivables decreased from approximately RMB88.6 million as at 31 December 2018 to approximately RMB60.2 million as at 31 December 2019, primarily due to (i) the sales from overseas customers (with shorter credit term) increased; and (ii) the Group spent more effort on the collection of trade receivables and achieved satisfying results. The Group's average turnover days of trade receivables decreased from approximately 98.7 days for the year ended 31 December 2018 to approximately 83.4 days for the year ended 31 December 2019.

截至二零一九年十二月三十一日止年度，經營活動產生的現金淨額約為人民幣34.7百萬元，投資活動產生的現金淨額約為人民幣6.2百萬元，及融資活動使用的現金淨額約為人民幣114.5百萬元。

截至二零一八年十二月三十一日止年度，經營活動產生的現金淨額約為人民幣51.1百萬元，投資活動使用的現金淨額約為人民幣61.3百萬元，及融資活動產生的現金淨額約為人民幣38.3百萬元。

於二零一九年十二月三十一日，淨債務與總資本比率（即借款總額減去現金及現金等價物再除以財政年度末的總資本並乘以100%）約為8.5%（二零一八年十二月三十一日：不適用，因為本集團維持現金淨額狀態）。

流動比率乃按相關日期的總流動資產除以相關日期的總流動負債計算。於二零一九年十二月三十一日，本集團的流動比率約為1.4（二零一八年十二月三十一日：約1.7）。速動比率乃按相關日期的總流動資產（不包括存貨）除以相關日期的總流動負債計算。於二零一九年十二月三十一日，本集團的速動比率約為1.1（二零一八年十二月三十一日：約1.5）。

營運資金

本集團截至二零一九年十二月三十一日止年度的平均存貨週轉天數約為86.3天（二零一八年：約63.1天）。該增長主要是由於本集團增加存貨儲備為未來增長訂單做準備。

本集團的貿易應收款項由於二零一八年十二月三十一日的約人民幣88.6百萬元減少至於二零一九年十二月三十一日的約人民幣60.2百萬元，主要由於(i)來自海外客戶（信用期較短）的銷售額增加；及(ii)本集團加大貿易應收款項的收款力度，並取得滿意的結果。本集團的貿易應收款項平均週轉天數由截至二零一八年十二月三十一日止年度的約98.7天減少至於二零一九年十二月三十一日止年度的約83.4天。

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The Group's trade and other payables increased by approximately RMB6.6 million or approximately 14.9% from approximately RMB44.5 million as at 31 December 2018 to approximately RMB51.1 million as at 31 December 2019. The increase was mainly due to an increase in accrued Listing expenses. The Group's average trade payable turnover days increased from approximately 34.6 days for the year ended 31 December 2018 to approximately 41.2 days for the year ended 31 December 2019, mainly due to the increase in purchases of raw materials for the year ended 31 December 2019.

Bank and other borrowings

As at 31 December 2019, all the bank and other borrowings, amounting approximately RMB142.7 million (2018: approximately RMB140.2 million), were repayable on demand. For further details, please refer to note 27 to the consolidated financial statements.

The weighted average effective interest rate as at 31 December 2019 was 6.20% (2018: 6.17%).

Significant investments, material acquisitions and disposal of subsidiaries

Save for the disposal of Shantou Yudilong Plastic Co., Ltd.* (汕頭市裕迪隆塑膠有限公司), at an aggregate consideration of RMB33,000,000 in August 2019 as disclosed in the prospectus of the Company dated 28 February 2020 (the "Prospectus"), the Group did not have any significant investments, material acquisitions and disposal of subsidiaries during the year ended 31 December 2019.

Future plans for material investments and capital assets

As at 31 December 2019, the Group did not have any other plans for material investments and capital assets except for those disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus and "Outlook" in this annual report.

Pledge of assets

As at 31 December 2019, certain bank and other borrowings of the Group were secured by property, plant and equipment and restricted cash. Details are set out in note 27 to the consolidated financial statements.

本集團的貿易及其他應付款項由二零一八年十二月三十一日的約人民幣44.5百萬元增加約人民幣6.6百萬元或約14.9%至二零一九年十二月三十一日的約人民幣51.1百萬元。該增加主要由於應計上市費用增加。本集團的貿易應付款項平均週轉天數由截至二零一八年十二月三十一日止年度的約34.6天增加至截至二零一九年十二月三十一日止年度的約41.2天，主要由於截至二零一九年十二月三十一日止年度購買的原材料增加所致。

銀行及其他借款

於二零一九年十二月三十一日，銀行及其他借款約人民幣142.7百萬元（二零一八年：約人民幣140.2百萬元），全部須按要求償還。有關更多詳情，請參閱綜合財務報表附註27。

於二零一九年十二月三十一日加權平均實際利率為6.20%（二零一八年：6.17%）。

重大投資、重大收購及出售附屬公司

除於二零一九年八月以總代價人民幣33,000,000元出售汕頭市裕迪隆塑膠有限公司（已在本公司日期為二零二零年二月二十八日的招股章程（「招股章程」）中披露）外，本集團截至二零一九年十二月三十一日止年度並無任何重大投資、重大收購及出售附屬公司。

重大投資與資本資產的未來計劃

於二零一九年十二月三十一日，本集團並無任何其他重大投資與資本資產計劃，惟招股章程中「未來計劃及所得款項用途」一節及本年報中「展望」一節所披露者除外。

資產質押

於二零一九年十二月三十一日，本集團的若干銀行及其他借款由物業、廠房及設備以及受限制現金作為抵押。詳情載於綜合財務報表附註27。

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Contingent liabilities

The Group did not have any significant contingent liability as at 31 December 2019 (2018: Nil).

Capital commitments

As at 31 December 2019, the Group had an aggregate capital commitment of approximately RMB59.9 million (2018: approximately RMB43.2 million).

Foreign exchange exposure

The Group's operating subsidiary incorporated in Hong Kong ("Kidztech HK") operates with most transactions being settled in USD, except for certain transactions which are denominated in HKD or other currencies. The functional currency of Kidztech HK is USD. The Group's operating subsidiaries incorporated in the PRC operate in the PRC and their functional currency is RMB. As at 31 December 2019, foreign exchange risk arose mainly from certain intra-group transactions and balances of the operating subsidiaries in the PRC which are denominated in USD and the accrual of the Listing expenses which are denominated in HKD. The Directors consider that no significant foreign exchange risk exists for the Group.

Employees and Pension Schemes

As at 31 December 2019, the Group had 821 (2018: 806) full-time employees, of which, 22 of them were in Hong Kong and the rest of them were stationed in Shantou and Shenzhen, the PRC.

The remuneration packages offered by the Group to its employees, including salaries, accidental insurance and allowances, depending on their job nature. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of the Group's business. The Group has implemented training programmes for its employees to meet different job requirements, such as training on production procedures for its staff at its production department. It is believed that these initiatives have contributed to the increased productivity of employees of the Group. The Group has also adopted a share option scheme to reward, among others, its employees for their contribution to the Group (the "**Share Option Scheme**"), details of which are set out in the section headed "Share Option Scheme" of this annual report.

或然負債

本集團於二零一九年十二月三十一日並無任何重大或然負債(二零一八年：無)。

資本承擔

於二零一九年十二月三十一日，本集團的資本承擔總額約為人民幣59.9百萬元(二零一八年：約人民幣43.2百萬元)。

外匯風險

本集團在香港註冊成立的經營附屬公司(「香港奇士達」)的大部分交易以美元結算，惟若干以港元或其他貨幣計值的交易除外。香港奇士達的功能貨幣為美元。本集團在中國註冊成立的經營附屬公司在中國經營，其功能貨幣為人民幣。於二零一九年十二月三十一日，匯兌風險主要來自若干集團內交易、中國經營附屬公司的美元結餘以及以港元計值的上市應計費用。董事認為，本集團不存在重大匯兌風險。

僱員及退休金計劃

於二零一九年十二月三十一日，本集團有821名(二零一八年：806名)全職僱員，其中22名在香港，其餘位於中國汕頭與深圳。

本集團根據僱員的工作性質向其提供薪酬福利，包括薪資、意外保險及津貼。獎金通常酌情決定，部分取決於僱員的績效，部分取決於本集團業務的整體表現。本集團已為其僱員實施培訓計劃以滿足不同的工作要求，例如在其生產部門對其僱員進行生產程序方面的培訓。相信該等舉措有助於提高本集團僱員的生產率。本集團亦已採納一項購股權計劃，以獎勵(其中包括)僱員對本集團作出的貢獻(「購股權計劃」)，有關詳情載於本年報「購股權計劃」一節。

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As required by the relevant PRC laws and regulations, the Group has participated in housing fund and various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans, under which contributions were made at specified percentages of the salaries of its employees. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of its business.

The Group has arranged for its employees in Hong Kong to join the Mandatory Provident Fund Scheme (the “**MPF Scheme**”), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group’s company in Hong Kong (the employer) and its employees make monthly contributions to the scheme at 5% of the employees’ earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the Group’s companies and its employees are subject to a cap of HK\$1,500 and thereafter contributions are voluntary.

OUTLOOK

China and the United States of America (the “**United States**”) have been engaging in trade negotiations since 2018. Both countries have been apparent in trying to seek a compromise, resulting in a slight easing of tension between the countries. Despite the recent disruptions caused by the outbreak of COVID-19, the Group has resumed its operation in the PRC since 10 February 2020, but the Group’s operation in the PRC is subject to further development of the outbreak of COVID-19 and government advice or restrictions. Accordingly, it is still too early to gauge whether there will be an impact of any significance on the Group’s operation at this stage.

The Directors will continue to assess the impact of the outbreak of COVID-19 on the Group’s operation and financial performance and closely monitor the Group’s exposure to the risks and uncertainties in connection with the epidemic. The Group will take appropriate measures as necessary and inform the Shareholders and potential investors of the Company as and when necessary.

In view of the development of the epidemic, the Group has actively commenced its preparation work for the set up of mask production lines in Hong Kong and the PRC and sales of anti-epidemic products, with the aim to utilize the Group’s domestic and overseas sales network and production management expertise to develop this business. If any transaction relating to the commencement of the preparation of this business constitutes a notifiable transaction for the Company or if there is any further material development of this business, further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

根據中國相關法律法規的要求，本集團參與由當地市級和省級政府組織的住房公積金以及各種僱員社會保障計劃，包括住房、養老、醫療、工傷及失業救濟金計劃，據此從僱員薪資中按特定比例繳款。獎金通常酌情決定，部分取決於僱員的績效，部分取決於其業務的整體表現。

本集團已安排其香港僱員加入由獨立受託人管理的強制性公積金計劃（「**強積金計劃**」）。根據強積金計劃，本集團的香港公司（僱主）及其僱員按強制性公積金法例所界定，每月以僱員收入的5%向該計劃供款。集團公司及其僱員的每月供款上限為1,500港元，額外的供款屬自願性質。

展望

中國和美國自二零一八年以來一直進行貿易談判。兩國顯然都試圖尋求妥協，從而促進兩國之間的緊張局勢有所緩和。儘管近期由於COVID-19爆發引起干擾，本集團的中國業務自二零二零年二月十日已復營，但本集團的中國業務受限於COVID-19爆發的事態發展及政府的建議或限制。因此，現階段判斷會否對本集團的營運造成任何重大影響仍然言之過早。

董事會繼續評估COVID-19爆發對本集團營運及財務業績的影響，密切監察本集團面臨是次疫情的相關風險及不確定因素。本集團會在有需要時採取適當措施並向本公司的股東及潛在投資者發出通知。

鑒於此次疫情的發展，本集團也已開始積極籌備於香港及中國設置口罩生產線及開展相關防疫用品銷售等業務之準備工作，冀利用本集團國內外銷售網路和生產管理專業知識來開展這項業務。倘籌備開展有關業務項下擬進行的任何交易將構成本公司的須予公佈交易或有進一步的重大發展，本公司將遵從上市規則的規定，於適當時候作出進一步公告。

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On the other hand, with the aim of further developing its business and continuing its growth, the Group will continue to implement the following strategies:

- continue to prioritise and focus on overseas market by (i) maintaining and strengthening its relationship with its existing direct overseas customers; and (ii) expanding its customer base;
- continue to strengthen, expand and diversify its customer base by focusing on (i) the PRC Export-Oriented Wholesalers; and (ii) the PRC retailers;
- diversify its product offerings through continuous development of new products and global licensing strategy; and
- expand its production capacity and improve its production efficiency.

* For identification purpose only

另一方面，為進一步發展業務並持續增長，本集團將繼續實施以下策略：

- 通過(i)維持並鞏固與現有直接海外客戶的關係；及(ii)擴大客戶基礎繼續優先考慮及專注於海外市場；
- 通過專注於(i)中國出口型批發商；及(ii)中國零售商，以繼續加強、擴展及多樣化其客戶基礎；
- 通過繼續開發新產品和全球授權策略實現產品多樣化；及
- 擴大生產能力，提高生產效率。

* 僅供識別

CORPORATE GOVERNANCE REPORT

企業管治報告

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for Shareholders.

As the Shares were not yet listed on the Stock Exchange until the Listing Date, the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”) was not applicable to the Company during the period under review. During the the period (the “**Relevant Period**”) from the Listing Date and up to 20 April 2020, being the latest practicable date for the purpose of ascertaining the information contained in this annual report prior to its publication (the “**Latest Practicable Date**”), the Company has applied the principles and complied with all applicable code provisions of the CG Code, save and except the deviation as follows:

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yu Huang is currently the chairman of the Board and the chief executive officer of the Group. Mr. Yu Huang has been responsible for the overall management of the Group since the establishment of the Group. The Board believes that the current structure enables us to make and implement business decision swiftly and effectively which promotes the Group’s development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired because of the diverse background and experience of the executive Directors, non-executive Director and independent non-executive Directors. Further, the audit committee of the Company (the “**Audit Committee**”), which consists of independent non-executive Directors, has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance. In order to maintain good corporate governance and to fully comply with code provision A.2.1 of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairman of the Board and chief executive separately.

董事及本集團管理層深知穩健的企業管治對本集團長期成功及持續發展的重要性。因此，董事會致力維持良好的企業標準及程序，以改善本集團問責制度及透明度、保障股東權益及為股東創造價值。

由於股份直至上市日期才在聯交所上市，因此，聯交所證券上市規則（「上市規則」）附錄十四的企業管治守則（「企業管治守則」）於回顧期間不適用於本公司。自上市日期至二零二零年四月二十日（為確定本年報在刊發之前所包含資料的最後實際可行日期（「最後實際可行日期」）期間（「相關期間」），本公司已遵循企業管治守則的原則，並遵守所有適用的守則條文，惟以下各項除外：

根據企業管治守則的守則條文第A.2.1條，主席及行政總裁的角色不應由同一人履行。余煌先生現為董事會主席及本集團行政總裁。余先生自本集團成立以來一直負責本集團的整體管理。董事會相信現有架構讓我們暢順有效地作出並實行業務決定，促進本集團符合其他策略及業務方向的发展。由於執行董事、非執行董事及獨立非執行董事的背景及經驗多元化，董事會認為現有安排項下的權責平衡、問責性及作出決策時的獨立性不會受損。此外，由獨立非執行董事組成的審核委員會（「審核委員會」）可於其認為有需要時，隨時直接接觸本公司的外部核數師及獨立專門顧問。因此，董事認為於該等情況下偏離企業管治守則的守則條文第A.2.1條乃屬恰當。為維持良好企業管治及完全遵守企業管治守則的守則條文第A.2.1條，董事會將定期檢討委任不同人士履行董事會主席及行政總裁角色的需要。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board of Directors

The Board is directly, and indirectly through its various committees (the “**Board Committees**”), responsible for the overall management of the business of the Group, formulating the Group’s overall strategic direction and maintaining appropriate levels of review, challenge and guidance in its relationship with the management. The management is delegated with the authority and responsibility by the Board for the day-to-day management and administration of the Group. The Board is provided with the updates from management to give a balanced and understandable assessment of the performance, recent development and prospects of the Group on a regular basis.

The Board is the ultimate decision-making body for all matters considered material to the Group and discharge its responsibilities on corporate governance either by itself or the Board Committees set out in code provision D.3.1 of the CG Code which include the following:

1. to develop and review the policies and practice on corporate governance of the Group and make recommendations;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Group’s policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and
5. to review the Company’s compliance with the CG Code and disclosure in the corporate governance report of the Company.

董事會

董事會直接及透過各委員會（「**董事委員會**」）間接負責全面管理本集團業務、制定本集團整體策略方向及對其與管理層的關係維持適當水平的審核、質疑及指引。管理層獲董事會轉授權限及責任執行本集團日常管理及行政事宜。董事會定期獲管理層提供更新資料，以對本集團的表現、最新發展及前景作出公正及易於理解的評估。

董事會是對本集團重大的所有事項的最終決策機構，並自行或透過董事委員會履行企業管治守則的守則條文D.3.1所載其有關企業管治的責任，其中包括以下各項：

1. 制定及審閱有關本集團企業管治的政策及常規，並作出推薦建議；
2. 審閱及監督董事及高級管理層的培訓及持續職業發展；
3. 審閱及監督本集團有關法律及監管規定合規的政策及常規；
4. 制定、審閱及監督董事及僱員的適用行為準則及合規手冊；及
5. 審閱本公司是否遵守企業管治守則及本公司企業管治報告所載披露。

CORPORATE GOVERNANCE REPORT

企業管治報告

Composition of the Board

As at the date of this annual report, the Board comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

Executive Directors

Mr. Yu Huang (*Chairman and Chief Executive Officer*)
Mr. Pui Lik Leung Kenny
Mr. Ni Yanlong

Non-executive Director

Ms. Zheng Jingyun

Independent Non-executive Directors

Mr. He Weidong
Ms. Liu Man
Ms. Zhao Weiwei

Biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 28 to 32 of this annual report.

In compliance with Rules 3.10(1) and (2) and Rule 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors representing not less than one-third of the Board and at least one of whom has the appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each independent non-executive Director a confirmation of his/her independence upon their appointment on 13 February 2020, and the Company considers such Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

To the best knowledge of the Board, there are no other relationships (including financial, business, family, and other material/relevant relationships) among the members of the Board as at the date of this annual report.

董事會組成

於本年報日期，董事會包括七名董事，其中有三名執行董事、一名非執行董事以及三名獨立非執行董事，具體如下：

執行董事

余煌先生 (*主席及行政總裁*)
貝烈亮先生
倪彥龍先生

非執行董事

鄭靜雲女士

獨立非執行董事

何衛東先生
劉曼女士
趙衛衛女士

董事履歷詳情載於本年報第28至32頁「董事及高級管理層履歷」。

根據上市規則第3.10(1)及(2)條及第3.10A條，本公司已委任三名獨立非執行董事，佔不少於董事會三分之一，且其中至少一名具備適當專業資格、或會計或相關財務管理專長。本公司已接獲各獨立非執行董事對各自在二零二零年二月十三日獲委任時的獨立性的確認書，而根據上市規則第3.13條，本公司認為該等董事當屬獨立。

就董事會所深知，截至本年報日期，董事會成員之間並無其他關係（包括財務、業務、家屬及其他重大／相關關係）。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board Diversity

The Board admits that board diversity is increasingly important as a factor to enhance corporate governance and promote board effectiveness. The current Board composition is well balanced with each Director having skills, experience and expertise relevant to the business operations, development and strategy of the Group and from a variety of backgrounds. Furthermore, the Board has a wide range of age, ranging from 34 years old to 57 years old, and has achieved gender diversity by having four male Directors and three female Directors. The Board is well balanced and diversified in education, professional background, functional expertise, gender, age, culture and industrial experience.

The Board has adopted a board diversity policy which set out the approach to achieve diversity in the Board and the factors (including but not limited to skills, regional and industry experience, professional experience, background, education, race, gender, age, culture and other qualities, etc.) to be considered in determining the composition of the Board so as to ensure the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness. The Board will review the board diversity policy on a regular basis to ensure its continued effectiveness.

Board Process and Meetings

The Board meets regularly to determine overall strategies, receive management updates, approve business plans as well as interim and annual results and to consider other significant matters. Special Board meetings are convened as and when needed. The management also provides updates to the Board with respect to the business activities and development of the Group at these meetings on a regular basis.

Each Director ensures that he/she can give sufficient time and attention to the affairs of the Company and contribute to the Group's development through his/her constructive and informed comments. All the members of the Board disclose and update their number and nature of offices held and time involved on a regular basis.

董事會多元化

董事會承認，董事會多元化作為加強公司治理及提高董事會效率的一個因素，日趨重要。各董事具備與本集團業務營運、發展及策略相關的技能經驗及專長且來自不同背景，故當前董事會組成已達致良好平衡。此外，董事會的年齡範圍甚廣，介乎34歲至57歲，並擁有四名男董事及三名女董事，實現性別多元化。董事會於教育、專業背景、職能專長、性別、年齡、文化及行業經驗各不相同。

董事會已採納董事會多元化政策，當中載列董事會為達致成員多元化而採取的方針及釐定董事會組成的考慮因素（包括但不限於技能、地區及行業經驗、專業經驗、背景、教育、種族、性別、年齡、文化及其他資質等），從而確保董事會具備適當平衡支持其業務策略的執行及令董事會有效運作的技能、經驗及多元化觀點。董事會將定期審查董事會多元化政策，以確保其持續有效。

董事會議事程序及會議

董事會定期舉行會議，以釐定整體策略，接收管理層更新，批准業務規劃以及中期及全年財務業績，並考慮其他重大事項。如有需要，董事會亦會召開特別董事會會議。管理層亦定期在會上向董事會提供有關本集團業務活動及發展的最新進展。

各董事均確保其能付出足夠時間及專注處理本公司事務，並透過彼等具建設性及有根據的意見為本集團的發展作出貢獻。董事會全體成員定期披露並更新其擔任職務的數量及性質以及所涉及的時間。

CORPORATE GOVERNANCE REPORT

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One meeting was held during the year ended 31 December 2019 for consideration and approval of resolutions relating to the Listing. The individual attendance record for the year ended 31 December 2019 is set out as below:

董事會於截至二零一九年十二月三十一日止年度舉行一次會議，以審議及批准有關上市的決議案。截至二零一九年十二月三十一日止年度的個人出席記錄載列如下：

Name of Directors		Number of Board meetings attended/ eligible to attend
董事姓名		已出席／合資格出席董事會 會議次數
Executive Directors	執行董事	
Mr. Yu Huang	余煌先生	1/1
Mr. Pui Lik Leung Kenny	貝烈亮先生	1/1
Mr. Ni Yanlong	倪彥龍先生	1/1
Non-executive Director	非執行董事	
Ms. Zheng Jingyun	鄭靜雲女士	1/1
Independent Non-executive Directors (Note)	獨立非執行董事 (附註)	
Mr. He Weidong	何衛東先生	—
Ms. Liu Man	劉曼女士	—
Ms. Zhao Weiwei	趙衛衛女士	—

Note: The independent non-executive Directors were appointed on 13 February 2020.

附註：獨立非執行董事於二零二零年二月十三日獲委任。

Terms of Appointment and Re-Election of Directors

Each of the executive Directors and the non-executive Director entered into a service contract with the Company and each of the independent non-executive Directors signed a letter of appointment. The said service contracts and letters of appointment are for an initial term of three years commencing from the Listing Date, subject to re-election in accordance with the Articles of Association of the Company (the "Articles") and termination in accordance with their respective terms.

Pursuant to Article 84 of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least every three years. However, a retiring Director shall be eligible for re-election. Any Director who is appointed by the Board to fill the casual vacancy shall hold office only until the first general meeting after his or her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election pursuant to Article 83(3) of the Articles.

董事委任及重選連任條款

執行董事及非執行董事各自已與本公司訂立服務合約，而獨立非執行董事各自已簽訂委任書。上述服務合約及委任書的初步年期均為自上市日期起計三年，惟根據本公司的組織章程細則（「章程細則」）可膺選連任及根據各自的條款終止。

根據章程細則第84條，三分之一董事須於每屆股東週年大會上輪值退任，且每名董事須至少每三年輪值退任一次。然而，退任董事合資格膺選連任。任何獲董事會委任填補臨時空缺的董事僅可任職至獲委任後的第一屆股東大會為止，並須在會上膺選連任，任何獲董事會委任加入現有董事會的董事僅可任職至本公司下屆股東週年大會止，並合資格根據章程細則第83(3)條膺選連任。

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As such, all Directors will retire from office as Director and being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company to be held on 29 May 2020 in accordance with the Articles.

Code of Conduct for Securities Transactions by Directors

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealing set out in Appendix 10 to the Listing Rules (the “**Model Code**”). The Company has made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the Model Code by the Directors during the Relevant Period.

Directors’ Training and Professional Development

The Group acknowledges the importance of continuing professional development for the Directors to extend and refresh their knowledge and skills. Every Director keeps abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

Board Committees

The Board established three Board Committees, namely the Audit Committee, remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”) by resolutions of the Directors passed on 13 February 2020, for overseeing particular aspects of the Group’s affairs. All Board Committees were established with written terms of reference in compliance with the relevant code provisions of the CG Code, which are available at the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kidztech.net).

Audit Committee

The Audit Committee was established on 13 February 2020. The Audit Committee consists of three independent non-executive Directors, namely, Ms. Zhao Weiwei, Ms. Liu Man and Mr. He Weidong. Ms. Zhao is the chairlady of the Audit Committee, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

因此，根據章程細則，所有董事將於本公司訂於二零二零年五月二十九日舉行的應屆股東週年大會上退任董事職務，並合資格且願意膺選連任。

董事進行證券交易的行為守則

本集團已採納有關董事進行證券交易的行為守則，其條款的嚴格程度不遜於上市規則附錄十所載的規定買賣準則（「**標準守則**」）。本公司亦已向全體董事作出具體查詢及本公司獲悉，於有關期間內，概無任何董事違反標準守則。

董事培訓及專業發展

本集團深諳持續專業發展對董事拓展及補充知識及技能的重要性。各董事均恪守作為本公司董事的責任，並時刻緊貼本公司的操守、業務活動及發展。

董事委員會

董事會於二零二零年二月十三日通過董事決議案設立三個董事委員會，即審核委員會、薪酬委員會（「**薪酬委員會**」）及提名委員會（「**提名委員會**」），以監管本集團特定事宜。所有董事委員會均根據企業管治守則之有關守則條文設立，並有書面職權範圍（可於聯交所網站（www.hkexnews.hk）及本公司網站（www.kidztech.net）查閱）。

審核委員會

審核委員會於二零二零年二月十三日設立。審核委員會現由三名獨立非執行董事組成，即趙衛衛女士、劉曼女士及何衛東先生。趙女士為審核委員會主席，持有上市規則第3.10(2)條及第3.21條規定的適當專業資格。

CORPORATE GOVERNANCE REPORT

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The primary duties of the Audit Committee are to make recommendations to the Board on appointment or re-appointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the internal control and risk management systems of the Group.

No Audit Committee meeting was held during the year ended 31 December 2019. During the Relevant Period, one Audit Committee meeting was held to review and discuss with the management and the external auditor the accounting principles and practices adopted by the Group, as well as reviewing the results for the year ended 31 December 2019. All members of the Audit Committee have attended the said meeting.

Remuneration Committee

The Remuneration Committee was established on 13 February 2020. The Remuneration Committee consists of three members, including two independent non-executive Directors, Ms. Liu Man (who is the chairlady of the Remuneration Committee) and Mr. He Weidong and one executive Director, Mr. Pui Lik Leung Kenny.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any of their associates determine their own remuneration.

No Remuneration Committee meeting was held during the year ended 31 December 2019.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of senior management by band for the year ended 31 December 2019 is set out below:

審核委員會的主要職責為（其中包括）就外部核數師的委任、重新委任及罷免向董事會提供建議；審閱本公司的財務報表及有關財務匯報的判斷；以及監察本集團內部監控及風險管理制度的成效。

截至二零一九年十二月三十一日止年度，審核委員會並無舉行會議。於有關期間內，審核委員會舉行一次會議，以審閱及與管理層及外部核數師討論本集團採納的會計原則及慣例，以及審閱截至二零一九年十二月三十一日止年度業績。審核委員會全體成員均已參加上述會議。

薪酬委員會

薪酬委員會於二零二零年二月十三日設立。薪酬委員會現由三名成員組成，包括兩名獨立非執行董事劉曼女士（薪酬委員會主席）及何衛東先生，以及一名執行董事貝烈亮先生。

薪酬委員會的主要職責為就本集團全體董事、高級管理層及一般員工的整體薪酬政策及架構向董事會提供建議，確保董事或其任何聯繫人不得參與釐定自己的薪酬。

截至二零一九年十二月三十一日止年度，薪酬委員會並無舉行會議。

根據企業管治守則的守則條文第B.1.5條，截至二零一九年十二月三十一日止年度按等級劃分的高級管理人員的年薪如下：

		Number of individuals 人數
Emolument bands	酬金範圍	
— Nil to HKD1,000,000	— 零至1,000,000港元	2

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Nomination Committee

The Nomination Committee was established on 13 February 2020. The Nomination Committee consists of five members, including three independent non-executive Directors, Mr. He Weidong (who is the chairman of the Nomination Committee), Ms. Liu Man and Ms. Zhao Weiwei and two executive Directors, Mr. Yu Huang and Mr. Pui Lik Leung Kenny.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually, identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors and make recommendations to the Board on matters relating to appointment and reappointment of Directors.

To enhance the nomination process for a Director candidate, a nomination policy was adopted during the Relevant Period as a guidance on the selection process and board succession planning. The Nomination Committee utilises various methods for identifying Director candidates, including recommendations from the Board members, management, and professional search firms and may review of resume and job history, conduct personal interviews and verification of professional and personal references or perform the background checks, etc. On evaluation of the Director candidates including incumbents and candidates nominated by the Shareholders, the Board and the Nomination Committee will take into account whether a candidate has the qualifications, skills and experience, gender diversity, etc. that can add to and complement the range of skills, experience and background of the existing Directors and may consider the following qualifications are at a minimum to be required of a Director candidate in recommending to the Board potential new Director, or the continued service of the existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and
- independence as required by the Listing Rules.
- 崇高個人及專業操守及誠信；
- 獲提名人在其領域的過往實績及競爭力以及作出健全業務判斷的能力；
- 與現有董事會成員相輔相成的技能；
- 協助及支援管理層的能力及對本公司的成功作出重大貢獻；
- 了解董事會成員所需的受信責任以及辛勤履行該等責任所需投入的時間和精力；及
- 具備上市規則規定的獨立性。

提名委員會

提名委員會於二零二零年二月十三日設立。提名委員會現由五名成員組成，包括三名獨立非執行董事何衛東先生（提名委員會主席）、劉曼女士及趙衛衛女士，以及兩名執行董事余煌先生及貝烈亮先生。

提名委員會的主要職責為每年檢討董事會的架構、規模及組成，物色具備合適資格可擔任董事會成員的人士；評核獨立非執行董事的獨立性以及就董事委任及重新委任的相關事宜向董事會提供建議。

為加強董事候選人的提名程序，於有關期間內已採納提名政策，作為甄選程序及董事會繼任計劃的指引。提名委員會使用各種方法物色董事候選人，包括董事會成員、管理層及專業獵頭公司的推薦建議，並可能檢視履歷及工作歷程，進行個人面試及核實專業及個人的推薦資料或作出背景調查等。於評估董事候選人（包括現任董事及股東提名的候選人）時，董事會及提名委員會將考慮候選人是否具備資格、技能及經驗、性別多元化等以增添及補足現有董事涵蓋的技能、經驗及背景範圍，並可認為獲推薦為董事會新董事候選人或繼續提供服務的現任董事至少需具備以下資格：

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The Board and the Nomination Committee will also make reference to the Board diversity policy, details of which are set out in the section headed "Board Diversity" above.

No Nomination Committee meeting was held during the year ended 31 December 2019.

Company Secretary

Ms. Koo Ching Fan and Ms. Cao Xuelian were appointed as joint company secretaries of the Company on 1 November 2019. Ms. Koo's primary contact person at the Company is Ms. Cao Xuelian, one of the joint company secretaries of the Company. Please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report for their biographical information.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibility for preparation of the financial statements which give a true and fair of the state of affairs of the Group. In preparing the financial statements which give a true and fair view, it is fundamental that appropriate accounting policies should be selected and applied consistently.

Internal Control and Risk Management

The Company recognises the importance of good internal control procedures and, as disclosed in the Prospectus, intends to adopt or have adopted a number of measures.

The Company engaged an external independent internal control consultant to perform a review over selected areas of its internal controls over financial reporting (included entity-level controls and business process level controls, including revenue and receivables, purchases and payables, fixed assets, treasury, financial reporting, payroll and general controls of information technology) during the year ended 31 December 2019. The Group has implemented the relevant internal control measures based on the recommendation of the external internal control consultant. The external internal control consultant confirmed such modified and new internal control procedures are satisfactorily implemented upon the conduct of follow-up review. The Board believes that the internal control and risk management systems and current procedures including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, are sufficient in terms of the comprehensiveness, practicability and effectiveness.

董事會及提名委員會亦會參考董事會多元化政策，其詳情載於上文「董事會多元化」一節。

截至二零一九年十二月三十一日止年度，提名委員會並無舉行會議。

公司秘書

顧菁芬女士及曹雪蓮女士於二零一九年十一月一日獲委任為本公司聯席公司秘書。顧女士於本公司的主要聯絡人為本公司聯席公司秘書之一的曹雪蓮女士。有關彼等之履歷資料，請參閱本年報「董事及高級管理層履歷」一節。

董事就財務報表須承擔之責任

董事確認其須就編製公平及真實反映本集團狀況之財務報表承擔責任，而於編製真實及公平的財務報表時選擇及貫徹應用適當的會計政策尤為重要。

內部監控及風險管理

本公司認可良好內部監控程序的重要性，誠如招股章程所披露，計劃採納或已經採納多項措施。

截至二零一九年十二月三十一日止年度，本公司委聘外部獨立內部監控顧問公司對財務報告內部控制的選定領域進行審查（包括實體級別控制及業務流程級別控制，涵蓋收益及應收款項、購買開支及應付款項、固定資產、庫務、財務報告、工資及信息技術整體控制）。本集團已根據外部內部監控顧問的建議，實施相關內部監控措施。外部內部監控顧問進行跟進審核後確認，該等修訂及新訂內部監控程序已圓滿落實。董事會認為內部監控及風險管理制度及現行程序（包括本公司會計及財務申報部門資源充足性、員工質素及經驗、培訓課程及預算）在全面性、實用性及有效性方面均屬充分。

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The Board acknowledges that it is responsible for the internal control and risk management systems and for ensuring that a review of the effectiveness of the said systems will be conducted at least annually, and it will report to the Shareholders that such review is being conducted in the forthcoming corporate governance report. Yet, these systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee is also accountable for and will review the Company's financial controls, risk management and internal control systems on a regular basis.

Auditors' Remuneration

For the year ended 31 December 2019, the fee paid or payable in respect of the service provided is as follows:

		Amount 金額 RMB'000 人民幣千元
Audit services	審核服務	2,526
Non-audit services*	非審核服務*	3,230
Total	總計	5,756

* In connection with the Listing

Shareholders' Rights and Investor Relations

The Board values the importance of communications with the Shareholders. As one of the measures to safeguard the Shareholders' interests and rights, separate resolutions will be proposed at Shareholders' meeting on each substantial issue including the re-election of individual Directors. All resolutions put forward at the Shareholders' meeting will be conducted by poll pursuant to the Listing Rules and the poll results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kidztech.net).

The next annual general meeting of the Company will be held on 29 May 2020 and notice of the meeting will be sent to the Shareholders at least 20 clear business days before the said meeting.

董事會確認其對內部監控及風險管理制度承擔責任，須負責確保至少每年檢討上述制度的成效，並將在下一份企業管治報告書中向股東報告執行檢討的情況。不過，有關制度乃旨在管理而非消除未能達成業務目標的風險，僅能針對重大錯誤陳述或損失提供合理而非絕對保障。

審核委員會亦負責並將定期審閱本公司財務控制、風險管理及內部監控制度。

核數師酬金

截至二零一九年十二月三十一日止年度，就所提供服務已付或應付費用如下：

	Amount 金額 RMB'000 人民幣千元
Audit services	2,526
Non-audit services*	3,230
Total	5,756

* 與上市有關

股東權利及投資者關係

董事會重視與股東的溝通。作為其中一項保障股東權益及權利之措施，本公司於股東大會上就每項重大事宜（包括重選個別董事）提呈獨立決議案。根據上市規則，於股東大會上提呈之所有決議案均以投票方式表決，投票表決結果將刊載於聯交所網站(www.hkexnews.com)及本公司網站(www.kidztech.net)。

本公司下屆股東週年大會將於二零二零年五月二十九日舉行，會議通知將於上述會議前至少足20個營業日發送予股東。

CORPORATE GOVERNANCE REPORT

企業管治報告

Procedures and Right for Shareholders to Convene Extraordinary General Meeting

The following procedures for Shareholders to convene an extraordinary general meeting (the “EGM”) are subject to the Articles, and the applicable legislation and regulations, in particular the Listing Rules:

1. if any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company submit a written requisition to the Board or the Secretary of the Company to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition; and
2. the Board should within 21 days from the date of the deposit of the requisition proceed to convene the EGM. If the Board fails to do so, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may also make reference to Article 58 of the Articles for further details.

Procedures for Shareholders to Propose a Person for Election as a Director of the Company

If a Shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with the appointment or election of Director(s), wishes to propose a person for election as a Director at that meeting, he/she may lodge a written notice at the Company's principal place of business in Hong Kong at Room 802, 8/F, Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong for the attention of the company secretary of the Company. Detailed procedures for Shareholders to propose a person for election as a Director can be found on the Company's website (www.kidztech.net).

股東召開股東特別大會之程序及權利

以下股東召開股東特別大會（「股東特別大會」）之程序須遵守細則及適用法律及法規，尤其是上市規則：

1. 任何一位或以上於遞呈要求當日持有不少於本公司繳足股本（具本公司股東大會之投票權）十分之一的股東透過向本公司董事會或秘書發出書面要求，要求董事會召開股東特別大會，以處理該要求中指明的任何事務；且該大會應於遞呈該要求後兩(2)個月內舉行；及
2. 董事會應於遞呈要求當日起21日內妥為籌備召開的股東特別大會。若董事會沒有開展召開有關大會之程序，則遞呈要求人士可自發以同樣方式作出此舉，而遞呈要求人士因董事會之缺失而產生的所有合理開支應由本公司向遞呈要求人士償付。

股東亦可參照章程細則第58條獲取更多詳情。

股東提名人選參選本公司董事之程序

倘合資格出席並於為委任或選舉董事而召開之股東大會上投票之股東擬於會上提議推選個人為董事，彼可遞交書面通知至本公司香港主要營業地點（地址為香港九龍尖沙咀東加連威老道94號明輝中心8樓802室），收件人為本公司之公司秘書。有關股東提名人選參選本公司董事之詳細程序可於本公司網站(www.kidztech.net)查閱。

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Investors Relations

The Board recognises the importance of maintaining an ongoing dialogue with the Shareholders through various channels including general meetings, releases, announcements and corporate communications such as the annual report, interim report and circulars. Latest news and updates of the Group's business and operation are also available on the Company's website (www.kidztech.net).

The Company has adopted its Shareholders' communication policy on 13 February 2020. Enquiries and proposals from Shareholders, investors and all stakeholders of the Company are welcomed. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong Room 802, 8/F, Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong. Such written enquires or proposal with full name, contact details and identification must deposit and send to said address.

Any enquires in relation to the shareholdings, share transfer or registration to the Company's may contact the Company's share registrar. Their contact details can be found on the Company's website (www.kidztech.net).

Constitutional Documents

The Company first adopted its memorandum of association and the Articles on 25 October 2019. The latest Articles (conditionally adopted by a special resolution dated 13 February 2020 and effective from 18 March 2020) is available at the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kidztech.net).

投資者關係

董事會認識到透過多個渠道包括股東大會、新聞稿、公告及公司通訊（如年度報告、中期報告及通函）維持與股東持續溝通的重要性。本集團業務及營運的最新消息及資料亦可於本公司網站(www.kidztech.net)查閱。

本公司已於二零二零年二月十三日採納其股東溝通政策。董事會歡迎本公司股東、投資者及所有持份者查詢及提議。向董事會或本公司作出之查詢可郵寄至本公司香港主要營業地點（地址為香港九龍尖沙咀東加連威老道94號明輝中心8樓802室）。有關附有全名、聯繫方式及身份證明之書面查詢或提議須郵寄至所述地址。

任何向本公司作出之有關本公司股權或股份轉讓或股份註冊之詢問可聯繫本公司股份過戶登記處。其聯繫方式載於本公司網站(www.kidztech.net)。

章程文件

本公司於二零一九年十月二十五日首次採納組織章程大綱及章程細則。最新章程細則（通過日期為二零二零年二月十三日的特別決議案而有條件採納並自二零二零年三月十八日生效）可於聯交所網站(www.hkexnews.hk)及本公司網站(www.kidztech.net)查閱。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

Directors

Executive Directors

Mr. Yu Huang (余煌), aged 39, founded the Group through the establishment of Shantou Chenghai Jinjun Toys Co., Ltd.* (汕頭市澄海區錦駿玩具有限公司) in June 2009. Mr. Yu is the chairman, executive Director, chief executive officer and controlling shareholder of the Company. He was appointed as a Director in October 2019 and was re-designated as an executive Director in November 2019.

Mr. Yu has over 12 years of experience in the toy manufacturing and sale industry. Prior to the establishment of the Group, Mr. Yu worked as the deputy general manager of Shantou Chenghai Changxing Paper Foil Co., Ltd.* (汕頭市澄海區昌興紙箔有限公司) from July 2004 to March 2007 and the general manager of Shantou Chenghai Jinjun Toys Factory* (汕頭市澄海區錦駿玩具廠), which is primarily engaged in toy manufacturing, from March 2007 to June 2009.

Mr. Yu graduated from the Guangdong Justice Police Vocational College* (廣東司法警官職業學院) in the PRC and was awarded a professional diploma in law.

Mr. Pui Lik Leung Kenny (貝烈亮), aged 49, was appointed as a Director in October 2019 and re-designated as an executive Director in November 2019. Mr. Pui is a deputy general manager of the Group who is mainly responsible for managing the sales function.

Mr. Pui has over 20 years of experience in the toy manufacturing and sales industry. He joined the Group in July 2011 as a director and the general manager of Kidztech Toys Manufacturing Limited. Prior to joining the Group, he held management positions in various toys and trading companies.

Mr. Pui obtained a Diploma in Mechanical Engineering (Production) from Hong Kong Institute of Vocational Education (Sha Tin).

董事

執行董事

余煌先生，39歲，於二零零九年六月透過成立汕頭市澄海區錦駿玩具有限公司創立本集團。余先生為本公司主席、執行董事、行政總裁及控股股東。彼於二零一九年十月獲委任為董事，並於二零一九年十一月獲調任為執行董事。

余先生在玩具製造及銷售行業擁有逾12年經驗。於成立本集團前，余先生曾於二零零四年七月至二零零七年三月擔任汕頭市澄海區昌興紙箔有限公司副總經理，並於二零零七年三月至二零零九年六月擔任汕頭市澄海區錦駿玩具廠（主要從事玩具製造）總經理。

余先生畢業於中國的廣東司法警官職業學院並獲頒發法律專業文憑。

貝烈亮先生，49歲，於二零一九年十月獲委任為董事，並於二零一九年十一月獲調任為執行董事。貝先生為本集團的副總經理，主要負責管理銷售職能。

貝先生在玩具製造及銷售行業擁有逾20年經驗。彼於二零一一年七月加入本集團擔任奇士達玩具製造有限公司的董事兼總經理。於加入本集團前，彼曾在多家玩具及貿易公司擔任管理職位。

貝先生取得香港專業教育學院（沙田）機械工程（生產）文憑。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

Mr. Ni Yanlong (倪彥龍), aged 44, was appointed as an executive Director in November 2019. Mr. Ni is a deputy general manager of the Group who is mainly responsible for managing the administrative, public relations and human resources functions of the Group. He joined Kidztech Intelligent as a deputy general manager in August 2017 and was a director from September 2017 to October 2019.

Prior to joining the Group, Mr. Ni had been an official in various government departments.

Mr. Ni obtained a legal professional practising certificate and a lawyer's certificate in the PRC. He was awarded a Bachelor degree in International Economic Law from the Guangdong University of Finance and Economics (廣東財經大學).

Non-executive Director

Ms. Zheng Jingyun (鄭靜雲), aged 45, was appointed as a non-executive Director in November 2019. Ms. Zheng is mainly responsible for advising on business strategy of the Group. She joined the Group in April 2016 and was a director of Kidztech Intelligent from April 2016 to October 2019.

Ms. Zheng has been an executive director and a general manager of various private companies.

Ms. Zheng graduated from Chengcheng Vocational and Technical School* (澄城職業技術中學) in the PRC.

Independent non-executive Directors

Mr. He Weidong (何衛東) (formerly known as He Jinghui (何晶輝)), aged 57, was appointed as an independent non-executive Director in February 2020. He was an independent director of Kidztech Intelligent from September 2017 to October 2019.

Mr. He has over 20 years of experience in corporate and investment management. He held management positions at China Network Communications Co., Ltd. (中國網絡通信有限公司) (which was merged with China United Network Communications Group Co., Ltd. later) and CNC Kuandai Network Co., Ltd.* (網通寬帶網絡有限責任公司). He is currently a shareholder, an executive director and a general manager of various private companies.

Mr. He obtained a Bachelor of Radio Engineering degree from the Beijing University of Posts and Telecommunications (北京郵電大學) in the PRC, and an Executive Master of Business Administration diploma from the Tsinghua University (清華大學) in the PRC. He obtained the "qualification as an independent director of listed companies" from the Shenzhen Stock Exchange in 2018.

倪彥龍先生，44歲，於二零一九年十一月獲委任為執行董事。倪先生為本集團的副總經理，主要負責管理本集團的行政、公共關係及人力資源職能。彼於二零一七年八月加入奇士達智能擔任副總經理，並於二零一七年九月至二零一九年十月擔任其董事。

於加入本集團前，倪先生曾在多個政府部門任職。

倪先生在中國獲得法律專業資格證書及律師執業證書。彼取得中國廣東財經大學國際經濟法學士學位。

非執行董事

鄭靜雲女士，45歲，於二零一九年十一月獲委任為非執行董事。鄭女士主要負責就本集團的業務策略提供意見。彼於二零一六年四月加入本集團，於二零一六年四月至二零一九年十月擔任奇士達智能董事。

鄭女士曾為多家私營公司的執行董事及總經理。

鄭女士於畢業於中國澄城職業技術中學。

獨立非執行董事

何衛東先生（前稱何晶輝），57歲，於二零二零年二月獲委任為獨立非執行董事。彼於二零一七年九月至二零一九年十月擔任奇士達智能獨立董事。

何先生在企業及投資管理方面擁有逾20年經驗。彼曾在中國網絡通信有限公司（後來與中國聯合網絡通信集團有限公司合併）及網通寬帶網絡有限責任公司擔任管理職位。彼現為多家私營公司的股東、執行董事及總經理。

何先生取得中國北京郵電大學無線電工程學士學位，以及中國清華大學高級管理人員工商管理碩士學位。彼於二零一八年獲得深圳證券交易所「上市公司獨立董事資格」。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

Ms. Liu Man (劉曼), aged 34, was appointed as an independent non-executive Director in February 2020. She was an independent director of Kidztech Intelligent from September 2017 to October 2019. Ms. Liu worked as an assistant judge at Shantou City Intermediate People's Court Criminal No.1 Court from August 2010 to May 2017. Since May 2017, she has been an assistant to the general manager of Zhuhai Technology Venture Capital Co., Ltd.* (珠海科技創業投資有限公司).

Ms. Liu obtained a legal professional qualification certificate. She obtained the "qualification as an independent director of listed companies" from the Shenzhen Stock Exchange in 2018. She obtained a Bachelor of Laws degree and a Bachelor of Arts degree in English from the Huazhong University of Science & Technology (華中科技大學) in the PRC. She further obtained a Master in Economic Law degree from the Wuhan University (武漢大學) in the PRC.

Ms. Zhao Weiwei (趙衛衛), aged 38, was appointed as an independent non-executive Director in February 2020. She was an independent director of Kidztech Intelligent from September 2017 to October 2019.

Ms. Zhao has worked at various accountancy and taxation consultancy firms, and held management positions in the tax department of Shenzhou Digital Information Technology Co., Ltd.* (神州數碼信息系統有限公司) and Shenzhou Yitai Information Technology Co., Ltd.* (神州易泰信息技術有限公司). Since December 2017, she has been a senior manager at Zhongcheng Yinghe Tax Consultant (Beijing) Co., Ltd.* (中誠盈禾稅務師事務所(北京)有限公司).

Ms. Zhao has been a certified public accountant and certified tax consultant of the PRC since July 2009 and May 2016, respectively. She obtained the "qualification as an independent director of listed companies" from the Shenzhen Stock Exchange in 2018. She obtained a Bachelor of Accounting degree and a Master degree in business administration from the Minzu University of China (中央民族大學) in the PRC.

劉曼女士，34歲，於二零二零年二月獲委任為獨立非執行董事。彼於二零一七年九月至二零一九年十月擔任奇士達智能獨立董事。於二零一零年八月至二零一七年五月，劉女士擔任汕頭市中級人民法院刑事一審法院助理審判員。自二零一七年五月起，彼擔任珠海科技創業投資有限公司總經理助理。

劉女士獲得法律專業資格證書。彼於二零一八年獲得深圳證券交易所「上市公司獨立董事資格」。彼取得中國華中科技大學法學學士及英語文學學士學位。彼進一步取得中國武漢大學經濟法碩士學位。

趙衛衛女士，38歲，於二零二零年二月獲委任為獨立非執行董事。彼於二零一七年九月至二零一九年十月擔任奇士達智能獨立董事。

趙女士曾任職於多家會計及稅務顧問公司，並在神州數碼信息系統有限公司及神州易泰信息技術有限公司稅務部門擔任管理職位。自二零一七年十二月起，彼擔任中誠盈禾稅務師事務所(北京)有限公司高級經理。

趙女士自二零零九年七月及自二零一六年五月起分別成為中國執業會計師及執業稅務師。彼於二零一八年獲得深圳證券交易所「上市公司獨立董事資格」。彼取得中國中央民族大學會計學士學位及工商管理碩士學位。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

Senior Management

Mr. Wu Demiao (伍德秒), aged 33, is the financial controller of the Group and is mainly responsible for the financial and accounting matters of the Group. He joined us as a deputy financial controller of Kidztech Intelligent in March 2015 and was subsequently promoted as the financial controller in September 2015.

Mr. Wu has over 10 years of experience in accounting and finance. He had been working in various accountancy firms prior to joining the Group. He has been a certified public accountant in the PRC since December 2013.

Mr. Wu obtained a Bachelor of Accounting degree from the Zhejiang University of Finance and Economics (浙江財經學院) in the PRC.

Ms. Cao Xuelian (曹雪蓮), aged 33, is a deputy general manager of the Group and one of the joint company secretaries of the Company. She is mainly responsible for the company secretarial matters, investors relationship and legal functions of the Group. She has joined the Group as the secretary to the board of directors of Kidztech Intelligent since April 2015 and since August 2017 she has also been its deputy general manager.

Prior to joining the Group, Ms. Cao worked as a paralegal at a law firm and a legal manager at a public company. She obtained a legal professional qualification certificate and a legal professional practising certificate in the PRC.

She obtained a Bachelor of History degree from the Hubei University (湖北大學) and a Master of Laws degree from the Southwest University of Political Science & Law (西南政法大學) in the PRC.

高級管理層

伍德秒先生，33歲，為本集團財務總監，主要負責本集團的財務及會計事宜。彼於二零一五年三月加入我們擔任奇士達智能的財務副總監，並隨後於二零一五年九月被晉升為財務總監。

伍先生於會計及財務方面擁有逾十年經驗。彼於加入本集團前曾任職於多家會計師事務所。彼自二零一三年十二月起成為中國註冊會計師。

伍先生取得中國浙江財經學院會計學學士學位。

曹雪蓮女士，33歲，為本集團的副總經理及本公司聯席公司秘書之一。彼主要負責本集團的公司秘書事宜、投資者關係及法律職能。彼自二零一五年四月起加入本集團擔任奇士達智能董事會秘書，並自二零一七年八月起擔任副總經理。

於加入本集團前，曹女士於一家律師事務所擔任律師助理，及於一家公眾公司擔任法律部門經理。彼獲得中國法律專業資格證書及律師執業證書。

彼取得湖北大學歷史學學士學位及中國西南政法大學法學碩士學位。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

Joint Company Secretary

Ms. Koo Ching Fan (顧菁芬), aged 50, was appointed as one of the joint company secretaries of the Company with effect from 1 November 2019. Ms. Koo is a director of Fair Wind Secretarial Services Limited and has over 20 years of experience in the company secretarial field. She is currently a company secretary of seven companies listed on the Stock Exchange, including: Capinfo Company Limited (Stock Code: 1075), CMIC Ocean En-Tech Holding Co., Ltd. (Stock Code: 206), International Housewares Retail Company Limited (Stock Code: 1373), Shenzhen Investment Holdings Bay Area Development Company Limited (Stock Code: 737), Shun Ho Holdings Limited (Stock Code: 253), Shun Ho Property Investments Limited (Stock Code: 219) and Magnificent Hotel Investments Limited (Stock Code: 201).

Ms. Koo has extensive knowledge and experience in dealing with corporate governance and compliance issues of listed companies. Ms. Koo is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in England. She is also a fellow member of The Association of Chartered Certified Accountants.

** For identification purpose only*

聯席公司秘書

顧菁芬女士，50歲，自二零一九年十一月一日起獲委任為本公司其中一名聯席公司秘書。顧女士現為富榮秘書服務有限公司董事且在公司秘書領域擁有逾20年經驗。彼現於七間聯交所上市公司（包括首都信息發展股份有限公司（股份代號：1075）、華商國際海洋能源科技控股有限公司（股份代號：206）、國際家居零售有限公司（股份代號：1373）、深圳投控灣區發展有限公司（股份代號：737）、順豪控股有限公司（股份代號：253）、順豪物業投資有限公司（股份代號：219）及華大酒店投資有限公司（股份代號：201））擔任公司秘書。

顧女士在處理上市公司企業管治及合規事宜方面擁有豐富的知識及經驗。顧女士為香港特許秘書公會及英國特許秘書及行政人員公會會員。彼亦為特許公認會計師公會資深會員。

** 僅供識別*

REPORT OF DIRECTORS

董事會報告

The Directors hereby present their report and audited consolidated financial statements for the year ended 31 December 2019.

董事謹此提呈彼等於截至二零一九年十二月三十一日止年度的報告及經審核綜合財務報表。

Corporate Reorganisation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 October 2019 under the Companies Law of the Cayman Islands.

The companies now comprising the Group underwent a reorganisation (the “**Reorganisation**”) to rationalise the structure of the Group in preparation for the Listing, including the delisting of Kidztech Intelligent on the National Equities Exchange and Quotations. Pursuant to the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Further details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus. The Shares were listed on the Main Board of the Stock Exchange on the Listing Date.

企業重組

本公司根據開曼群島公司法於二零一九年十月二十五日在開曼群島註冊成立為一家獲豁免有限公司。

為籌備上市，現組成本集團之公司已進行重組（「**重組**」），包括奇士達智能自全國中小企業股份轉讓系統摘牌，以理順本集團之架構。根據重組，本公司成為本集團現時各附屬公司之控股公司。重組之進一步詳情載於招股章程「歷史、重組及企業架構」一節。股份於上市日期在聯交所主板上市。

Principal Activities and Business Review

The Group is principally engaged in the design, development, manufacture and sale of high-quality smart toy vehicles, smart interactive toys and traditional toys. The products of the Group are manufactured on an original brand manufacturing, ODM and OEM bases, and are (i) branded with the Group’s “kidztech” brand; (ii) co-branded with (a) renowned automobile manufacturers, (b) popular entertainment characters featured in animated television series or motions pictures or (c) toy brand owner; and (iii) branded under the Group’s overseas customers’ brands, which mainly represent the products the Group manufactures on an ODM and OEM bases and the products sold to the Group’s customers branded under their respective brands. Details of the principal activities of its subsidiaries are set out in note 29 to the consolidated financial statements.

For discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of business and an indication of likely future developments in the Group’s business, can be found in section headed “Management Discussion and Analysis” on pages 6 to 15 of this annual report.

主要活動及業務回顧

本集團主要設計、開發、製造及銷售高品質智能車模、智能互動式玩具及傳統玩具。本集團的產品以原品牌製造、ODM及OEM模式製造，為(i)本集團「奇士達」品牌的產品；(ii)與(a)知名汽車製造商、(b)動畫電視劇集或電影所塑造的流行娛樂角色或(c)玩具品牌擁有人推出的聯合品牌產品；及(iii)使用本集團海外客戶的品牌（主要指本集團以ODM及OEM模式製造的產品）的產品，以及售予本集團客戶使用客戶各自品牌的產品。附屬公司主要業務詳情載於綜合財務報表附註29。

根據香港法例第622章《公司條例》附表5規定對該等活動之討論及分析，包括公平審閱業務，以及本集團業務未來可能發展的指標，均載於本年報第6至15頁所載「管理層討論及分析」一節。

REPORT OF DIRECTORS

董事會報告

Segment Information

An analysis of the Group's performance for the year ended 31 December 2019 by operating segment is set out in note 5 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of comprehensive income on page 60 of this annual report.

The Group did not have a dividend payment plan or policy. Declaration of dividends was subject to the discretion of the Directors, depending on the results of operation, working capital and cash position, future business and earnings, capital requirements, contractual restrictions under the bank loan agreements, if any, as well as any other factors which the Directors might consider relevant. In addition, any declaration and payment as well as the amount of the dividends would be subject to the provisions of the Articles and the applicable laws of the Cayman Islands.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019 to the Shareholders.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four years, as extracted from the consolidated financial statements and the Prospectus, is set out on page 152 of this annual report.

Property, Plant and Equipment

Details of the movements during the year ended 31 December 2019 in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

Share Capital

Details of movements during the year ended 31 December 2019 in the share capital of the Company are set out in note 23 to the consolidated financial statements.

分部資料

本集團於截至二零一九年十二月三十一日止年度按經營分部劃分的表現分析載於綜合財務報表附註5。

業績及股息

本集團截至二零一九年十二月三十一日止年度的業績載於本年報第60頁的綜合全面收益表。

本集團並無派付股息的計劃或政策。是否宣派股息由董事酌情決定，並視乎經營業績、營運資金及現金狀況、日後業務及盈利、資本需求及銀行貸款協議下的合約限制（如有），以及董事可能認為相關的任何其他因素而定。此外，宣派、派付股息以及股息金額須受章程細則及開曼群島適用法律規定所規限。

董事會不建議向股東派發截至二零一九年十二月三十一日止年度的任何末期股息。

財務概要

本集團於最近四個年度的業績以及資產及負債的概要（摘錄自綜合財務報表及招股章程），載於本年報第152頁。

物業、廠房及設備

本集團物業、廠房及設備於截至二零一九年十二月三十一日止年度的變動詳情，載於綜合財務報表附註14。

股本

本公司股本於截至二零一九年十二月三十一日止年度的變動詳情，載於綜合財務報表附註23。

REPORT OF DIRECTORS

董事會報告

Reserves

As at 31 December 2019, the Company's reserve available for distribution to the Shareholders, calculated in accordance with the applicable laws of the Cayman Islands and the Articles, amounted to approximately RMB299,982,000. Details of the movements in the reserves of the Group during the year ended 31 December 2019 are set out in note 24 to the consolidated financial statements.

Equity Linked Agreement

Save as disclosed under the section headed "Share Option Scheme" below, no equity-linked agreement was entered into by the Group, or existed during the year ended 31 December 2019.

Share Option Scheme

The Company conditionally adopted the Share Option Scheme on 13 February 2020, so as to grant options to selected participants as incentives or rewards for their contribution to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

儲備

於二零一九年十二月三十一日，本公司可供分派予股東的儲備（根據開曼群島適用法律及章程細則予以計算）約為人民幣299,982,000元。本集團於截至二零一九年十二月三十一日止年度的儲備變動詳情載於綜合財務報表附註24。

股權相關協議

除下文「購股權計劃」一節所披露者外，於截至二零一九年十二月三十一日止年度，本集團並未訂立股權相關協議，亦不存在此類協議。

購股權計劃

本公司於二零二零年二月十三日有條件採納一項購股權計劃，以向選定參與者授出購股權，作為彼等對本集團所作貢獻的激勵或獎勵。由於董事可按個別情況釐定任何須達到的表現目標及購股權可行使前須持有的最短期間，加上購股權的行使價在任何情況下不得低於上市規則規定的價格或董事可能指定的更高價格，故此預期購股權承授人將盡力為本集團的發展作出貢獻，從而使股份市價上升，以透過獲授的購股權而得益。

REPORT OF DIRECTORS

董事會報告

The Directors may, at its absolute discretion, grant options to any of the following classes of participants: (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of the subsidiaries or any entity (the “**Invested Entity**”) in which any member of the Group holds an equity interest (“**Eligible Employee**”); (b) any non-executive directors (including independent non-executive directors of the Company, any of the subsidiaries or any Invested Entity); (c) any supplier of goods or services to any member of the Group or any Invested Entity; (d) any customer of any member of the Group or any Invested Entity; (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (g) any adviser (professional or otherwise) or consultant to any area of the business or business development of any member of the Group or any Invested Entity; and (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the number of Shares in issue on the Listing Date, being 52,000,000 Shares. As at the Latest Practicable Date, no option had been granted since the adoption of the Share Option Scheme. The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the number of Shares in issue for the time being. Any further grant of options in excess of the 1% limit shall be subject to Shareholders’ approval in general meeting with such grantee and his associates abstaining from voting.

董事可全權酌情向任何下列類別參與者授出購股權：(a)本公司、任何附屬公司或本集團任何成員公司持有股權的任何實體（「**所投資實體**」）的任何僱員（不論全職或兼職，包括任何執行董事，但不包括任何非執行董事）（「**合資格僱員**」）；(b)本公司、任何附屬公司或任何所投資實體的任何非執行董事（包括獨立非執行董事）；(c)本集團任何成員公司或任何所投資實體的任何貨物或服務供應商；(d)本集團任何成員公司或任何所投資實體的任何客戶；(e)任何為本集團任何成員公司或任何所投資實體提供研究、開發或其他技術支持的人士或實體；(f)本集團任何成員公司或任何所投資實體的任何股東或本集團任何成員公司或任何所投資實體所發行任何證券的持有人；(g)本集團任何成員公司或任何所投資實體在任何業務範疇或業務發展的任何專業或其他諮詢人士或顧問；及(h)曾經或可能透過合資經營、業務聯盟或其他業務安排對本集團發展及增長作出貢獻的任何其他參與者群體或類別。

因行使根據購股權計劃及本公司任何其他購股權計劃將予授出所有購股權（就此而言，並不包括根據購股權計劃及本公司任何其他購股權計劃條款而失效者）而可予配發及發行的股份總數不得超過上市日期已發行股份數目的10%，即52,000,000股股份。自採納購股權計劃起至最後實際可行日期，並無授出任何購股權。於任何12個月期間因行使根據購股權計劃及本公司任何其他購股權計劃而授出的購股權（包括已行使或尚未行使購股權兩者）已向各承授人發行及將予發行的股份總數不得超過當時已發行股份數目的1%。進一步授予超逾1%上限的任何購股權須由股東於股東大會上批准，而有關承授人及其聯繫人須放棄投票。

REPORT OF DIRECTORS

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The subscription price for the Shares under the Share Option Scheme shall be a price determined at the discretion of the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Unless there is an early termination of the Share Option Scheme pursuant to the rules of the Share Option Scheme, the Share Option Scheme will remain in force for a period which may not expire later than of 10 years commencing on the date on which the Share Option Scheme is adopted. The period during which an option may be exercised will be determined by the Directors in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant, subject to early termination of the Share Option Scheme pursuant to the rules of the Share Option Scheme. As at the Latest Practicable Date, the remaining life of the Share Option Scheme is approximately nine years and 11 months.

購股權計劃項下的股份的認購價將由董事酌情釐定，但不得低於(i)授出購股權要約日期(必須為營業日)在聯交所的每日報價表所示以一手或以上股份買賣單位的股份的收市價；(ii)緊接授出購股權要約日期前五個營業日在聯交所的每日報價表所示股份平均收市價；及(iii)股份面值三者中的最高者。承授購股權之人士須在接納時支付象徵式代價1港元。

除非購股權計劃根據購股權計劃規則提前終止，否則購股權計劃將於購股權計劃獲採納當日起計為期10年內維持有效及不會於該期間內屆滿。購股權可於董事全權酌情釐定的期間內行使，但不得於授出日期起計10年後行使，除非購股權計劃根據購股權計劃規則提前終止。於最後實際可行日期，購股權計劃的剩餘期限約為9年11個月。

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Disclosure of Interests

As the Shares were not yet listed on the Stock Exchange as at 31 December 2019, (i) Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the “SFO”) and Section 352 of the SFO were not applicable to the Directors or chief executives of the Company; and (ii) Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the substantial Shareholders as at 31 December 2019.

(l) Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares or Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest or short positions which any such Director or chief executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director 董事姓名	Capacity/ Nature of Interest 身份/權益性質	Number of the Shares held/ interested in 所持有/擁有權益的 股份數目	Long/Short position 好/淡倉	Approximate Percentage of Shareholding 概約持股百分比
Mr. Yu Huang (Note 1) 余煌先生(附註1)	Interested in a controlled corporation 受控法團權益	206,946,667	Long position 好倉	39.73%
Mr. Pui Lik Leung Kenny (Note 2) 貝烈亮先生(附註2)	Interest in a controlled corporation 受控法團權益	21,580,000	Long position 好倉	4.14%
Ms. Zheng Jingyun (Note 3) 鄭靜雲女士(附註3)	Interest of spouse 配偶權益	35,966,667	Long position 好倉	6.90%

權益披露

由於股份於二零一九年十二月三十一日尚未於聯交所上市，於二零一九年十二月三十一日，(i) 證券及期貨條例第 XV 部第 7 及 8 分部以及證券及期貨條例第 352 條不適用於本公司董事或最高行政人員；及(ii) 證券及期貨條例第 XV 部第 2 及 3 分部以及證券及期貨條例第 336 條不適用於主要股東。

(l) 董事及最高行政人員於股份、相關股份或債權證中的權益及淡倉

於最後實際可行日期，本公司董事或最高行政人員於本公司或任何相聯法團（定義見證券及期貨條例第 XV 部）的股份、相關股份及債權證中擁有須根據證券及期貨條例第 XV 部第 7 及 8 分部知會本公司及聯交所的權益及淡倉（包括根據證券及期貨條例該等條文被當作或視為擁有的任何權益或淡倉），或須根據證券及期貨條例第 352 條記存於該條所指的登記冊的權益及淡倉，或根據標準守則須知會本公司及聯交所的權益及淡倉如下：

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Notes:

- (1) Top Synergy Y&C Limited is owned as to approximately 94.79% by Mr. Yu Huang and as to approximately 5.21% by Ms. Chen Cheng, respectively. Therefore, Mr. Yu Huang is deemed to be interested in all the Shares held by Top Synergy Y&C Limited for the purpose of the SFO.
- (2) Keen Pacemaker Limited is wholly owned by Mr. Pui Lik Leung Kenny. Therefore, Mr. Pui Lik Leung Kenny is deemed to be interested in all the Shares held by Keen Pacemaker Limited for the purpose of the SFO.
- (3) Ms. Zheng Jingyun is the spouse of Mr. Cai Fengguang. Therefore, Ms. Zheng Jingyun is deemed to be interested in all the Shares that Mr. Cai Fengguang is interested in for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had registered an interest and short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to Section 352 of the SFO, required to be recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

附註：

- (1) Top Synergy Y&C Limited 分別由余煌先生及陳騁女士擁有約94.79%及約5.21%。因此，根據證券及期貨條例，余煌先生被視為在Top Synergy Y&C Limited 持有的所有股份中擁有權益。
- (2) Keen Pacemaker Limited 由貝烈亮先生全資擁有。因此，根據證券及期貨條例，貝烈亮先生被視為在Keen Pacemaker Limited 持有的所有股份中擁有權益。
- (3) 鄭靜雲女士為蔡奮光先生的配偶。因此，根據證券及期貨條例，鄭靜雲女士被視為於蔡奮光先生擁有權益的所有股份中擁有權益。

除上文所披露者外，於最後實際可行日期，概無本公司董事或最高行政人員於本公司或任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債權證中擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所的權益及淡倉（包括根據證券及期貨條例該等條文被當作或視為擁有的任何權益或淡倉），或須根據證券及期貨條例第352條記存於登記冊的權益及淡倉，或根據標準守則須知會本公司及聯交所的權益及淡倉。

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(II) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

So far as the Directors are aware, as at the Latest Practicable Date, the following persons/entities (other than the Directors or the chief executive of the Company) had an interest or short position 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, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company were as follows:

(II) 主要股東及其他人士於股份、相關股份或債權證中的權益及淡倉

就董事所知，於最後實際可行日期，下列人士／實體（非本公司董事或最高行政人員）於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部的條文向本公司披露，或須記錄於本公司根據證券及期貨條例第336條須予存置的登記冊內，或須另行知會本公司的權益或淡倉：

Name of Shareholder	Capacity/ Nature of Interest	Number of the Shares held/ interested in	Long/Short position	Approximate Percentage of Shareholding
股東名稱	身份／權益性質	所持有／擁有權益的 股份數目	好／淡倉	概約持股百分比
Ms. Chen Cheng (Note 1) 陳聘女士(附註1)	Interest of spouse 配偶權益	206,946,667	Long position 好倉	39.73%
Top Synergy Y&C Limited Top Synergy Y&C Limited	Beneficial owner 實益擁有人	206,946,667	Long position 好倉	39.73%
Ms. Ng Mo Sum (Note 2) 吳慕心女士(附註2)	Interested in a controlled corporation 受控法團權益	55,333,333	Long position 好倉	10.62%
Mr. Wu Shupeng (Note 3) 吳樹鵬先生(附註3)	Interest of spouse 配偶權益	55,333,333	Long position 好倉	10.62%
Motivational Mathematics Limited	Beneficial owner	55,333,333	Long position	10.62%
Motivational Mathematics Limited	實益擁有人		好倉	
Mr. Cai Fengguang (Note 4) 蔡奮光先生(附註4)	Interested in a controlled corporation 受控法團權益	35,966,667	Long position 好倉	6.90%
Charming Flair Limited Charming Flair Limited	Beneficial owner 實益擁有人	35,966,667	Long position 好倉	6.90%

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Notes:

- (1) Ms. Chen Cheng is the spouse of Mr. Yu Huang. Therefore, Ms. Chen Cheng is deemed to be interested in all the Shares that Mr. Yu Huang is interested in for the purpose of the SFO.
- (2) Motivational Mathematics Limited is owned as to 100% by Ms. Ng Mo Sum. Therefore, Ms. Ng Mo Sum is deemed to be interested in all the Shares held by Motivational Mathematics Limited for the purposes of the SFO.
- (3) Mr. Wu Shupeng is the spouse of Ms. Ng Mo Sum. Therefore, Mr. Wu Shupeng is deemed to be interested in all the Shares that Ms. Ng Mo Sum is interested in for the purpose of the SFO.
- (4) Charming Flair Limited is owned as to 100% by Mr. Cai Fengguang. Therefore, Mr. Cai Fengguang is deemed to be interested in all the Shares held by Charming Flair Limited for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, the Underlying Shares or Debentures" above, had notified the Company of an interest or short position in the Shares, underlying Shares or debenture of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Major Customers and Suppliers

During the year ended 31 December 2019, so far as the Company is aware, the aggregate revenue attributable to the five largest customers and the largest customer accounted for approximately 39% (2018: 37%) and 18% (2018: 9%), respectively, of the Group's total revenue for the year ended 31 December 2019. Purchases from the Group's five largest suppliers accounted for approximately 49% (2018: 44%) of the Group's total purchase for the year ended 31 December 2019 and the purchase from the largest supplier included therein amounted to approximately 21% (2018: 17%), respectively, of the Group's total purchase for the year ended 31 December 2019.

附註：

- (1) 陳騁女士為余煌先生的配偶。因此，根據證券及期貨條例，陳騁女士被視為在余煌先生擁有權益的所有股份中擁有權益。
- (2) Motivational Mathematics Limited 由吳慕心女士擁有 100%。因此，根據證券及期貨條例，吳慕心女士被視為在 Motivational Mathematics Limited 持有的所有股份中擁有權益。
- (3) 吳樹鵬先生為吳慕心女士的配偶。因此，根據證券及期貨條例，吳樹鵬先生被視為在吳慕心女士擁有權益的所有股份中擁有權益。
- (4) Charming Flair Limited 由蔡奮光先生擁有 100%。因此，根據證券及期貨條例，蔡奮光先生被視為在 Charming Flair Limited 持有的所有股份中擁有權益。

除上文所披露者外，於最後實際可行日期，概無人士（本公司董事及最高行政人員除外，其權益載於上文「董事及最高行政人員於股份、相關股份或債權證中的權益及淡倉」一節）已向本公司知會於本公司股份、相關股份或債權證中擁有須記錄於本公司根據證券及期貨條例第 336 條須予存置的權益登記冊的任何權益或淡倉，或根據證券及期貨條例第 XV 部第 2 及第 3 分部的條文須予披露的任何權益或淡倉。

主要客戶及供應商

截至二零一九年十二月三十一日止年度，據本公司所知，來自五大客戶及最大客戶的收入總額分別佔本集團截至二零一九年十二月三十一日止年度總收入約 39%（二零一八年：37%）及 18%（二零一八年：9%）。來自本集團五大供應商的採購額佔於截至二零一九年十二月三十一日止年度本集團總採購成本約 49%（二零一八年：44%），而計入採購額的來自最大供應商的採購額約為 21%（二零一八年：17%）。

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As far as the Directors are aware, none of the Directors, or any of their close associates (as defined under the Listing Rules) or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Group's five largest customers or suppliers during the year ended 31 December 2019.

Directors

The Directors during the year ended 31 December 2019 and up to the date of this annual report were as follows:

Executive Directors

Mr. Yu Huang (*Chairman and Chief Executive Officer*) (Note 1)
Mr. Pui Lik Leung Kenny (Note 1)
Mr. Ni Yanlong (Note 2)

Non-executive Director

Ms. Zheng Jingyun (Note 2)

Independent Non-executive Directors

Mr. He Weidong (Note 3)
Ms. Liu Man (Note 3)
Ms. Zhao Weiwei (Note 3)

Notes:

- (1) Mr. Yu and Mr. Pui were appointed as Directors with effect from 25 October 2019.
- (2) Mr. Ni and Ms. Zheng were appointed as Directors with effect from 1 November 2019.
- (3) Mr. He, Ms. Liu and Ms. Zhao were appointed as Directors with effect from 13 February 2020.

Information regarding Directors' emoluments is set out in note 7 to the consolidated financial statements.

據董事所深知，於截至二零一九年十二月三十一日止年度，概無董事或其任何緊密聯繫人（定義見上市規則）或股東（據董事所深知，持有本公司已發行股本5%以上）於本集團五大客戶或供應商擁有任何實益權益。

董事

於截至二零一九年十二月三十一日止年度及直至本年報日期的董事如下：

執行董事

余煌先生（主席及行政總裁）（附註1）
貝烈亮先生（附註1）
倪彥龍先生（附註2）

非執行董事

鄭靜雲女士（附註2）

獨立非執行董事

何衛東先生（附註3）
劉曼女士（附註3）
趙衛衛女士（附註3）

附註：

- (1) 余先生及貝先生於二零一九年十月二十五日獲委任為董事。
- (2) 倪先生及鄭女士於二零一九年十一月一日獲委任為董事。
- (3) 何先生、劉女士及趙女士於二零二零年二月十三日獲委任為董事。

與董事酬金有關之資料載於綜合財務報表附註7。

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Biographical Details of Directors and Changes in Information of Directors

Brief biographical details of the Directors including the changes in the Directors' information if any subsequent to the date of the Prospectus (i.e. 28 February 2020) are included in the biographical details as set out on pages 28 to 32 of this annual report.

Directors' Services Contracts

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date and will continue thereafter unless and until terminated by the Company or the Director or the Director has not been re-elected as a Director or has been removed by Shareholders at any of its general meeting or is disqualified from acting as a Director in accordance with the Articles. Each non-executive Director and independent non-executive Director was appointed under a letter of appointment for a fixed term of three years unless terminated by the Company or the Director in accordance with the terms as set out in the letter of appointment.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has or is proposed to have a service agreement with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than the statutory compensation.

Directors' Interests in Transactions, Arrangements, Contracts of Significance

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted as at, or at any time during the year ended, 31 December 2019.

Controlling Shareholders' Interests

No contract of significance has been entered into between the Company or any of its subsidiaries and controlling shareholder or any of its subsidiaries during the year ended 31 December 2019.

董事的履歷詳情及董事資料的變動

董事履歷詳情，包括董事資料於招股章程刊發日期（即二零二零年二月二十八日）後的變動（如有），載於本年報第28至32頁所載的履歷詳情。

董事服務合約

各執行董事已與本公司訂立服務協議，自上市日期開始初步為期三年，及將延續任期，除非及直至本公司或董事終止協議為止，或董事未獲重選為董事或已被股東於其任何股東大會罷免或根據章程細則不符合資格擔任董事。各非執行董事及獨立非執行董事根據委任書獲委任，固定年期三年，除非本公司或董事根據委任書所載條款予以終止。

除上文所披露者外，概無擬於本公司應屆股東週年大會上膺選連任的董事與本公司或其任何附屬公司訂立或擬訂立不可由本集團於一年內終止而免付賠償（法定賠償除外）的服務合約。

董事於交易、安排、合約的重大權益

除本年報披露者外，於截至二零一九年十二月三十一日止年度或任何時間，概無本公司或其任何附屬公司為訂約方而董事或與董事關連的實體直接或間接擁有重大權益的與本集團業務有關的重大交易、安排及合約。

控股股東權益

於截至二零一九年十二月三十一日止年度，本公司或其任何附屬公司與控股股東或其任何附屬公司概無訂立重大合約。

REPORT OF DIRECTORS

董事會報告

Emoluments of the Directors and Five Highest Paid Individuals

Details of the emoluments of Directors and the five highest paid individuals of the Group are set out in note 7 to the consolidated financial statements.

Emolument Policy

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for making recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group. The remunerations of the Directors are determined by reference to the economic situation, the prevailing market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

The Company adopted the Share Option Scheme and no options had been granted since its adoption. Details of the Share Option Scheme are set out in the section headed "Share Option Scheme" in this annual report.

Competing Interests

The Directors are not aware of any business or interest of Directors nor the controlling Shareholder nor any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any conflicts of interests which any such person has or may have with the Group during the year ended 31 December 2019.

Non-Competition Undertaking

The Company confirms that the non-competition undertaking of Mr. Yu Huang, Ms. Chen Cheng and Top Synergy Y&C Limited, details of which were set out in the Prospectus, has been fully complied and enforced during the Relevant Period. The Board also confirms that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors of the Company.

董事及五名最高薪酬人士的酬金

董事及本集團五名最高薪酬人士酬金的詳情載於綜合財務報表附註7。

薪酬政策

本公司已設立薪酬委員會對本集團的薪酬政策及架構進行審閱，以對與全體董事、本集團高級管理層及一般員工相關的整體薪酬政策及架構向董事會作出推薦建議。董事的薪酬乃參照經濟狀況、當前市場狀況、各董事承擔的職責以及彼等的個人表現所釐定。

本公司已採納一項購股權計劃，自採納以來並無授出任何購股權。購股權計劃詳情載於本年報「購股權計劃」一節。

競爭性權益

於截至二零一九年十二月三十一日止年度，董事概不知悉董事及控股股東及任何彼等各自的任何緊密聯繫人（定義見上市規則）之任何業務或權益與本集團的業務出現或可能出現競爭，亦不知悉任何該等人士已經或可能與本集團出現任何利益衝突。

不競爭承諾

本公司確認，余煌先生、陳騁女士及Top Synergy Y&C Limited的不競爭承諾（其詳情載於招股章程）於有關期間已完全遵守及執行。董事會亦確認，概無其他與上述承諾相關的事項須提請本公司股東及潛在投資者垂注。

REPORT OF DIRECTORS

董事會報告

Legal Proceedings and Compliance

To the best knowledge of the Directors, as at the Latest Practicable Date, there were no legal proceedings or claims currently existing, pending or threatened against any member of the Group that the Directors consider will have a material adverse effect on the financial conditions or results of operation of the Group.

During the year ended 31 December 2019, the Group's business operations had complied with applicable laws, rules and regulations in the places where the Group operates in all material respects save for (i) failure to make social insurance contributions in full compliance with the Social Insurance Law of the PRC; (ii) failure to make housing provident fund contributions in full compliance with the Regulations on the Administration of Housing Provident Fund of the PRC; and (iii) failure in completing the (a) environmental impact assessment before construction; and (b) construction of the matching environmental protection facilities and the inspection and acceptance formalities before the operation of a production plant. Please refer to the subparagraph headed "Non-compliance Incidents" under the paragraph headed "Legal Proceedings and Compliance" in the section headed "Business" of the Prospectus.

Principal Risks and Uncertainties

The following is a list of principal risks and uncertainties that may affect the business, financial condition, results of operations and growth prospects of the Company. However, this list is not exhaustive as there may be other risks and uncertainties resulting from changes in economic condition and operating environment over time:

1. Economic and political risk: the Sino-US trade war may affect the Group's business, financial conditions and results of operations; and the recent outbreak of the contagious COVID-19 in the PRC and worldwide may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

法律訴訟及合規

就董事所深知，截至最後實際可行日期，概無針對本集團任何成員公司而董事認為將對本集團財務狀況或經營業績構成重大不利影響的現存、未決或威脅提出的法律訴訟或申索。

截至二零一九年十二月三十一日止年度，本集團的業務營運已在各重大方面遵守營運所在地區適用法律、規則及法規，惟(i)未能全面依照《中國社會保險法》繳納社保供款；(ii)未能全面依照《中國住房公積金管理條例》作出住房公積金供款；及(iii)未能(a)於建設生產廠房前完成環境影響評估；及(b)未能於生產廠房開始營運前完成配套環保設施的建設及審查驗收手續除外。請參閱招股章程「業務」一節「法律程序及合規」一段「不合規事件」分段。

主要風險及不確定性

以下是可能影響本公司業務、財務狀況、經營成果及增長前景的主要風險與不確定因素。然而，此列表並不詳盡，因為隨著時間的推移，經濟狀況與運營環境的變動可能還會帶來其他風險與不確定性：

1. 經濟與政治風險：中美貿易戰可能會影響本集團的業務、財務狀況及經營業績；以及最近在中國乃至全球爆發的具有傳染性的COVID-19，可能會對本集團的業務、經營業績、財務狀況及前景產生重大不利影響。

REPORT OF DIRECTORS

董事會報告

2. Business risk: the Group's sale of co-branded products relies on the popularity and market acceptance of intellectual properties used in the co-branded products, which depends largely on the public reception on the car models and the entertainment characters of the intellectual properties licensors and the marketing and promotional activities of the intellectual properties licensors. The Group also does not maintain long-term purchase contracts with most of the Group's customers, any disruption or termination of the business relationships with the major customers or fluctuations in their demand for the Group's products may have a material adverse effect on the Group's business, results of operation, financial condition and prospect.
 3. Compliance risk: Non-compliance with product safety and laws and regulations may lead to financial loss and reputational damage. Product safety is the Group's number one priority. The Group has robust processes and procedures in place to ensure compliance with all applicable laws and regulations. Changes in related laws and regulations may lead to increased compliance costs.
 4. Financial risk: The Group is exposed to financial risks related to currency, pricing, credit and liquidity in the normal course of business. For details of such financial risks, please refer to note 3.1 to the consolidated financial statements.
2. 業務風險：本集團銷售聯合品牌產品依賴於聯合品牌產品中使用的知識產權的受歡迎程度及市場接受度，其在很大程度上取決於公眾對知識產權授權人的汽車型號和娛樂性的接受程度，以及市場營銷活動和促銷活動。本集團並未與本集團大多數客戶保持長期購買合約，與主要客戶的業務關係中斷或終止或對本集團產品的需求波動可能會對本集團的業務、經營業績、財務狀況及前景產生重大不利影響。
 3. 合規風險：不遵守產品安全和法律法規可能會導致財務損失與聲譽損失。產品安全是本集團的第一要務。本集團擁有健全的流程與程序，可確保遵守所有適用的法律與法規。相關法律法規的變更可能導致合規成本增加。
 4. 財務風險：本集團在正常業務過程中面臨與貨幣、定價、信貸及流動性有關的財務風險。有關此類財務風險的詳情，請參閱綜合財務報表附註3.1。

The Group has developed a risk management and internal control system to identify current risks and has undertaken necessary measures to mitigate the risks identified. Details of the Group's risk management and internal control system are set out in the Corporate Governance Report of this annual report.

本集團已建立風險管理和內部控制系統以識別當前風險，並已採取必要措施以減輕已識別風險。本年報的企業管治報告中列出了本集團風險管理和內部控制系統的詳情。

Key Relationship with the Stakeholders

The Company recognises that employees are its valuable assets. Thus, the Group provides competitive remuneration packages to attract and motivate the employees, and regularly reviews the remuneration package of the employees and makes necessary adjustments to conform to the market standard. For further details of the benefits of the employees, please refer to the section headed "Employees and Pension Schemes" in this annual report.

與利益相關方的主要關係

本公司認為僱員是其寶貴資產。因此，本集團提供有競爭力的薪酬方案以吸引和激勵僱員，並定期審查僱員薪酬方案與進行必要調整，以符合市場標準。有關僱員福利的更多詳情，請參閱本年報「僱員及退休金計劃」一節。

REPORT OF DIRECTORS

董事會報告

The Group also understands that it is important to maintain good relationship with its business partners to achieve its long-term goals. Accordingly, the Directors and senior management have kept good communication, promptly exchanged ideas and shared business updates with its business partners when appropriate. During the year ended 31 December 2019, there was no material and significant dispute between the Group and any of its business partners.

Permitted Indemnity Provisions

Every Director shall be entitled under the Articles to be indemnified out of the assets of the Company against all actions, costs, charges, losses or liabilities incurred or sustained by him/her as a Director in the execution or discharge of his/her duty.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors.

Related Party Transactions

Details of related party transactions of the Group during the year ended 31 December 2019 are set out in note 31 to the consolidated financial statements. Save as disclosed in this annual report and in the Prospectus, no other related party transactions constituted a connected transaction as defined under the Listing Rules for the year ended 31 December 2019.

Purchase, Sale or Redemption of Shares

The Shares were first listed on the Main Board of the Stock Exchange on the Listing Date. Neither the Company nor any member of the Group has purchased, sold or redeemed any of the Shares during the year ended 31 December 2019 and the Relevant Period.

Sufficiency of Public Float

To the best knowledge of the Directors and based on the information that it publicly available to the Company, at least 25% of the Company's issued capital were held by public as at the Latest Practicable Date.

本集團亦了解，與業務夥伴保持良好關係以實現其長期目標至關重要。因此，董事與高級管理層保持良好溝通，及時與其業務夥伴交換意見，並適時分享最新業務資訊。於截至二零一九年十二月三十一日止年度，本集團與任何業務夥伴之間均未發生重大和重要爭議。

獲准許彌償條文

根據章程細則，每名董事均有權將就其因作為董事執行或履行其職務而可能產生或蒙受的一切訴訟、費用、收費、虧損或負債從本公司資產中獲得彌償。

本公司已就董事在任何訴訟中進行辯護而可能招致的相關責任及費用投購保險。

關聯方交易

本集團於截至二零一九年十二月三十一日止年度的關聯方交易詳情載於綜合財務報表附註31。於截至二零一九年十二月三十一日止年度，除本年報及招股章程所披露者外，概無其他關聯方交易構成上市規則定義的關連交易。

購買、出售或贖回股份

股份已於上市日期在聯交所主板上市。本公司或本集團任何成員公司均未在截至二零一九年十二月三十一日止年度以及相關期間內購買、出售或贖回任何股份。

足夠公眾持股量

據董事所深知及根據本公司公開所得資料，於最後實際可行日期，至少25%的本公司已發行股本由公眾人士持有。

REPORT OF DIRECTORS

董事會報告

Auditor

The consolidated financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, who shall retire in the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

Corporate Governance

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" of this annual report.

ENVIRONMENTAL POLICY

The Group's commitment to protecting the environment is well reflected by the continuous efforts in promoting green measures and awareness in its daily business operations. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. The Group reviews its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses and enhancing environmental sustainability.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Management Contracts

No contracts concerning management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2019.

Charitable Donations

During the year ended 31 December 2019, the Group did not make any charitable donations.

核數師

截至二零一九年十二月三十一日止年度的綜合財務報表已由羅兵咸永道會計師事務所進行審核。羅兵咸永道會計師事務所將於本公司應屆股東週年大會上退任，並合資格且願意連任。一項決議案將於本公司應屆股東週年大會上提呈以重新委任羅兵咸永道會計師事務所為本公司核數師。

企業管治

本公司企業管治的詳情載於本年報「企業管治報告」一節。

環境政策

本集團在日常業務營運中不斷推廣綠色措施和意識，以達到其保護環境的承諾。本集團鼓勵環保並推動僱員提升環保意識。本集團不時審視其環保工作，並將考慮於本集團業務之營運中實施更多環保措施及慣例，加強環境可持續性。

優先購買權

根據章程細則或本公司註冊成立所在司法管轄區開曼群島的法例，概無載列任何有關本公司須按比例向現有股東提呈發售新股份之優先購買權規定。

管理合約

於截至二零一九年十二月三十一日止年度，概無訂立或存在任何與本集團業務中全部或任何重大部分有關之管理及行政合約。

慈善捐贈

於截至二零一九年十二月三十一日止年度，本集團並未作出任何慈善捐贈。

REPORT OF DIRECTORS

董事會報告

Use of Proceeds from Listing

The net proceeds (after deducting related underwriting fees and commissions and expenses payable in connection with the global offering) raised by the Company from Listing and prior to the exercise of the over-allotment option in April 2020) were approximately HK\$81.2 million. Due to the issue and allotment of Shares pursuant to the partial exercise of the over-allotment option on 3 April 2020, an additional net proceeds of approximately HK1.2 million were raised. As disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, the intended use of net proceeds are set out as follows:

- (a) approximately 70.8%, or HK\$58.3 million, will be used to fund the planned expansion of the new production plant, including, among others, construction of the new production plant and acquisition of more machinery and equipment for manufacturing toy products and product design and development;
- (b) approximately 19.2%, or HK\$15.8 million, will be used to maintain and strengthen its relationships with existing customers, in particular overseas customers, expand and diversify its customer base through, among others, expanding its sales and marketing departments in both Hong Kong and the PRC, and acquire or invest in downstream companies; and
- (c) approximately 10.0%, or HK\$8.2 million, will be used for general replenishment of working capital and other general corporate purpose.

As at the Latest Practicable Date, there were no changes of the business plans from those disclosed in the Prospectus. The Group will gradually utilize the net proceeds in accordance with the intended purpose as disclosed in the Prospectus.

Closure of Register of Members

In order to ascertain the entitlements to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Monday, 25 May 2020 to Friday, 29 May 2020, both days inclusive, during which period no transfer of Shares will be registered. Shareholders are reminded to ensure all properly executed transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Friday, 22 May 2020.

上市所得款項用途

扣除與全球發售有關的包銷費用及佣金及應付開支後，本公司自上市以來及於二零二零年四月行使超額配股權之前所募集的所得款項淨額約為81.2百萬港元。由於在二零二零年四月三日部分行使超額配股權而發行及配發股份，籌集額外所得款項淨額約1.2百萬港元。誠如招股章程「未來計劃及所得款項用途」一節所披露，所得款項淨額的計劃用途載列如下：

- (a) 約70.8%或58.3百萬港元將用於為新生產廠房擴張計劃提供資金，其中包括建設新生產廠房及收購更多用於製造玩具產品的機器及設備以及產品設計及研發；
- (b) 約19.2%或15.8百萬港元將用於維持並鞏固與現有客戶（特別是海外客戶）的關係、透過擴大在香港和中國的銷售和推廣部門等擴大及豐富我們的客戶基礎以及收購或投資於下游公司；及
- (c) 約10.0%或8.2百萬港元將用於一般補充營運資金及其他一般公司用途。

於最後實際可行日期，有關業務計劃與招股章程披露者相比並無變動。本集團將按招股章程所披露的計劃用途逐步動用所得款項淨額。

暫停辦理股份過戶登記手續

為釐定出席本公司應屆股東週年大會及於大會上投票的資格，本公司將於二零二零年五月二十五日（星期一）至二零二零年五月二十九日（星期五）（包括首尾兩日）暫停辦理股份過戶登記手續，期間將不會辦理股份過戶登記。股東務須確保，所有填妥的股份過戶表格連同相關股票，最遲須於二零二零年五月二十二日（星期五）下午4時30分前交回本公司的香港股份過戶登記分處卓佳證券登記有限公司（地址為香港皇后大道東183號合和中心54樓）。

REPORT OF DIRECTORS

董事會報告

Events occurred since the end of the Year Ended 31 December 2019

For details of important events of the Group which have occurred since the end of the year ended 31 December 2019, please refer to note 33 to the consolidated financial statements as set out in this annual report.

截至二零一九年十二月三十一日止年度後事項

有關自截至二零一九年十二月三十一日止年度以來發生的本集團重要事件的詳情，請參閱本年報所載綜合財務報表附註33。

On behalf of the Board
Kidztech Holdings Limited
Yu Huang
Chairman

代表董事會
奇士達控股有限公司
余煌
主席

Hong Kong, 31 March 2020

香港，二零二零年三月三十一日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



羅兵咸永道

To the Shareholders of Kidztech Holdings Limited
(incorporated in the Cayman Islands with limited liability)

致奇士達控股有限公司股東
(於開曼群島註冊成立的有限公司)

Opinion

意見

What we have audited

我們已審計的內容

The consolidated financial statements of Kidztech Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 60 to 151, which comprise:

奇士達控股有限公司（以下簡稱「貴公司」）及其附屬公司（以下統稱「貴集團」）列載於第60至151頁的綜合財務報表，包括：

- the consolidated statement of financial position as at 31 December 2019;
 - the consolidated statement of comprehensive income for the year then ended;
 - the consolidated statement of changes in equity for the year then ended;
 - the consolidated statement of cash flows for the year then ended; and
 - the notes to the consolidated financial statements, which include a summary of significant accounting policies.
- 於二零一九年十二月三十一日的綜合財務狀況表、
 - 截至該日止年度的綜合全面收益表、
 - 截至該日止年度的綜合權益變動表、
 - 截至該日止年度的綜合現金流量表及
 - 綜合財務報表附註，包括主要會計政策概要。

Our opinion

我們的意見

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 disclosure requirements of the Hong Kong Companies Ordinance.

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一九年十二月三十一日的綜合財務狀況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》的披露規定妥為擬備。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are as follows:

- Impairment assessment of trade receivables
- Net realisable value of inventories

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項如下：

- 應收賬款減值評估
- 存貨的可變現淨值

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Impairment assessment of trade receivables

應收賬款減值評估

Refer to note 19 "Trade receivables" and note 4 "Critical accounting estimates and judgments" to the consolidated financial statements.

請參閱財務報表附註19「應收賬款」及附註4「重大會計估計及判斷」。

At 31 December 2019, the Group had gross trade receivables of approximately RMB68,724,000 and provision for impairment of trade receivables of approximately RMB8,485,000.

於二零一九年十二月三十一日，貴集團應收賬款總額約為人民幣68,724,000元，應收賬款減值撥備約為人民幣8,485,000元。

Management applied HKFRS 9 by using the simplified approach to measure the lifetime expected loss allowance for all its trade receivables. In determining the expected credit loss ("ECL"), management used judgment in making the assumptions about the risk of default and expected loss rate with reference to the historical payment profiles, the corresponding historical credit loss experience and current and forward-looking information on macroeconomic factors. In addition, management also reviewed the credit risk of individual debtors by considering the relationship with customers and their financial position to assess whether further provision was needed at the end of the reporting period.

管理層採用簡化法應用香港財務報告準則第9號，以計量其所有應收賬款的全期預期信貸虧損。在制定預期信貸虧損時，管理層運用判斷，作出有關違約風險及預期虧損率的假設，並參考過往付款狀況、相應過往信貸虧損經驗以及有關宏觀經濟因素的現時及前瞻性資料。此外，管理層亦透過考慮與客戶的關係及其財務狀況審閱個別債務人的信貸風險，以評估於報告期末是否需要進一步的減值撥備。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

In response to the key audit matter, we performed the following procedures:

針對關鍵審計事項，我們進行以下程序：

We understood, evaluated and validated on a sample basis the key internal controls over the impairment assessment of trade receivables process including credit control on customers and ageing review.

我們了解、評估及抽樣確定應收賬款減值評估程序（包括客戶的信貸控制及賬齡審閱）的關鍵內部控制。

We discussed with management and assessed the reasonableness of the ECL methodology applied by the Group.

我們與管理層討論並評估集團採用的預期信貸虧損方法是否合理。

We evaluated the aging profile and historical credit loss experience on trade receivables to assess the reasonableness of expected loss rates calculated by management. We tested, on a sample basis, the accuracy of the ageing report by examining supporting documents including delivery notes and invoices.

我們評估應收賬款的賬齡情況及過往信貸虧損經驗，以評估管理層計算的預期虧損率是否合理。我們通過抽樣檢查支持性文件（包括交貨單和發票），以測試賬齡報告的準確性。

We discussed with management recoverability of those individual significant trade receivable balances and corroborated their explanations with supporting evidences to evaluate whether further provision should be made.

我們與管理層討論單項重大應收賬款餘額的可回收性並通過支持性證據求證有關解釋，以評估是否應該計提進一步的減值撥備。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Impairment assessment of trade receivables (Continued)

應收賬款減值評估 (續)

Impairment of trade receivables was made based on an assessment of the ECL of trade receivables. Provision for impairment of trade receivables involved management's judgment and uncertainties of the actual outcome which may be different from original estimates.

應收賬款減值乃根據應收賬款之預期信貸虧損評估作出。應收賬款減值撥備涉及管理層的判斷，而實際結果具有不確定性，可能不同於最初估計。

Impairment of trade receivables was considered a key audit matter because of the magnitude of the trade receivables balance and the significant management's estimates and judgment involved in the assessment.

應收賬款減值被視為一個關鍵審計事項乃由於應收賬款餘額及管理層在評估中涉及的估計和判斷均屬重大。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

We compared the subsequent collection with the original estimation to evaluate the reliability and accuracy of management's judgment and estimates in the impairment assessment. We tested, on a sample basis, the subsequent settlement of trade receivables by examining bank receipts.

我們將期後收回之款項與最初估計作比較，以評估管理層有關減值評估的判斷及估計的可靠性及準確性。我們抽樣檢查銀行收據以測試應收賬款的期後回款。

We also assessed the appropriateness of the forward-looking information used in determining the ECL rates by considering relevant macroeconomic information.

我們亦通過考慮有關宏觀經濟資料，以評估制定預期信貸虧損率的前瞻性資料是否適當。

Based on our work performed, we found that management's estimates and judgment were supported by available evidence.

基於我們進行的工作，我們發現，現有證據可支持管理層所用的估計及判斷。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Net realisable value of inventories

存貨的可變現淨值

Refer to note 18 "Inventories" and note 4 "Critical accounting estimates and judgments" to the consolidated financial statements.

請參閱財務報表附註18「存貨」及附註4「重大會計估計及判斷」。

At 31 December 2019, the Group had gross inventories of approximately RMB65,091,000 and provision for impairment of inventories of RMB31,000. Inventories are stated at the lower of cost and net realisable value ("NRV") in the consolidated financial statements.

於二零一九年十二月三十一日，貴集團存貨總額約為人民幣65,091,000元，存貨減值撥備約為人民幣31,000元。存貨乃按成本與可變現淨值之較低者列賬。

Management considered that the cost of inventories may not be recoverable if the estimated selling prices decline.

管理層考慮倘存貨預測售價下跌，則可能無法收回存貨成本。

Management assessed the NRV of finished goods based on the estimated selling price less selling expenses necessary to make the sale. For raw material, management assessed their NRV by analysing the overall profit margin and subsequent consumption plan.

管理層基於預測售價減去使其可供出售之必要的銷售費用開支來評估製成品的可變現淨值。管理層通過分析整體毛利率及期後消耗計劃來評估原材料的可變現淨值。

Determination of NRV of raw materials and finished goods requires management's estimates and judgment with reference to historical information and future market trend.

確定原材料和製成品的可變現淨值需要管理層查閱歷史資料及未來市場趨勢來估計和判斷。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

In response to the key audit matter, we performed the following procedures:

針對關鍵審計事項，我們進行以下程序：

We understood, evaluated and validated, on a sample basis, the key internal controls performed by management in estimating the NRV of the inventories.

我們理解、評估和抽樣驗證管理層在估計存貨的可變現淨值時執行的關鍵內部控制。

We tested, on a sample basis, ageing profile of individual inventory items by checking to the underlying procurement correspondences, invoices and goods receipt documents.

通過檢查相關採購資料、發票及收貨單據，我們抽樣測試個別存貨項目的庫齡情況。

We tested, on a sample basis, the NRV of selected finished goods by comparing the estimated selling price used by management to the respective latest selling prices, and for the estimated selling expenses to make the sale, we compared such against the historical cost for selling similar inventories. Where there were no subsequent sales of the respective finished goods, we discussed with management the basis used to determine the NRV of the products, corroborated management's explanations with the inventory ageing, sales orders, historical gross margins, and current market conditions by using our industry knowledge and external market analysis, as appropriate.

我們將管理層採用的預測售價和其最新售價進行比較，將預測使其出售之必要的銷售費用和過往銷售類似存貨發生的開支進行比較，以抽樣測試選定製成品的可變現淨值。對於年終後並無出售的相關製成品，我們與管理層討論用來確定產品可變現淨值的基礎，通過我們對行業的認識及外部市場分析（如適用），佐證管理層有關存貨庫齡、銷售訂單、過往毛利及現行市場情況的解釋。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matter

關鍵審計事項

Net realisable value of inventories (Continued)

存貨的可變現淨值 (續)

NRV of inventories was considered a key audit matter because of the magnitude of the inventory balance and the significant management's estimates and judgment involved.

存貨的可變現淨值被視為一個關鍵審計事項乃由於存貨餘額及管理層在評估中涉及的估計和判斷均屬重大。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

For the NRV of raw materials, we assessed management's assessment against the latest profit margin and discussed with management the consumption plan subsequent to the year end.

對於原材料的可變現淨值，我們對管理層最新毛利率的評估進行評價，並和管理層討論期後消耗計劃。

Based on our work performed, we found that management's estimates and judgment were supported by available evidence.

基於我們進行的工作，我們發現，現有證據可支持管理層所用的估計及判斷。

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

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

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. We report our opinion solely to you, as a body, 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 HKSAAs 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.

董事及審計委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審計委員會須負責監督貴集團的財務報告過程。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或綜合起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Po Wah, Pauline.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2020

- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

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

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

出具本獨立核數師報告的審計項目合夥人是梁寶華。

羅兵咸永道會計師事務所
執業會計師

香港，二零二零年三月三十一日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

			Year ended 31 December 截至十二月三十一日止年度	
			2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
		Note 附註		
Revenue	收益	5	325,800	278,717
Cost of sales	銷售成本	6	(203,610)	(183,110)
Gross profit	毛利		122,190	95,607
Selling expenses	銷售開支	6	(19,999)	(16,607)
Administrative expenses	行政開支	6	(51,977)	(33,567)
Net impairment losses on financial assets	金融資產減值虧損淨額		(4,186)	(1,324)
Other income	其他收入	8	5,825	5,659
Other gains/(losses) — net	其他收益／(虧損)淨額	9	4,631	(463)
Operating profit	經營盈利		56,484	49,305
Finance income	財務收入		1,573	275
Finance costs	財務成本		(9,677)	(8,003)
Finance costs — net	財務成本淨額	10	(8,104)	(7,728)
Profit before income tax	除所得稅前盈利		48,380	41,577
Income tax expenses	所得稅開支	11	(12,935)	(8,824)
Profit for the year	年內盈利		35,445	32,753
Profit/(loss) attributable to	以下人士應佔盈利／(虧損)			
Owners of the Company	本公司擁有人		35,445	32,773
Non-controlling interests	非控股權益		—	(20)
			35,445	32,753
Other comprehensive income	其他全面收益			
<i>Items that may be reclassified to profit or loss:</i>	<i>可重新分類至損益的項目：</i>			
Currency translation differences	匯兌差額		1,774	1,417
Other comprehensive income for the year	年內其他全面收益		1,774	1,417
Total comprehensive income for the year attributable to	以下人士應佔年內 其他全面收益			
Owners of the Company	本公司擁有人		37,219	34,190
Non-controlling interests	非控股權益		—	(20)
			37,219	34,170
Earnings per share attributable to owners of the Company	本公司擁有人應佔每股盈利			
— Basic and diluted (RMB)	— 基本及攤薄 (人民幣)	12	8.2 cents 分	7.6 cents 分

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

以上面綜合收益表應與隨附的註釋一併閱讀。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Note		
	附註		
ASSETS			
Non-current assets			
Property, plant and equipment	14	166,301	174,760
Intangible assets	16	6,750	4,922
Deferred income tax assets	17	5,446	3,377
Prepayments	20	47,759	57,197
		226,256	240,256
Current assets			
Inventories	18	65,060	31,212
Trade receivables	19	60,239	88,618
Prepayments and other receivables	20	55,520	20,960
Restricted cash	22	1,018	1,000
Cash and cash equivalents	21	116,629	188,634
		298,466	330,424
Total assets		524,722	570,680
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	70	—
Other reserves	24	268,639	264,479
Retained earnings		32,188	101,702
		300,897	366,181

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Note 附註		
LIABILITIES			
Non-current liabilities			
Deferred revenue		2,705	3,690
Deferred tax liabilities	17	2,534	1,570
Lease liabilities	15	186	1,806
License fee payable	26	1,854	868
		7,279	7,934
Current liabilities			
Trade and other payables	25	51,144	44,505
Contract liabilities		738	634
Bank and other borrowings	27	142,728	140,189
Lease liabilities	15	2,546	3,209
License fee payable	26	2,735	1,883
Current income tax liabilities		16,655	6,145
		216,546	196,565
Total liabilities		223,825	204,499
Total equity and liabilities		524,722	570,680

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

上述綜合財務狀況表應與隨附的註釋一併閱讀。

The financial statements on pages 60 to 151 were approved by the board of directors on 31 March 2020 and were signed on its behalf.

第60至151頁的財務報表於二零二零年三月三十一日獲董事會批准及代其簽署。

Yu Huang

余煌

Director

董事

Ni Yanlong

倪彥龍

Director

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

		Attributable to Owners of Company 本公司擁有人應佔			Non- controlling interests	Total 總計
		Share capital 股本 RMB'000 人民幣千元 (Note 23) (附註23)	Other reserves 其他儲備 RMB'000 人民幣千元 (Note 24) (附註24)	Retained earnings 保留盈利 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年 一月一日的結餘	—	257,426	74,585	5,700	337,711
Comprehensive income	全面收益					
— Profit/(loss) for the year	— 一年內盈利/(虧損)	—	—	32,773	(20)	32,753
— Other comprehensive income	— 其他全面收益	—	1,417	—	—	1,417
Total comprehensive income	全面收益總額	—	1,417	32,773	(20)	34,170
Transfer to statutory reserve	轉撥至法定儲備	—	5,656	(5,656)	—	—
Transactions with non-controlling interests	與非控股權益的交易	—	(20)	—	(5,680)	(5,700)
Balance at 31 December 2018	於二零一八年 十二月三十一日的 結餘	—	264,479	101,702	—	366,181
Balance at 1 January 2019	於二零一九年 一月一日的結餘	—	264,479	101,702	—	366,181
Comprehensive income	全面收益					
— Profit for the year	— 一年內盈利	—	—	35,445	—	35,445
— Other comprehensive income	— 其他全面收益	—	1,774	—	—	1,774
Total comprehensive income	全面收益總額	—	1,774	35,445	—	37,219
Transfer to statutory reserve	轉撥至法定儲備	—	3,559	(3,559)	—	—
Cash dividends paid to the then shareholders of a subsidiary	向附屬公司當時 股東支付現金股息	—	—	(101,400)	—	(101,400)
Shares issued pursuant to the Reorganisation	根據重組發行的股份	70	(70)	—	—	—
Deemed distribution to the then shareholders of a subsidiary	視作向附屬公司 當時股東分派	—	(1,103)	—	—	(1,103)
Balance at 31 December 2019	於二零一九年 十二月三十一日 的結餘	70	268,639	32,188	—	300,897

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述綜合權益變動表應與隨附的附註一併閱讀。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Note 附註		
Cash flows from operating activities	經營活動所得現金流量		
Cash generated from operations	28	38,257	59,166
Income tax paid		(3,520)	(8,115)
Net cash generated from operating activities		34,737	51,051
Cash flows from investing activities	投資活動所得現金流量		
Purchase of property, plant and equipment		(28,275)	(60,738)
Purchase of intangible assets		(86)	(134)
Proceeds from disposal of property, plant and equipment		33,000	268
Increase in other receivables		(27,811)	(24,455)
Decrease in other receivables		27,811	24,455
Interest received		1,573	275
Increase in restricted cash		(18)	(1,000)
Net cash generated from/(used in) investing activities		6,194	(61,329)
Cash flows from financing activities	融資活動所得現金流量		
Payment for listing expenses		(2,308)	—
Proceeds from borrowings		174,343	124,000
Repayments of borrowings		(171,804)	(73,920)
Interest paid		(9,133)	(7,422)
Principal and interest element of lease payments		(4,237)	(4,380)
Cash dividends paid to the then shareholders of a subsidiary		(101,400)	—
Net cash (used in)/generated from financing activities		(114,539)	38,278
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物 (減少) / 增加淨額	(73,608)	28,000
Cash and cash equivalents at beginning of the year		188,634	159,156
Exchange differences on cash and cash equivalents		1,603	1,478
Cash and cash equivalents at end of the year	年末現金及現金等價物	116,629	188,634

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

上述綜合現金流量表應與隨附的附註一併閱讀。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

1 General information

Kidztech Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 25 October 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, “the Group”) are principally engaged in manufacturing and sales of toys (the “Listing Business”).

Pursuant to a reorganisation (the “Reorganisation”) in preparation for the listing (the “Listing”) of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Main Board”) which was completed on 19 December 2019, the Company became the holding company of the other companies now comprising the Group.

The Company’s shares were listed on the Main Board on 18 March 2020.

These consolidated financial statements are presented in RMB, unless otherwise stated.

These consolidated financial statements have been approved for issue by the Company’s board of directors on 31 March 2020.

2 Summary of significant accounting policies

The principal accounting policies applied in preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 一般資料

奇士達控股有限公司（「本公司」）乃根據開曼群島公司法於二零一九年十月二十五日在開曼群島註冊成立為獲豁免有限責任公司。其註冊辦事處的地址為Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

本公司為投資控股公司，連同其附屬公司（統稱「本集團」）主要從事玩具的製造及銷售（「上市業務」）。

根據為籌備本公司股份在香港聯合交易所有限公司主板（「主板」）上市（「上市」）而進行的重組（「重組」）（已於二零一九年十二月十九日完成），本公司成為本集團現有其他成員公司的控股公司。

本公司股份已於二零二零年三月十八日在主板上市。

除另行列明外，該等綜合財務報表以人民幣呈列。

該等綜合財務報表已由董事會於二零二零年三月三十一日批准發佈。

2 重大會計政策概要

編製該等財務報表所採用的主要會計政策載於下文。除另行列明外，此等政策已貫徹應用於所有呈報年度及期間。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.1 Basis of presentation and preparation

(i) Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is mainly conducted through Kidztech (Guangdong) Intelligent Technology Co., Ltd. (“Kidztech Intelligent”, formerly known as Kidztech Intelligent Technology Co., Ltd.) and its subsidiaries. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Listing Business with no change in management and the ultimate owners of the Listing Business remain the same. Accordingly, the consolidated financial statements of the Group for the two years presented herein have been presented using the carrying values of the Listing Business, as if the current group structure had been in existence throughout the years.

(ii) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) (“HKCO”). In particular, the Group has consistently adopted HKFRS 16 for the years ended 31 December 2019 and 2018.

(iii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention.

2.1 呈列及編製基準

(i) 呈列基準

緊接重組前及緊隨重組後，上市業務主要通過奇士達（廣東）智能科技有限公司（「奇士達智能」，前稱為奇士達智能科技股份有限公司）及其附屬公司開展。本公司於重組前並未從事任何其他業務及不符合業務的定義。重組純粹為上市業務的再資本化，管理層並無變動，而上市業務的最終擁有人維持不變。故此，組成本集團的公司的綜合財務報表於本公告所呈列兩個年度採用上市業務的賬面值呈列，尤如現有集團架構已於該等年度存在。

(ii) 遵守香港財務報告準則及香港公司條例

本集團的綜合財務報表乃根據香港財務報告準則（「香港財務報告準則」）及香港公司條例（第622章）（「香港公司條例」）的披露要求編制。尤其是，截至二零一九年及二零一八年十二月三十一日止年度，本集團一貫採用香港財務報告準則第16號。

(iii) 歷史成本法

綜合財務報表乃按照歷史成本法編制。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.1 Basis of presentation and preparation (Continued)

(iv) New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations have been published but are not mandatory for accounting periods beginning 1 January 2019 and have not been early adopted by the Group.

HKAS 1 and HKAS 8 香港會計準則第1號及 香港會計準則第8號	Disclosure initiative — definition of material 披露計劃 — 重大的定義	1 January 2020 二零二零年一月一日
Amendments to HKFRS 3 香港財務報告準則第3號 (修訂本)	Definition of a business 業務的定義	1 January 2020 二零二零年一月一日
HKFRS 17 香港財務報告準則第17號	Insurance contracts 保險合約	1 January 2023 二零二三年一月一日
Amendments to HKFRS 10 and HKAS 28 香港財務報告準則第10號 及香港會計準則第28號 (修訂本)	Sale or contribution of assets between an investor and its associate or joint venture 投資者與其聯營實體或合營企業之間 的資產出售或投入	To be determined 待定
Conceptual Framework for Financial Reporting 2018 二零一八年財務報告的概念框架	Revised Conceptual Framework for Financial Reporting 經修訂財務報告的概念框架	1 January 2020 二零二零年一月一日

Management is in the process of making an assessment of the impact of the above new standards and amendments to standards and considered on a preliminary basis that these new standards and amendment to standards will not result in any substantial changes to the Group's existing accounting policies and presentation of the financial information.

2 重大會計政策概要 (續)

2.1 呈列及編製基準 (續)

(iv) 尚未採納的新訂準則及詮釋

以下新訂準則、準則的修訂本及詮釋經已刊發，惟並未於二零一九年一月一日開始的會計期間強制實行，且未獲本集團提早採納。

**Effective for annual years
beginning on or after**
於以下年度
開始或其後生效

管理層正就以上新訂準則及準則的修訂本所造成的影響進行評估，並認為按初步基準，該等新訂準則及準則的修訂本將不會導致本集團現有會計政策及財務資料的呈列產生任何重大變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Except for business combination under common control, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

2 重大會計政策概要 (續)

2.2 附屬公司

2.2.1 合併

附屬公司指本集團對其具有控制權之實體。當本集團因為參與該實體而承擔可變回報之風險或享有可變回報之權益，並有能力透過其對該實體之權利影響此等回報時，本集團即控制該實體。附屬公司在控制權轉移至本集團之日起合併入賬。該等公司在控制權終止之日起取消合併入賬。

除同一控制下以外的業務合併，本集團利用購買法將業務合併入賬。購買附屬公司所轉讓代價根據所轉讓資產、對收購對象前擁有人所產生負債及本集團所發行股本權益之公平值計算。所轉讓代價包括或然代價安排所產生任何資產及負債之公平值。在業務合併中所購買可識別資產以及所承擔負債及或然負債，按彼等於購買日期之公平值進行初始計量。

本集團按個別收購基準，確認在收購對象之任何非控股權益。收購對象之非控股權益為現時之擁有權益，並賦予持有人一旦清盤時按比例應佔實體之資產淨值，可按公平值或按現時擁有權益應佔收購對象可識別資產淨值之已確認金額比例而計量。非控股權益之所有其他組成部分按收購日期之公平值計量，除非香港財務報告準則規定必須以其他計量基準計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 重大會計政策概要 (續)

2.2 附屬公司 (續)

2.2.1 合併 (續)

收購相關成本在產生時支銷。

如業務合併分階段進行，收購方之前在收購對象所持有股權於收購日期之賬面值，按收購日期之公平值重新計量，重新計量產生之任何收益或虧損在損益中確認。

轉讓代價、於收購對象之任何非控股權益金額及過往於收購對象之任何股權於收購日期之公平值超過所收購可識別資產淨值公平值之金額確認為商譽。若所計量轉讓代價、已確認非控股權益及過往持有之權益總額低於議價購買中所購入附屬公司資產淨值之公平值，該差額直接在損益中確認。

集團內部交易、集團公司間交易之結餘及未變現收益予以對銷。未變現虧損亦予以對銷。附屬公司所呈報金額已於有需要時作出調整，以與本集團之會計政策一致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(i) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 重大會計政策概要 (續)

2.2 附屬公司 (續)

2.2.1 合併 (續)

(i) *於附屬公司的非控制權變動的所有權變動*

與非控股權益進行、並無導致失去控制權之交易將入賬為權益交易 — 即與附屬公司擁有人以其作為擁有人身分而進行之交易。所支付任何代價之公平值與相關應佔所收購附屬公司資產淨值賬面值之差額記錄為權益。出售予非控股權益之收益或虧損亦記錄於權益內。

(ii) *出售附屬公司*

當本集團不再對實體擁有控制權，於該實體之任何保留權益乃重新計量為其於失去控制權當日之公平值，而賬面值之變動則於損益確認。公平值為其後就保留作為聯營公司、合營企業或金融資產之權益入賬而言之初始賬面值。此外，先前就該實體於其他全面收益中確認之任何金額乃按猶如本集團已直接出售相關資產或負債之方式入賬。因此，先前於其他全面收益中確認之金額乃重新分類至損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

- (iii) *Acquisition of an asset or a group of assets that does not constitute a business*

When the Group acquires an asset or a group of assets that does not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed. The cost of the Group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2 重大會計政策概要 (續)

2.2 附屬公司 (續)

2.2.1 合併 (續)

- (iii) *購入並不構成業務的資產或一組資產*

當本集團購入並不構成業務的資產或一組資產時，本集團識別並確認所購入的個別可識別資產及所承擔負債。本集團的成本將按其於購買日期的相關公平值為基準分配予個別可識別資產及負債。有關交易或事項不會產生商譽。

2.2.2 獨立財務報表

於附屬公司之投資乃按成本扣除減值列賬。成本包括投資直接應佔成本。附屬公司之業績乃由本公司按已收及應收股息之基準入賬。

倘從於附屬公司之投資收取之股息超過該附屬公司在股息宣派期間之全面收益總額，或倘個別財務報表內之投資賬面值超過綜合財務報表內投資對象資產淨值（包括商譽）之賬面值，則須對該等投資進行減值測試。

2.3 分部呈報

經營分部呈報之方式與提供予主要經營決策者（「主要經營決策者」）之內部報告一致。主要經營決策者負責分配經營分部資源及評估其表現，獲認為作出策略性決定的執行董事。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the operating subsidiary incorporated in Hong Kong is USD, while the functional currency of the other subsidiaries of the Group is RMB. The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currencies using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance income/(costs). All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses) — net.

2.4 外幣換算

(i) 功能及呈列貨幣

本集團各個實體財務報表所包含項目以實體營運所在之主要經濟環境之貨幣(「功能貨幣」)計量。在香港註冊成立的營運附屬公司的功能貨幣為美元，而其他中國附屬公司的功能貨幣為人民幣。綜合財務報表以本公司功能貨幣及本集團呈列貨幣人民幣呈列。

(ii) 交易及結餘

外幣交易均按交易日之匯率換算為功能貨幣。結算此等交易產生及因按年末匯率換算以外幣為單位之貨幣資產及負債而產生之匯兌收益及虧損，一般於損益中確認。

有關借款之匯兌收益及虧損乃於損益表之「財務收入／(成本)」內呈列。所有其他匯兌收益及虧損乃按淨額基準於損益表之其他收益／(虧損)淨額內呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2 重大會計政策概要 (續)

2.4 外幣換算 (續)

(iii) 集團公司

功能貨幣與呈列貨幣不同之海外業務(當中並無嚴重通脹經濟之貨幣)之業績及財務狀況按以下方式換算為呈列貨幣:

- 每份呈列之財務狀況表內之資產及負債按該財務狀況表日期之收市匯率換算;
- 每份全面收益表內之收入及開支按平均匯率換算(除非此匯率並非交易日期匯率之累計影響之合理約數,在此情況下,收支項目按交易日期之匯率換算);及
- 所有由此產生之匯兌差額在其他全面收益中確認。

編製合併賬目時,換算任何海外實體投資淨額產生之匯兌差額均於其他全面收益確認。當出售海外業務或償還構成該投資淨額部分之任何借款,相關匯兌差額將重新分類至損益,作為出售之部分收益或虧損。

收購海外業務產生之公平值調整被視為該海外業務之資產及負債,並按收市匯率換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	30-35 years
Leasehold improvements	2-5 years
Mould and machinery	3-10 years
Motor vehicles	3-10 years
Furniture and office equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and included in profit or loss.

2 重大會計政策概要 (續)

2.5 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購該等項目直接應佔之開支。

其後成本僅在與未來經濟利益有可能流入本集團有關之項目，而該項目之成本能夠可靠計量時，方會計入資產之賬面值或確認為獨立資產（倘適用）。任何入賬列作獨立資產之部分之賬面值在替代時被終止確認。所有其他維修及保養費用在產生之報告期間內於損益表扣除。

物業、廠房及設備折舊乃按估計可使用年期將其成本按直線法分攤至其剩餘價值計算，如下：

樓宇	30至35年
租賃物業裝修	2至5年
模具及機器	3至10年
汽車	3至10年
傢俬及辦公設備	3至5年

資產之剩餘價值及可使用年期於各報告期末進行檢討，及在適當時調整。

倘資產之賬面值高於其估計可收回金額，則其賬面值即時撇減至其可收回金額。

出售收益及虧損乃透過將所得款項與賬面值作比較而釐定，並計入損益表。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.6 Intangible assets

(i) Trademarks

Separately acquired trademarks and licenses are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Software

Acquired computer software are capitalised on the basis of costs incurred to acquire and bring to use the specific software.

(iii) License rights

License rights are stated at historical cost less accumulated amortisation and accumulated impairment losses. They are initially measured at the fair value of the consideration given to acquire the license at the time of the acquisition, which represents the capitalised present values of the fixed minimum payment to be made upon commencement of the license contract and in subsequent years.

The Group amortises intangible assets with limited useful lives of three to five years for trademarks and software and over the terms of the license right contracts of one to three years using straight-line method.

2 重大會計政策概要 (續)

2.6 無形資產

(i) 商標

分開購入之商標及許可證按歷史成本列賬。在業務合併中購入之商標按購買日之公平值確認。商標具有有限可使用年期，按成本減累計攤銷及減值虧損列賬。

(ii) 軟件

購入的電腦軟件按購入及使用該特定軟件達到預定可使用狀態所產生的成本作資本化處理。

(iii) 特許權

特許權按歷史成本減累計攤銷及累計減值虧損列賬。特許權初始按收購時就獲取特許權所給予的代價的公平值計量，即於授權合約開始時及隨後年度將支付的最低定額款項的資本化現值。

本集團對商標及軟件以無形資產的有限可使用年期3至5年及對特許權以1至3年的合約期限作直線攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.7 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value either through other comprehensive income or through profit or loss, and
- b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2.7 非金融資產減值

進行攤銷之資產在出現事件或情況有變而顯示賬面值可能無法收回時進行減值檢討。減值虧損乃按資產賬面值超出其可收回金額之金額確認。可收回金額為資產公平值減出售成本與使用價值兩者中之較高者。就評估減值而言，資產乃按最大程度獨立於其他資產或資產組合可單獨識別的現金流的最小單位予以組合（現金產生單位）。商譽以外已蒙受減值之非金融資產，乃於各報告期間檢討是否有可能撥回減值。

2.8 金融資產

2.8.1 分類

本集團將其金融資產分類為以下計量類別：

- a) 其後按公平值（計入其他全面收入或計入損益）計量的金融資產，及
- b) 按攤銷成本計量的金融資產。

該分類取決於管理金融資產的實體的業務模式及現金流量的合約條款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.8 Financial assets (Continued)

2.8.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments held at amortised cost

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Debt instruments are presented as "Trade receivables", "Other receivables", "Cash and cash equivalents", and "Restricted cash" in the consolidated statements of financial positions.

2.8 金融資產 (續)

2.8.2 計量

於初始確認時，本集團按其公平值加上（倘金融資產並非按公平值計入損益）收購金融資產直接應佔的交易成本計量金融資產。以按公平值計入損益列賬的金融資產的交易成本於損益中支銷。

按攤銷成本持有的債務工具

債務工具的後續計量取決於本集團用於管理資產的業務模型及資產的現金流量特徵。

持有目的為收回合約現金流量的資產，倘其現金流量僅為本金及利息的支付，則按攤銷成本計量。對於後續按攤銷成本計量且不屬於對沖關係的債務投資，其收益或虧損於該資產終止確認或減值時於損益中確認。債務工具在綜合財務狀況表列為「貿易應收款項」、「其他應收款項」、「現金及現金等價物」、及「受限制現金」。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.8 Financial assets (Continued)

2.8.3 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment of other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.8 金融資產 (續)

2.8.3 減值

本集團按前瞻性原則，對其按攤銷成本列賬的資產相關的預期信貸虧損進行評估。所採用的減值方法取決於信貸風險是否大幅增加。

預期信貸虧損為於金融資產的預計有效期內按信貸虧損的概率加權估計（即所有現金不足金額的現值）。

就貿易應收款項而言，本集團應用香港財務報告準則第9號准許的簡化方法，其規定初始確認資產時予以確認的預計使用年期虧損。撥備矩陣依據於具類似信貸風險特徵的貿易應收款項的預期年期的歷史觀察違約率釐定，並就前瞻性估計進行調整。歷史觀察違約率於每個報告日期進行更新，並對前瞻性估計的變動進行分析。

其他應收款項的減值乃按12個月的預期信貸虧損或全期預期信貸虧損計量，惟取決於信貸風險自初始確認起是否顯著增加。倘應收款項的信貸風險自初始確認起顯著增加，則減值按全期預期信貸虧損計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.8 Financial assets (Continued)

2.8.4 Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date — the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group company or the counterparty.

2.10 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.8 金融資產 (續)

2.8.4 確認及終止確認

常規買賣的金融資產於交易日期 (即本集團承諾購買或出售該資產的日期) 確認。

當收取金融資產所得現金流量的權利已屆滿或已轉讓，而本集團已將擁有權的絕大部分風險及回報轉讓時，則終止確認金融資產。

2.9 抵銷金融工具

當本集團目前具有法定可執行權利可抵銷已確認金額，並有意按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在綜合財務狀況表報告其淨額。法定可執行權利不得依賴未來事件而定，而在一般業務過程中以及倘集團公司或對手方一旦出現違約、無償債能力或破產時亦必須可強制執行。

2.10 貿易應收款項

貿易應收款項為在日常業務過程中就售出貨品或提供服務而應收客戶之款項。倘貿易應收款項預期在一年或以內收回，則分類為流動資產；否則呈列為非流動資產。

貿易應收款項初始按可無條件收取的有關代價金額以公平值確認，除非該對價包含更大融資成分。本集團持有貿易應收款項旨在收取合約現金流量，因此後續採用實際利率法按攤銷成本進行計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.11 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand and at bank. Bank deposits which are restricted to use are included in "Restricted cash". Restricted cash are excluding from cash and cash equivalents in the consolidated statements of cash flows.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable distribution costs.

2.13 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting year.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物指手頭現金及銀行存款。限制使用的銀行存款計入「受限制現金」。受限制現金不包含在綜合現金流量表中的現金及現金等價物。

2.12 存貨

存貨按成本及可變現淨值兩者中之較低者入賬。成本按加權平均法計算。製成品成本包括原材料、直接勞工成本、其他直接成本及按正常生產能力計算之相關生產費用。可變現淨值乃按日常業務過程中之估計售價減去適用之可變動分銷成本計算。

2.13 股本

普通股分類為權益。發行新股或購股權直接應佔之遞增成本乃於權益中列為所得款項之扣減（已扣除稅項）。

2.14 貿易及其他應付款項

該等款項指財政年度結束前向本集團提供的商品及服務而本集團仍未支付的負債。貿易應付款項獲分類為流動負債，除非付款並非於報告期後12個月內到期。

貿易及其他應付款項初始按公平值確認，其後使用實際利率法按攤銷成本計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.15 License fee payables

License fee payables are initially recorded at the fair value, which represents the present value of the fixed minimum payments to be made. They are subsequently stated at amortised cost using the effective interest method less payments made.

Interests incurred on license fee payables are charged to profit or loss as interest expense.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.15 應付授權費

應付授權費初始按公平值記錄，即將支付的最低定額款項的現值。應付授權費其後使用實際利率法按攤銷成本減已支付款項列賬。

應付授權費產生的利息作為利息開支自損益扣除。

2.16 借款

借款最初按公平值確認，並扣除已產生之交易成本。借款隨後以攤銷成本列賬，所得款項（經扣除交易成本）與贖回價值之間的任何差異，使用實際利率法於借款期內在損益中確認。

於建立貸款融資時支付的費用在很可能部分或全部融資將被提取時確認為貸款的交易成本。在此情況下，有關費用遞延至融資被提取時。倘無證據顯示很可能部分或全部融資將被提取，有關費用將被資本化為流動資金服務的預付款項並於相關融資期間攤銷。

除非本集團有無條件權利將負債的結算遞延至報告期末後最少12個月，否則借款獲分類為流動負債。

2.17 借款成本

收購、建設或生產合資格資產直接應佔的一般及特定借款成本，於完成和籌備資產作其擬定用途或出售所需之期間內資本化。合資格資產為需大量時間方可作其擬定用途或擬售的資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.17 Borrowing costs (Continued)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.18 Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 重大會計政策概要 (續)

2.17 借款成本 (續)

於特定借款撥作合資格資產之支出前暫時用作投資所賺取之投資收入，須自可予資本化之借款成本扣除。

其他借款成本於產生期間支銷。

2.18 即期及遞延所得稅

期內所得稅費用或抵免為當期應課稅收入按各司法權區適用所得稅率之應付稅項，經暫時差異及未使用稅項虧損產生的遞延稅項資產及負債變動調整。

即期所得稅

即期所得稅支出根據本公司及其附屬公司營運及產生應課稅收入的國家於報告期末已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

遞延所得稅

遞延所得稅採用負債法按資產及負債的稅基與其在綜合財務報表中的賬面值產生的暫時差異悉數撥備。然而，倘遞延稅項負債從初始確認商譽產生，則不會予以確認。倘遞延所得稅從交易（業務合併除外）初始確認資產或負債產生，而於交易時不影響會計或應課稅利潤或虧損，則不予入賬。遞延所得稅按於報告期末已制定或實質制定，並預期於相關遞延所得稅資產變現或遞延所得稅負債清償時適用的稅率（及法律）釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.18 Current and deferred income tax (Continued)

Deferred income tax (Continued)

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 重大會計政策概要 (續)

2.18 即期及遞延所得稅 (續)

遞延所得稅 (續)

遞延所得稅資產僅於可能有未來應課稅款項以利用暫時差額及虧損的情況下方予以確認。

倘公司可控制暫時差額撥回的時間且有關差額很可能在可見將來不會撥回，遞延稅項負債及資產不會就海外業務投資的賬面值與稅基的暫時差額予以確認。

倘有合法執行權抵銷即期稅項資產及負債，而遞延稅項結餘與同一稅務機關有關時，遞延稅項資產及負債予以抵銷。倘實體有合法執行權抵銷並擬按淨額基準結算，或同時變現資產及結算債務時，即期稅項資產及負債予以抵銷。

即期及遞延稅項於損益中確認，惟與於其他全面收益確認之項目有關者或與直接於權益中確認之項目有關者則除外。在此情況下，該稅項亦分別於其他全面收益或直接於權益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.19 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The Group's contributions to these plans are expensed as incurred.

2.19 僱員福利

(i) 短期責任

僱員直至報告期末之服務獲確認工資及薪金負債(包括預期在僱員提供相關服務期間結束後12個月內悉數結算的非貨幣福利及累計病假)並按結算有關負債之預期金額計量。負債於財務狀況表內呈列為現有僱員福利責任。

(ii) 退休金責任

本集團根據中國的法規及規例為受聘於中國的僱員參與多項由相關中國相關省市政府提供的界定供款退休福利計劃。據此本集團及受聘於中國的僱員須按僱員薪酬(設有若干上限)的比例按月向該等計劃供款。

省市政府按上述計劃承擔所有已退休及將會退休的受聘於中國內地的僱員的退休福利責任。除按月供款外，本集團並無責任為其僱員支付額外的退休費用及退休後福利。本集團向該等計劃作出的供款在發生時作為費用支銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.19 Employee benefits (Continued)

(ii) Pension obligations (Continued)

The Group has arranged for its employees in Hong Kong to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the group company in Hong Kong (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the group company and its employees are subject to a cap of HKD1,500 and thereafter contributions are voluntary.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits.

(iv) Housing funds, medical insurances and other social insurances

Employees of the group companies in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year.

2 重大會計政策概要 (續)

2.19 僱員福利 (續)

(ii) 退休金責任 (續)

本集團已為其香港僱員安排參與強制性公積金計劃(「強積金計劃」)。強積金計劃屬於定額供款計劃，由獨立信託人管理。根據強積金計劃，位於香港的集團公司(僱主)及其僱員須根據強制性公積金條例按僱員收入之5%按月向該計劃供款。集團公司及其僱員各自承擔的每月供款以1,500港元為上限，並自願作出額外供款。

(iii) 離職福利

本集團在正常退休日期前解僱僱員或僱員自願接受離職以換取該等福利時支付離職福利。本集團於以下日期(以較早者為準)確認離職福利：(a)本集團無法收回提供該等福利之日；及(b)實體確認重組成本屬香港會計準則第37號範圍內並涉及支付離職福利之日。

(iv) 住房公積金、醫療保險金及其他社會保險

集團公司的中國僱員有權參與多項政府監管的住房公積金、醫療保險及其他僱員社會保險計劃。本集團每月根據員工工資的特定百分比向該等基金供款(設有若干上限)。本集團對有關該等基金的法律責任限於每年應付的供款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.19 Employee benefits (Continued)

(v) Bonus entitlements

The expected cost of bonus payments are recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2.20 Shared-based compensation

The Group recognises the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. The Group shall recognise a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

In the absence of specifically identifiable goods or services, other circumstances may indicate that goods or services have been (or will be) received.

The Group recognises the unidentifiable goods or services received (or to be received) by the Group when the identifiable consideration received (if any) appears to be less than the fair value of the equity instruments granted. In this situation, it indicates that other consideration (i.e. unidentifiable goods or services) has been (or will be) received by the Group. The entity shall measure the unidentifiable goods or services received at the grant date. However, for cash-settled transactions, the liability shall be remeasured at the end of each reporting year until it is settled.

2.19 僱員福利 (續)

(v) 獎金權利

當本集團因僱員提供服務而現時具有合約或推定責任，且有關責任可予可靠估計時，獎金支付的預期成本確認為負債。

2.20 以股份為基礎的薪酬

本集團於獲取貨品或獲得服務時，確認於以股份為基礎的付款交易中收到或獲取的貨品或服務。倘於以權益結算及以股份為基礎的付款交易中收到貨品或服務，則本集團確認相應的權益增加；倘於以現金結算及以股份為基礎的付款交易中取得貨品或服務，則確認負債。

在無明確可識別的貨品或服務的情況下，其他情況可表示已(或將)收到貨品或服務。

當收到的可識別代價(如有)似乎少於所授予的權益工具的公平值時，本集團確認本集團已收到(或將收到)的不可識別貨品或服務。在此情況下，表示本集團已(或將)收到其他代價(即無法識別的貨品或服務)。實體應於授予日計量所收到的無法識別貨品或服務。然而，就以現金結算的交易而言，負債應於各報告期末重新計量，直至結清為止。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.21 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the year necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.22 Revenue recognition

Sales are recognised when control of the products has transferred, being when the products are delivered and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped or placed to the specific location, the risks of obsolescence and loss have been transferred to the customers and the criteria for customers' acceptance have been satisfied.

For sales to certain customers with a right of return, revenue is recognised after netting off the estimated sales return. Accumulated experience is used to estimate the return rate. A refund liabilities (included in trade and other payables) and a right to the returned goods (including in prepayments and other receivables) are recognised for the products expected to be refunded.

Receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.21 政府補貼

當能夠合理地保證本集團符合所有附帶條件而將收取政府補貼時，政府提供的補貼按公平值確認入賬。

與成本有關之政府補貼遞延入賬，按擬補償成本之相應期間在損益確認。

與購買物業、機器及設備有關之政府補貼列入非流動負債作為遞延收益，按有關資產之預計年期以直線法在損益確認。

2.22 收益確認

銷售於轉移產品控制權時（即產品交付客戶且概無未履行責任可能影響客戶接受產品時）確認。產品已運往或置於特定地區時，報廢及損失之風險已轉移予客戶，並已達到客戶接納的標準，則為已交付。

就向具有退貨權利的某些客戶的銷售，在扣除估計銷售退貨款後確認收益。累積的經驗可用於估計退貨率。就預期將會退款的產品確認退款負債（計入貿易及其他應付款項）及退貨權利（計入預付款項及其他應收款項）。

當貨品交付予客戶後，從當時即可以無條件收到代價，便可確認為應收款項，原因為僅須時間流逝，款項即到期支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued)

2.22 Revenue recognition (Continued)

A contract liability is the obligation to transfer products to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers products to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

2.23 Interest income

Interest income is recognised on time-proportion basis using the effective interest method.

2.24 Leases

The Group leases various offices and plants. Rental contracts are typically made for fixed periods of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Leases are recognised as a right-of-use asset (included in property, plant and equipment) and a corresponding liability at the date at 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 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.

2 重大會計政策概要 (續)

2.22 收益確認 (續)

合約負債乃將產品轉讓予客戶的責任，且本集團已從該客戶收到代價（或應收代價金額）。倘客戶於本集團將產品轉讓予客戶前支付代價，則於付款時確認合約負債。本集團根據合約履行責任時，則合約負債確認為收入。

2.23 利息收入

利息收入使用實際利率法按時間比例確認。

2.24 租賃

本集團租賃多處辦公室及廠房。租賃合約通常於3至5年的固定期限內訂立。租賃條款乃在個別基礎上協商，並包含各種不同的條款及條件。租賃協議並無施加任何條款。

租賃確認為使用權資產（計入物業、廠房及設備），並在租賃資產可供本集團使用之日確認相應負債。每筆租賃付款乃分配至負債及財務成本。財務成本於租期內自損益扣除，以計算出各期間負債結餘的固定週期利率。使用權資產乃按資產可使用年期或租期（以較短者為準）以直線法折舊。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.24 Leases (Continued)

Assets and liabilities arising from a lease 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;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

2.24 租賃 (續)

租約產生的資產及負債初步以現值進行計量。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) 減任何應收租賃獎勵；
- 基於指數或利率的可變租賃付款；
- 剩餘價值擔保下的承租人預期應付款項；
- 採購權的行使價格 (倘承租人合理地確定行使該權利)；及
- 支付終止租賃的罰款 (倘租賃條款反映承租人行使權利終止租約)。

租賃付款採用租賃所隱含的利率予以貼現。倘無法釐定該利率，則使用承租人的增量借款利率，即承租人在類似條款及條件的類似經濟環境中借入獲得類似價值資產所需資金所必須支付的利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.24 Leases (Continued)

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 incentives 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.

Upfront prepayment made for the land use rights are right-of-use assets and are expensed in profit or loss on a straight-line basis over the period of the lease, which is 50 years. Lease prepayments are carried at cost less accumulated amortisation and impairment losses.

2.25 Research and development

Research expenditures are recognised as expenses as incurred. Costs incurred on development projects (relating to the design and developing of new or improved utility models and utility patents) are recognised as intangible assets if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

2.24 租賃 (續)

使用權資產按成本計量，包括以下各項：

- 租賃負債的初步計量金額；
- 於開始日期或之前所作的任何租賃付款，減去所得的任何租賃獎勵；
- 任何初始直接成本；及
- 修復成本。

與短期租賃相關的支付及低價值資產的租賃以直線法於損益中確認為開支。短期租賃指租賃期為12個月或少於12個月的租賃。

為取得土地使用權所支付的預付款項是使用權資產，並按直線法在租賃期間內（為50年）於損益支銷。租賃預付款項按成本減累計攤銷及減值虧損呈列。

2.25 研發

研發開支於產生時確認為開支。倘（且僅倘）本集團能展現下列各項時，開發項目所產生的成本（與設計及開發新或改良實用模型及實用專利有關）確認為無形資產：

- 完成該項無形資產在技術上可行，令該項資產可投放使用或出售；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.25 Research and development (Continued)

- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures that do not meet these criteria are recognised as expenses or cost of sales when incurred. Development costs previously recognised as expenses or cost of sales are not recognised as an asset in a subsequent period.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statement in the year in which the dividends are approved by the Company's shareholders. Dividend distribution to the then shareholders of the group companies during the period before the Reorganisation was completed is recognised as a liability in the Group's financial statement in the year in which the dividends are approved by the directors of the respective group companies.

2.25 研發 (續)

- 有意完成、使用或出售該項無形資產；
- 其能夠使用或出售該項無形資產；
- 該項無形資產將產生可能的未來經濟利益的方式；
- 有足夠的技術、財務及其他資源完成該項開發以及使用或出售該項無形資產；及
- 其能夠可靠地計量該項無形資產在開發期間應佔的開支。

不符合此等準則的其他開發開支，均在產生時確認為開支或銷售成本。先前確認為開支或銷售成本的開發費用在後繼期間並不確認為資產。

2.26 股息分派

分配給本公司股東的股息在本公司股東批准股息的當年於本集團及本公司的財務報表中確認為負債。在重組完成前的期間內，向集團公司當時的股東分配股息在各集團公司董事批准股息的當年於本集團的財務報表中確認為負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of significant accounting policies (Continued) 2 重大會計政策概要 (續)

2.27 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, taking into account the retrospective issue of shares pursuant to the Reorganisation and capitalisation issue (Note 12), and bonus elements, if any, in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.27 每股盈利

(i) 每股基本盈利

每股基本盈利的計算方法是除以：

- 本公司擁有人應佔盈利，不包括普通股以外的任何服務權益費用；
- 及財政年度內已發行普通股的加權平均數，並已考慮因重組與資本化而發行之股份（附註12），以及年內發行的普通股（不包括庫存股）的紅利（如有）。

(ii) 每股攤薄盈利

每股攤薄盈利調整了用於確定每股基本盈利的數字，並考慮到：

- 與攤薄性相關普通股有關的利息及其他融資成本的所得稅後影響，及
- 假設所有攤薄性相關普通股均已轉換，則本應發行的其他普通股的加權平均數。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the financial department under policies approved by the board of directors.

3.1.1 Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group's operating subsidiary incorporated in Hong Kong operates with most transactions being settled in USD, except for certain transactions which are denominated in Hong Kong dollars ("HKD") or other currencies. The functional currency of this subsidiary is USD. The Group's operating subsidiaries incorporated in the PRC operates in the PRC and their functional currency is RMB. The functional currency of all other group companies is RMB.

3 財務風險管理

3.1 財務風險因素

本集團的業務活動令其面臨多重財務風險：市場風險（包括外匯風險及利率風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃重點關注金融市場的不可預測性並力圖降低對本集團財務表現的潛在負面影響。風險管理根據董事會批准的政策由財務部門進行。

3.1.1 市場風險

(i) 外匯風險

實體的未來商業交易或經確認的資產及負債以非其功能貨幣的貨幣計值時，產生外匯風險。

本集團在香港註冊成立的營運附屬公司的大部分交易以美元結算，但若干交易以港元（「港元」）或其他貨幣計值。該附屬公司的功能貨幣為美元。本集團在中國註冊成立的營運附屬公司在中國經營，其功能貨幣為人民幣。所有其他集團公司的功能貨幣為人民幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(i) *Foreign exchange risk (Continued)*

As at 31 December 2019, foreign exchange risk arised mainly from certain intra-group transactions and balances of the operating subsidiaries in the PRC which are denominated in USD and accrued listing expenses of the Company which are denominated in HKD.

The Group timely monitors the fluctuation in exchange rate between RMB and USD and makes timely settlement of the foreigned denominated balances. The directors consider that no significant foreign exchange risk exists for the Group.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.1 市場風險 (續)

(i) *外匯風險 (續)*

於二零一九年十二月三十一日，外匯風險主要來自若干集團內部交易、以美元計值的中國營運附屬公司結餘及以港元計值的本公司應計上市開支。

本集團實時監控人民幣兌美元的匯率波動，及時結清外幣計價餘額。董事認為，本集團不存在重大外匯風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(i) Foreign exchange risk (Continued)

The Group's exposure to foreign currency risk at the end of each reporting year, expressed in RMB, was as follows:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash and cash equivalents — in EUR	現金及現金等價物 — 以歐元列示	9	9
Trade and other payables — in RMB	貿易及其他應付款項 — 以人民幣列示	(34)	(16)
— in HKD	— 以港元列示	(4,509)	—
License fee payables — in EUR	應付授權費 — 以歐元列示	(252)	—
— in USD	— 以美元列示	(124)	—
		(4,919)	(16)
		(4,910)	(7)

The directors are of the view that the exchange rate risk of the Group as at 31 December 2019 was not significant (31 December 2018: same).

董事認為，於二零一九年十二月三十一日，本集團的匯率風險並不重大（二零一八年十二月三十一日：相同）。

3 財務風險管理（續）

3.1 財務風險因素（續）

3.1.1 市場風險（續）

(i) 外匯風險（續）

本集團於各報告期末所承受的外匯風險以人民幣列示如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk for certain interest-bearing cash at banks and borrowings. Cash at banks and borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2019, if the interest rate on cash at banks and borrowings increased/decreased by 0.5% with all other variables held constant, the Group's post-tax profits for the year would have been RMB186,000 higher/lower (31 December 2018: RMB635,000 higher/lower) mainly as a result of increase in interest income from cash at bank and increase in interest expense from borrowings with variable rates.

The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risks.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.1 市場風險 (續)

(ii) 利率風險

就若干計息銀行現金及借款而言，本集團承受利率風險。按浮動利率計息的銀行現金及借款促使本集團承受現金流量利率風險。按固定利率發放的借款促使本集團承受公平值利率風險。

於二零一九年十二月三十一日，倘銀行現金及借款的利率上升／下降0.5%而所有其他變數維持不變，則本集團年內的除稅後盈利將增加／減少人民幣186,000元（二零一八年十二月三十一日：增加／減少人民幣635,000元），主要是由於來自銀行現金的利息收入增加以及來自可變利率借款的利息支出增加所致。

本集團並未訂立任何利率掉期以對沖其面臨的利率風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, trade receivables and other receivables. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

(i) *Risk management*

Majority of the Group's cash and cash equivalents and restricted cash are placed in those banks incorporated in the PRC which are reputable local listed commercial banks or state-owned banks. Management does not expect any losses from non-performance by these banks as they have no default history in the past.

In respect of trade receivables and other receivables, periodical credit evaluations are performed taking into account the counterparty's financial position, past experience, future economic environment and other factors.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.2 信貸風險

信貸風險源自現金及現金等價物、受限制現金、貿易應收款項及其他應收款項。該等結餘於綜合財務狀況表中的賬面值代表本集團相對於其金融資產所面臨的最大風險。管理層設有信貸政策，該等信貸風險的敞口受到持續監控。

(i) *風險管理*

本集團大部分現金及現金等價物及受限制現金存放於中國註冊成立的銀行，該等銀行為聲譽卓著的本地上市商業銀行或國有銀行。由於該等銀行過往並無違約記錄，因此管理層預期不會因該等銀行違約而承擔任何損失。

就貿易應收款項及其他應收款項而言，考慮對手方的財務狀況、過往經驗、未來經濟境況及其他因素進行定期信貸評估。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Impairment of financial assets

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses of trade receivables, individual credit evaluation on significant customers is performed by management. The evaluation focused on the customer payment history and current and future ability for payment taking into account the information specific to the customer as well as pertaining to the current and future general economic environment in which the customer operated.

For receivables that are not subject to individual credit evaluation or individually assessed as not impaired, management grouped them based on shared credit risk characteristics and the aging profile, and collectively assessed the expected credit losses taking into account the ageing analysis and the history of bad debt losses in respect of those groups of customers. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers and debtors to settle the receivables.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.2 信貸風險 (續)

(ii) 金融資產減值

貿易應收款項

就所有貿易應收款項而言，本集團應用香港財務報告準則第9號簡化方式以計量預期信貸虧損，該方式規定需在整個存續期內進行預期虧損撥備。

管理層會評估重大客戶的個別信貸，以計量貿易應收款項的預期信貸虧損。此等評估著重於客戶的付款歷史以及當前及未來的付款能力，同時考慮到客戶的特定資訊以及與客戶營運的當前及未來整體經濟環境有關的資訊。

就不適用個別信貸評估或單獨評估為未減值的應收款項，管理層會考慮該等客戶群的賬齡分析及壞賬虧損歷史，以集體評估預期信貸虧損。歷史虧損率會調整，以反映影響客戶及債務人結算應收款項能力的當前及前瞻性資訊。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

The loss allowance as at 31 December 2019 and 2018 was determined as follows for trade receivables:

		Less than 30 days	30 days to 120 days	121 days to 1 year	Specific balances	Total
		少於30天	30天至120天	121天至1年	個別結餘	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
31 December 2019						
二零一九年十二月三十一日						
Expected loss rate	預期信貸虧損率	8.21%	9.99%	19.91%	100%	
Gross carrying amount	賬面總額					
— trade receivables	— 貿易應收款項	36,291	27,942	2,220	2,271	68,724
Loss allowance	虧損撥備	2,981	2,791	442	2,271	8,485
31 December 2018						
二零一八年十二月三十一日						
Expected loss rate	預期信貸虧損率	3.59%	4.59%	10.50%	100%	
Gross carrying amount	賬面總額					
— trade receivables	— 貿易應收款項	53,787	34,410	4,393	1,387	93,977
Loss allowance	虧損撥備	1,933	1,578	461	1,387	5,359

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.2 信貸風險 (續)

(ii) 金融資產減值 (續)

貿易應收款項 (續)

於二零一九年及二零一八年十二月三十一日就貿易應收款項釐定的虧損撥備如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

The closing loss allowances for trade receivables as at 31 December 2019 and 2018 reconcile to the opening loss allowances as follows:

	2019	2018
	二零一九年	二零一八年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
At beginning of the year 年初	5,359	8,295
Provision for loss allowance 計提虧損撥備	4,186	1,324
Written off 撤銷	(1,115)	(4,439)
Exchange difference 匯兌差額	55	179
At end of year 年末	8,485	5,359

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.2 信貸風險 (續)

(ii) 金融資產減值 (續)

貿易應收款項 (續)

於二零一九年及二零一八年十二月三十一日就貿易應收款項的年末虧損撥備與年初虧損撥備的對賬如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

For other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability based on past experience and forward-looking information. The Group's other receivables are mainly deposits and tax rebates to be collected, the directors are of the view that the expected credit losses are not material.

Trade receivables and other receivables are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited into profit or loss.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was not considered significant.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.2 信貸風險 (續)

(ii) 金融資產減值 (續)

其他應收款項

其他應收款項的減值按12個月預期信貸虧損或存續期預期信貸虧損計量，視乎信貸風險自首次確認以來有否大幅增加。

就其他應收款項而言，本集團會根據過往經驗及前瞻性資訊對收回能力的進行定期集體及個別評估。本集團的其他應收款項主要為押金及將予收取的退稅款項，董事認為預期信貸虧損並不重大。

於並無合理可收回預期時，撇銷貿易應收款項及其他應收款項。其後收回先前撇銷的金額於損益中入賬。

現金及現金等價物

現金及現金等價物亦須受香港財務報告準則第9號的減值規定所規限，已識別的減值虧損並不視為重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term.

Management devotes to tighten its credit terms to customers and fasten its collection of debtors by available means in order to maintain sufficient cash to meet the obligations. Moreover, the Group continues to explore its available funding through different financial facilities to maintain sufficient flexibility in funding as well. The Group closely monitors its policies to maintain sufficient cash flows and ensure they are effective. Management considers that there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at end of each reporting year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.3 流動資金風險

本集團的政策為定期監察現時及預期的流動資金需求及其對債務契諾的遵守情況，以確保維持充足的現金儲備及獲銀行及其他金融機構提供足夠的承諾信貸融資，以迎合其短期及長期流動資金需求。

管理層致力收緊其給予客戶的信貸期，並以可供使用的方法加快收回應收賬款，從而維持充足的現金以應對其債務。同時，本集團持續通過不同的財務融通探索可供使用的資金，以維持充足的資金靈活性。本集團緊密監察其政策以維持充足的現金流及確保其有效性。管理層認為，鑒於本集團有充足的承諾信貸額度以撥資其營運，因此並無重大的流動資金風險。

下表根據於各報告期末至合約到期日之間的剩餘期間分析本集團以相關到期日進行組合的非衍生金融負債。下表中披露的金額為合約非貼現現金流量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk (Continued)

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.3 流動資金風險 (續)

		On demand 於要求時償 RMB'000 人民幣千元	Less than 1 year 還少於1年 RMB'000 人民幣千元	Between 1 and 2 years 1年至2年 RMB'000 人民幣千元	Between 2 and 5 years 2年至5年 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2019	二零一九年十二月三十一日					
Bank and other borrowings	銀行及其他借款	142,728	—	—	—	142,728
Trade and other payables (excluding tax payables and payroll payable)	貿易及其他應付款項 (不包括應付稅款 及應付工資)	—	44,233	—	—	44,233
Lease liabilities	租賃負債	—	2,622	187	—	2,809
License fee payable	應付授權費	—	2,979	2,148	177	5,304
		142,728	49,834	2,335	177	195,074
31 December 2018	二零一八年十二月三十一日					
Bank and other borrowings	銀行及其他借款	140,189	—	—	—	140,189
Trade and other payables (excluding tax payables and payroll payable)	貿易及其他應付款項 (不包括應付稅款 及應付工資)	—	28,345	—	—	28,345
Lease liabilities	租賃負債	—	3,468	1,857	—	5,325
License fee payable	應付授權費	—	1,883	998	158	3,039
		140,189	33,696	2,855	158	176,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk (Continued)

The table below summarises the maturity analysis of the Group's bank and other borrowings with a repayable on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained above.

Less than 1 year	少於1年
Between 1 to 2 years	1年至2年
Between 2 to 5 years	2年至5年

3 財務風險管理 (續)

3.1 財務風險因素 (續)

3.1.3 流動資金風險 (續)

下表概述貸款協議所載基於協定還款計劃有關本集團銀行及其他借款(訂有按要求償還條款)的到期日分析。該等金額包括採用合約利率計算的利息付款。因此，該等金額大於上文所載到期日分析內「於要求時償還」期限組別所披露的金額。

As at 31 December

於十二月三十一日

2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

134,227	114,556
7,473	32,371
7,324	212
149,024	147,139

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3.2 資本管理

本集團管理資本的目標為保障本集團持續經營的能力，以為股東及其他利益相關方提供回報及好處，並且維持最佳資本回報以減低資本成本。

為維持或調整資本架構，本集團可對支付予股東的股息金額進行調整、提供資本回報予股東、發行新股或出售資產以削減債務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.2 Capital management (Continued)

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to total capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Total capital is calculated as “equity” as shown in the consolidated statement of financial position plus net debt.

The Group's strategy was to maintain the net debt to total capital ratio at a reasonable level. The net debt to total capital ratio at 31 December 2019 was as follows:

3 財務風險管理 (續)

3.2 資本管理 (續)

與業內其他從業者一樣，本集團基於債務淨額對總資本比率監察資本。淨債務按借款總額及租賃負債減現金及現金等價物以及受限制現金計算。總資本按綜合財務狀況表所示「權益」加淨債務計算。

本集團的策略為將債務淨額對總資本比率維持於合理水平。於二零一九年十二月三十一日，本集團的債務淨額對總資本比率如下：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Total borrowings (Note 27)	總借款 (附註27)	142,728	140,189
Lease liabilities (Note 15)	租賃負債 (附註15)	2,732	5,015
Less: cash and cash equivalents (Note 21)	減：現金及現金等價物 (附註21)	(116,629)	(188,634)
restricted cash (Note 22)	受限制現金 (附註22)	(1,018)	(1,000)
Net debt/(cash)	債務／(現金)淨額	27,813	(44,430)
Total equity	總計權益	300,897	366,181
Total capital	總資本	328,710	N/A
Net debt to total capital ratio	債務淨額對總資本比率	8.5%	N/A

The net debt to total capital ratio as at 31 December 2018 was not applicable as the Group maintained at net cash position.

由於本集團錄得淨現金狀況，因此於二零一八年十二月三十一日的債務淨額對總資本比率並不適用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial risk management (Continued)

3.3 Fair value estimation

Financial assets and liabilities

The Group's financial assets and financial liabilities are mainly receivables and payables, respectively, which are carried at amortised cost. The fair values of these financial instruments approximate their carrying amounts due to their short maturities.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of trade receivables

The expected credit losses for trade receivables are based on the assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's assessment on customer payment history and current and future ability for payment taking into account the information specific to the customer as well as pertaining to the current and future general economic environment in which the customer operated. Details of management's credit risk assessment are disclosed in Note 3.1.2.

3 財務風險管理（續）

3.3 公平值估計

金融資產及負債

本集團的金融資產及金融負債主要分別是按攤銷成本入賬的應收款項及應付款項。該等金融工具的公平值因到期日不長而與其賬面值相若。

4 關鍵會計估計及判斷

估計及判斷會持續予以評估，並且乃根據過往經驗及其他因素而作出，包括對相信在有關情況下屬合理之未來事件之預期。

本集團就未來作出有關估計及假設。顧名思義，該等會計估計甚少與有關實際結果相同。有重大風險可能導致下個財政年度須對資產及負債之賬面值作出重大調整之估計及假設討論如下：

(a) 貿易應收款項減值

貿易應收款項的預期信貸虧損乃基於有關違約風險及預期虧損率的假設作出。本集團根據本集團客戶的付款歷史以及當前及未來的付款能力的評估，同時考慮到客戶的特定資訊以及與客戶營運的當前及未來整體經濟環境有關的資訊，以作出該等假設及選擇減值計算的輸入的判斷。管理層就信貸風險評估的詳情披露於附註3.1.2。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 Critical accounting estimates and judgements (Continued)

(b) Net realisable value of inventories

The Group writes down inventories to net realisable value based on an assessment of the realisability of inventories. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgment and estimates. These estimates are based on the market condition and the historical experience of selling prices of similar nature. Where the expectation is different from the original estimate, such difference will be reflected in the write-downs of inventories in the period in which such estimate are changed.

(c) Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives, and related depreciation charges for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charges in future periods.

4 關鍵會計估計及判斷 (續)

(b) 存貨可變現淨值

本集團撇減存貨至可變現淨值，此乃基於評估存貨的可變現程度。撇減存貨於當有情況或事態有變顯示結餘未必可變現時予以記錄。識別撇減需要進行判斷及估計。該等估計乃基於市場狀況及類似性質的售價的過往經驗。當所預期與原估計有差異，該差異將反映於估計有所變動的期間的存貨撇減。

(c) 物業、廠房及設備估計可使用年期

本集團的管理層會釐定物業、廠房及設備的估計可使用年期及有關折舊費用。估計乃根據同類性質及功能的物業、廠房及設備的實際可使用年期的過往記錄釐定。倘可使用年期短於先前估計年期，管理層會增加折舊費用。其會撤銷或撇減已棄用或售出的技術過時資產或非策略性資產。實際經濟年期或會有別於估計可使用年期。定期檢討可能令可折舊年期出現變動，並因此影響未來期間的折舊費用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 Critical accounting estimates and judgements (Continued)

(d) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations. The calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

4 關鍵會計估計及判斷 (續)

(d) 物業、廠房及設備以及無形資產的減值

物業、廠房及設備以及無形資產於有事件或情況變動顯示賬面值可能無法收回時檢討減值。可收回金額已按使用價值計算與公平值減出售成本計算二者中之較高者釐定。計算須使用判斷及估計。管理層須判斷資產減值範疇，尤其是評估：(i) 是否已發生可能顯示有關資產價值或不可收回的事件；(ii) 可收回金額（即公平值減出售成本或按於業務中持續使用資產估計的未來現金流量淨現值兩者中的較高者）能否支持該項資產的賬面值；及 (iii) 於編製現金流量預測中應用的適當主要假設，包括該等現金流量預測是否使用適當貼現率貼現。倘改變管理層用以評估減值的假設（包括現金流量預測中採用的折現率或增長率假設），足以對減值測試中使用的淨貼現值產生影響，因而影響本集團的財務狀況及營運業績。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 Critical accounting estimates and judgements (Continued)

(e) Current and deferred income tax

The Group is subject to income taxes in the PRC and HK. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred tax assets and income tax in the period in which such estimates are changed.

5 Segment information

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in manufacturing and sales of toy cars. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regards that there is only one operating segment which is used to make strategic decisions. Revenue and profit before income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

As at 31 December 2019, majority of the Group's non-current assets were located in the PRC (31 December 2018: same).

4 關鍵會計估計及判斷 (續)

(e) 即期及遞延所得稅

本集團須於中國及香港繳納所得稅。於釐定所得數撥備時須作出重大判斷。多項交易及計算的最終稅項的釐定中存在不確定性。本集團基於對是否須繳納額外稅項的估計，就預計稅務審計事宜確認負債。倘該等事項的最終稅項結果有別於初始入賬的款項，則該等差異將影響於作出有關釐定期間的即期及遞延所得稅資產及負債。

當管理層認為將來很有可能應課稅盈利以抵銷暫時性差額或可使用稅務虧損時，有關若干暫時性差額及稅務虧損的遞延稅項資產予以確認。倘預期與最初估計有別，則有關差額將會影響該項估計變動產生期間的遞延稅項資產及所得稅確認。

5 分部資料

管理層已基於主要經營決策者審閱的報告釐定經營分部。主要經營決策者負責分配資源及評估經營分部的表現，並已被認定為本公司執行董事。

本集團主要從事車模製造及銷售。管理層審閱業務經營業績時將其視為一個經營分部，而作出資源分配的決定。因此，本公司執行董事認為，僅有一個用以作出策略性決定的經營分部。收益及除所得稅前盈利乃就資源分配及表現評估而呈報予執行董事的計量。

於二零一九年十二月三十一日，本集團大部分非流動資產位於中國(二零一八年十二月三十一日：相同)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 Segment information (Continued)

Analysis of revenue by product type is as follows:

Smart toys	智能玩具
— Smart toy vehicles	— 智能車模
— Smart interactive toys	— 智能互動式玩具
Traditional toys	傳統玩具
Smart hardware	智能硬件

Timing of revenue recognition:	確認收益的時間：
— At a point in time	— 於某一時間點

During the year ended 31 December 2019, details of the Group's sales to external customer who accounted for more than 10% of total revenue are set out below (2018: no individual customer accounted for more than 10% of the Group's revenue).

Customer A	客戶A
------------	-----

* The customer contributed less than 10% of total revenue during the year ended 31 December 2018.

5 分部資料 (續)

按產品類型劃分的收益分析如下：

Year ended 31 December
截至十二月三十一日止年度

2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

Smart toys	209,584	218,120
— Smart toy vehicles	28,459	19,659
— Smart interactive toys	84,697	34,500
Traditional toys	3,060	6,438
Smart hardware		
	325,800	278,717
	325,800	278,717

於截至二零一九年十二月三十一日止年度，本集團向外部客戶（其佔總收益的10%以上）的銷售詳情載列如下（二零一八年：概無個人客戶佔本集團收益的10%以上）。

Year ended 31 December
截至十二月三十一日止年度

2019	2018
二零一九年	二零一八年

Customer A	18%	Not Applicable*
		不適用*

* 該等客戶於截至二零一八年十二月三十一日止年度對總收益的貢獻不足10%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 Segment information (Continued)

The revenue from customers by geographic information as determined by destination of delivery is as follows:

Out of Mainland China	中國內地以外
Mainland China	中國內地
Total	總計

The Group recognised the following contract liabilities relating to contracts with customers:

Sales of toys	玩具銷售
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Revenue recognised in relation to contract liabilities

Revenue recognised for the year ended 31 December 2019 which related to carried-forward contract liabilities was RMB634,000 (2018: RMB968,000).

Unsatisfied performance obligations

The Group does not disclose information about remaining performance obligations as their original expected duration is less than one year as permitted under the practical expedient in accordance with HKFRS 15.

5 分部資料 (續)

來自按地理位置 (按交付目的地釐定) 劃分的客戶的收益如下:

Year ended 31 December	
截至十二月三十一日止年度	
2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

Out of Mainland China	中國內地以外	168,370	133,819
Mainland China	中國內地	157,430	144,898
Total	總計	325,800	278,717

本集團與客戶就合約確認以下合約負債:

As at 31 December	
於十二月三十一日	
2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

Sales of toys	玩具銷售	738	634
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就合約負債確認的收益

於截至二零一九年十二月三十一日止年度就結轉合約負債確認的收益分別為人民幣634,000元 (二零一八年: 人民幣968,000元)。

尚未履行的履約義務

根據香港財務報告準則第15號的可行權宜方法項下所批准者, 本集團並無披露有關剩餘履約義務的資料, 此乃由於彼等原本預計的時長為少於一年。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

6 Expenses by nature

6 按性質劃分的開支

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials and goods used (Note 18)	已使用原材料及貨物(附註18)	137,427	125,732
Staff costs (including directors' emoluments) (Note 7)	員工成本(包括董事酬金)(附註7)	50,771	44,888
Depreciation of property, plant and equipment and amortisation expenses of trademark and software	物業、廠房及設備折舊及商標及軟件的攤銷開支	18,221	18,106
Royalty expenses (a)	授權費開支(a)	16,471	13,651
Listing expenses for the Listing	上市開支	16,365	—
Subcontracting charges	分包費用	5,150	4,535
Freight charge and transportation expenses	貨運費及運輸開支	4,765	5,223
Testing and inspection fee	測試及檢驗費	2,864	3,429
Utilities	水電	2,749	2,348
Auditors' remuneration for audit services	核數師提供審核服務的薪酬	2,526	476
Business and other taxes	業務及其他稅項	1,883	2,266
Others	其他	16,394	12,630
Total cost of sales, selling expenses and administrative expenses	總銷售成本、銷售開支及行政開支	275,586	233,284

(a) Royalty expenses comprised amortisation of license rights of RMB4,526,000 (2018: RMB3,050,000) (Note 16) and variable license payments of RMB11,945,000 for the year ended 31 December 2019 (2018: RMB10,601,000).

(a) 授權費開支包括截至二零一九年十二月三十一日止年度的人民幣4,526,000元(二零一八年:人民幣3,050,000元)的特許權的攤銷(附註16),以及人民幣11,945,000元(二零一八年:人民幣10,601,000元)的浮動授權款項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 Staff costs (including directors' emoluments) 7 員工成本(包括董事酬金)

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries, wages, bonuses and other benefits	薪金、工資、花紅及其他福利	49,725	43,911
Pension costs — defined contribution plans	退休金成本 — 界定供款計劃	1,046	977
		50,771	44,888

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2019 is set out below:

(a) 董事酬金

各董事於截至二零一九年十二月三十一日止年度的薪酬載列如下：

Name 姓名	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Contribution to pension scheme 退休金計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors 執行董事				
Mr. Ni Yanlong (ii) 倪彥龍先生 (ii)	—	150	5	155
Mr. Pui Lik Leung 貝烈亮先生 ("Mr. Pui") (i) (「貝先生」) (i)	—	858	17	875
Mr. Yu Huang ("Mr. Yu") (i) 余煌先生 (「余先生」) (i)	—	246	5	251
Non-executive director 非執行董事				
Ms. Zheng Jingyun (ii) 鄭靜雲女士 (ii)	—	—	—	—
Independent non-executive directors 獨立非執行董事				
Mr. He Weidong (iii) 何衛東先生 (iii)	55	—	—	55
Ms. Liu Man (iii) 劉曼女士 (iii)	55	—	—	55
Ms. Zhao Weiwei (iii) 趙衛衛女士 (iii)	55	—	—	55
	165	1,254	27	1,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 Staff costs (including directors' emoluments) (Continued) 7 員工成本(包括董事酬金)(續)

(a) Directors' emoluments (Continued)

The remuneration of each director for the year ended 31 December 2018 is set out below:

Name 姓名	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及其他福利 RMB'000 人民幣千元	Contribution to pension scheme 退休金計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Executive directors	執行董事				
Mr. Ni Yanlong (ii)	倪彥龍先生(ii)	—	150	5	155
Mr. Pui (i)	貝先生(i)	—	777	16	793
Mr. Yu (i)	余先生(i)	—	246	5	251
Non-executive director	非執行董事				
Ms. Zheng Jingyun (ii)	鄭靜雲女士(ii)	—	—	—	—
Independent non-executive directors	獨立非執行董事				
Mr. He Weidong (iii)	何衛東先生(iii)	60	—	—	60
Ms. Liu Man (iii)	劉曼女士(iii)	60	—	—	60
Ms. Zhao Weiwei (iii)	趙衛衛女士(iii)	60	—	—	60
		180	1,173	26	1,379

(a) 董事酬金(續)

各董事於截至二零一八年十二月三十一日止年度的薪酬載列如下：

(i) Mr. Yu and Mr. Pui were appointed as directors of the Company on 25 October 2019 and were re-designated as executive directors on 1 November 2019.

(ii) Mr. Ni Yanlong and Ms. Zheng Jingyun were appointed as executive and non-executive directors of the Company, respectively, on 1 November 2019.

(iii) Mr. He Weidong, Ms. Liu Man and Ms. Zhao Weiwei were appointed as the independent non-executive directors of the Company on 13 February 2020.

(i) 余先生及貝先生於二零一九年十月二十五日獲委任為本公司董事，並於二零一九年十一月一日獲調任為執行董事。

(ii) 倪彥龍先生及鄭靜雲女士於二零一九年十一月一日分別獲委任為本公司的執行及非執行董事。

(iii) 何衛東先生、劉曼女士及趙衛衛女士於二零二零年二月十三日獲委任為本公司獨立非執行董事。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 Staff costs (including directors' emoluments) (Continued)

(b) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the year ended 31 December 2019 (2018: same).

No payment was made to the directors as compensation for early termination of appointment during the year ended 31 December 2019 (2018: same).

(c) Consideration provided to their parties for making available directors' services

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the year ended 31 December 2019 (2018: same).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no other loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2019 (2018: same).

7 員工成本（包括董事酬金）（續）

(b) 董事退休及終止福利

於截至二零一九年十二月三十一日止年度，概無董事就其有關管理本公司或其附屬公司事務的其他服務而獲支付或應收任何退休福利（二零一八年：相同）。

於截至二零一九年十二月三十一日止年度，概無向董事支付任何款項，作為其提前辭任的補償（二零一八年：相同）。

(c) 就獲得董事服務而向第三方提供的代價

於截至二零一九年十二月三十一日止年度，概無就董事出任本公司董事而向董事的任何前僱主支付任何款項（二零一八年：相同）。

(d) 向董事、受該等董事控制的法人團體及該等董事的關連實體提供的貸款、準貸款及其他交易的資料

於截至二零一九年十二月三十一日止年度，概無以董事、相關董事控制的法團及該等董事的關連實體為受益人而訂立任何其他貸款、準貸款及其他交易（二零一八年：相同）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 Staff costs (including directors' emoluments) (Continued)

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in the Note 31, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2019 (2018: same).

(f) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2019 included 1 director (2018: 1 director) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individuals are as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	1,500	1,370
Contribution to pension scheme	退休金計劃供款	67	59
		1,567	1,429

The emoluments of these remaining individuals of the Group fell within the following bands:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年	2018 二零一八年
Emolument bands	酬金範圍		
— Nil to HKD1,000,000	— 零至1,000,000港元	4	4

7 員工成本（包括董事酬金）（續）

(e) 董事於交易、安排或合約的重大權益

除附註31所披露者外，於年末或於截至二零一九年十二月三十一日止年度的任何時間並無存續本集團訂立之就本集團業務而言屬重大而本公司董事直接或間接於其擁有重大權益的交易、安排及合約（二零一八年：相同）。

(f) 五大薪酬最高人士

於截至二零一九年十二月三十一日止年度，本集團五大薪酬最高人士分別包括一名董事（二零一八年：一名董事），彼等的酬金於上文呈列的分析中反映。應向餘下個人支付的酬金如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries and other benefits	薪金及其他福利	1,500	1,370
Contribution to pension scheme	退休金計劃供款	67	59
		1,567	1,429

本集團剩餘人士酬金在下列組合範圍內：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年	2018 二零一八年
Emolument bands	酬金範圍		
— Nil to HKD1,000,000	— 零至1,000,000港元	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

8 Other income

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Government grants	政府補貼	5,153	2,522
Rental income	租賃收入	464	724
Others	其他	208	2,413
		5,825	5,659

8 其他收入

9 Other gains/(losses) — net

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Gains on disposal of a subsidiary (Note 14)	出售附屬公司的收益 (附註14)	4,804	—
Exchange losses	匯兌虧損	(72)	(463)
Others	其他	(101)	—
		4,631	(463)

9 其他收益／（虧損）淨額

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10 Finance costs — net

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Finance income	財務收入		
— Interest income	— 利息收入	1,573	275
Finance costs	財務成本		
— Interest expenses on bank borrowings	— 銀行借款的利息開支	(7,417)	(5,584)
— Interest expenses on other borrowings	— 其他借款的利息開支	(1,351)	(1,522)
— Interest expenses on lease liabilities (Note 15)	— 租賃負債的利息開支 (附註 15)	(288)	(411)
— Interest expenses on license fee payables	— 應付授權費的利息開支	(256)	(170)
— Others	— 其他	(365)	(316)
		(9,677)	(8,003)
		(8,104)	(7,728)

11 Income tax expenses

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current income tax	即期所得稅		
— PRC enterprise income tax	— 中國企業所得稅	10,735	7,739
— Hong Kong profits tax	— 香港利得稅	3,295	1,091
Deferred income tax (Note 17)	遞延所得稅 (附註 17)	(1,095)	(6)
		12,935	8,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

11 Income tax expenses (Continued)

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. Under the current laws of the British Virgin Islands (“BVI”), entities incorporated in BVI are not subject to income tax.

Kidztech Toys Manufacturing Limited (“Kidztech HK”), the Company’s operating subsidiary incorporated in Hong Kong, is subject to income tax at the rate of 16.5% (2018: 16.5%) on the assessable profits arising in Hong Kong during the year ended 31 December 2019. For the year ended 31 December 2019, the Group is eligible to nominate one Hong Kong incorporated entity in the Group, which is Kidztech HK, to be taxed at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HKD2,000,000 of assessable profits at 8.25% and assessable profits above this threshold will be subject to a rate of 16.5% (2018: same). Hong Kong profits tax of the other Hong Kong incorporated group entities has been provided for at the rate of 16.5% on the estimated assessable profits.

Pursuant to the PRC Enterprise Income Tax Law (“EIT Law”), the EIT rate for domestic enterprises and foreign invested enterprises is 25%. On 9 December 2016, Kidztech Intelligent, the Group’s operating subsidiary in the PRC, was awarded the HNTe Certificate which is effective for three years commencing on 1 January 2016 with applicable income tax rate being 15% for the years from 2016 to 2018. The HNTe Certificate has expired in 2019 and the applicable tax rate for Kidztech Intelligent for 31 December 2019 was 25%, being the EIT rate for domestic enterprises in the PRC. All the other PRC entities of the Group are subject to EIT at a rate of 25%.

11 所得稅開支(續)

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，因此獲豁免繳納開曼群島所得稅。根據英屬處女群島目前的法律，於英屬處女群島註冊成立的實體無須繳納所得稅。

於截至二零一九年十二月三十一日止年度，本公司於香港註冊成立的營運附屬公司奇士達玩具製造有限公司(「香港奇士達」)須按就於香港產生的應課稅盈利按 16.5% 稅率繳納所得稅(二零一八年：16.5%)。於截至二零一九年十二月三十一日止年度，本集團有資格提名一間本集團於香港註冊成立的實體(即香港奇士達)按兩級利得稅稅率繳納稅款，據此，首 2,000,000 港元的應課稅盈利將按 8.25% 的稅率繳納稅款，而超出該上限的應課稅盈利將按 16.5% 的稅率繳納稅款(二零一八年：相同)。其他於香港註冊成立的集團實體的估計應課稅盈利已按 16.5% 的稅率計提香港利得稅撥備。

根據中國企業所得稅法(「企業所得稅法」)，國內企業及外資企業的所得稅率為 25%。於二零一六年十二月九日，本集團於中國營運的附屬公司奇士達智能獲授予高新科技企業證書，於二零一六年一月一日起計三年止有效，於二零一六年至二零一八年年間的適用所得稅率為 15%。高新科技企業證書已於二零一九年逾期，而奇士達智能於二零一九年十二月三十一日的適用稅率為 25% (即中國境內企業的企業所得稅率)。本集團所有其他中國實體須按 25% 的稅率繳納企業所得稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

11 Income tax expenses (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profit of the entities comprising the Group as follows:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before income tax	除所得稅前盈利	48,380	41,577
Calculated at applicable tax rate	按適用稅率計算	10,321	6,191
Expenses not deductible for tax purposes	不可扣除稅項開支	4,231	14
Additional deduction on research and development expenses	研發開支的額外扣除	(1,631)	(916)
Tax losses for which no deferred income tax asset was recognised	概無遞延所得稅資產獲確認的稅項虧損	14	74
Tax on dividend income (a)	股息收入的稅項(a)	—	3,461
		12,935	8,824

(a) In 2018, Kidztech HK declared a dividend of RMB34,000,000 to Kidztech Intelligent, its immediate holding company. Such dividend was subject to enterprise income tax according to the relevant tax law in the PRC.

11 所得稅開支(續)

本集團除所得稅前盈利的稅項與使用適用於本集團成員公司盈利的稅率計算的理論金額差別如下：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before income tax	除所得稅前盈利	48,380	41,577
Calculated at applicable tax rate	按適用稅率計算	10,321	6,191
Expenses not deductible for tax purposes	不可扣除稅項開支	4,231	14
Additional deduction on research and development expenses	研發開支的額外扣除	(1,631)	(916)
Tax losses for which no deferred income tax asset was recognised	概無遞延所得稅資產獲確認的稅項虧損	14	74
Tax on dividend income (a)	股息收入的稅項(a)	—	3,461
		12,935	8,824

(a) 於二零一八年，香港奇士達宣佈向其直接控股公司奇士達智能宣派人民幣34,000,000元股息。根據中國相關稅法，相關股息須繳納企業所得稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

12 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. In determining the weighted average number of ordinary shares in issue during the year, the capitalisation issue of 353,600,000 shares to the then shareholders of the Company (Note 33) and the 78,000,000 shares issued pursuant to the Reorganisation (Note 23) were deemed to be in issue since 1 January 2018.

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	35,445	32,773
Weighted average number of ordinary shares in issue	已發行普通股的加權平均數	431,600,000	431,600,000
Basic earnings per share (RMB)	每股基本盈利 (人民幣)	8.2 cents	7.6 cents

(b) Diluted

Diluted earnings per share equals basic earnings per share as there were no potential dilutive shares outstanding for the year ended 31 December 2019 (2018: same).

13 Dividends

No dividend has been declared or paid by the Company since its incorporation and up to the date of this report.

Pursuant to the resolution of the shareholders' meeting held on 20 May 2019, dividends of RMB101,400,000 were approved and declared by Kidztech Intelligent to its then shareholders. Such dividends were paid in 2019.

12 每股盈利

(a) 基本

每股基本盈利的計算方法是將本公司擁有人應佔溢利除以該年內已發行普通股的加權平均數。於釐定年內已發行普通股的加權平均數時，向本公司的當時股東（附註33）作出資本化發行353,600,000股及根據重組（附註23）發行的78,000,000股被視為自二零一八年一月一日起已發行。

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	35,445	32,773
Weighted average number of ordinary shares in issue	已發行普通股的加權平均數	431,600,000	431,600,000
Basic earnings per share (RMB)	每股基本盈利 (人民幣)	8.2 cents	7.6 cents

(b) 攤薄

每股攤薄盈利等於每股基本盈利，因為截至二零一九年十二月三十一日止年度並無潛在經攤薄流通股份（二零一八年：相同）。

13 股息

自本公司註冊成立以來及直至本報告日期，本公司概無已付或宣派任何股息。

根據於二零一九年五月二十日舉行的股東大會的決議案，奇士達智能批准股息人民幣101,400,000元，並向其當時股東宣派。相關股息已於二零一九年支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 Property, plant and equipment

14 物業、廠房及設備

		Right-of-use assets 使用權資產					Furniture and office equipment 傢俱及 辦公設備	Construction- in-progress 在建工程	Total 總計
		Land use rights 土地使用權	Leased properties 租賃物業	Buildings 樓宇	Leasehold improvements 租賃裝修	Mould and machinery 模具及機械	Motor vehicles 汽車		
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日								
Cost	成本	60,310	10,547	30,559	7,596	57,870	3,173	4,174	5,398
Accumulated depreciation	累計折舊	(978)	(4,258)	(1,769)	(2,749)	(19,228)	(1,524)	(2,265)	—
Accumulated impairment	累計減值	—	—	—	—	(1,532)	—	—	—
Net book amount	賬面淨值	59,332	6,289	28,790	4,847	37,110	1,649	1,909	5,398
									145,324
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度								
Opening net book amount	年初賬面淨值	59,332	6,289	28,790	4,847	37,110	1,649	1,909	5,398
Additions	添置	—	2,409	—	3,528	14,048	79	187	28,948
Disposal	出售	—	—	—	—	(268)	—	—	—
Depreciation	折舊	(1,613)	(3,819)	(910)	(2,395)	(7,996)	(219)	(1,019)	—
Exchange difference	匯兌差額	—	(98)	—	20	7	69	4	—
Impairment	減值	—	—	—	—	(1,526)	—	—	—
Closing net book amount	年末賬面淨值	57,719	4,781	27,880	6,000	41,375	1,578	1,081	34,346
									174,760
At 31 December 2018	於二零一八年十二月三十一日								
Cost	成本	60,310	12,858	30,559	11,151	70,546	3,389	4,384	34,346
Accumulated depreciation	累計折舊	(2,591)	(8,077)	(2,679)	(5,151)	(26,113)	(1,811)	(3,303)	—
Accumulated impairment	累計減值	—	—	—	—	(3,058)	—	—	—
Net book amount	賬面淨值	57,719	4,781	27,880	6,000	41,375	1,578	1,081	34,346
									174,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 Property, plant and equipment (Continued)

14 物業、廠房及設備(續)

		Right-of-use assets 使用權資產								Total 總計
		Land use rights	Leased properties	Leasehold Buildings improvements		Mould and machinery	Motor vehicles	Furniture and office equipment	Construction- in-progress	
		土地 使用權	租賃 物業	樓宇	租賃 裝修	模具及 機械	汽車	傢俬及 辦公設備	在建 工程	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Year ended 31 December 2019	截至二零一九年 十二月三十一日止年度									
Opening net book amount	年初賬面淨值	57,719	4,781	27,880	6,000	41,375	1,578	1,081	34,346	174,760
Additions	添置	-	1,607	-	-	13,920	253	123	23,417	39,320
Disposal	出售	(27,313)	-	-	-	-	-	-	-	(27,313)
Depreciation	折舊	(1,363)	(3,738)	(910)	(2,764)	(8,444)	(254)	(407)	-	(17,880)
Exchange difference	匯兌差額	-	(63)	-	13	4	28	-	-	(18)
Impairment	減值	-	-	-	-	(2,568)	-	-	-	(2,568)
Closing net book amount	年末賬面淨值	29,043	2,587	26,970	3,249	44,287	1,605	797	57,763	166,301
At 31 December 2019	於二零一九年十二月三十一日									
Cost	成本	32,997	14,402	30,559	11,174	84,483	3,710	4,513	57,763	239,601
Accumulated depreciation	累計折舊	(3,954)	(11,815)	(3,589)	(7,925)	(34,570)	(2,105)	(3,716)	-	(67,674)
Accumulated impairment	累計減值	-	-	-	-	(5,626)	-	-	-	(5,626)
Net book amount	賬面淨值	29,043	2,587	26,970	3,249	44,287	1,605	797	57,763	166,301

(a) As at December 2019, land use rights, buildings, mould and machinery and motor vehicles with net book value totalling RMB73,611,000 (31 December 2018: RMB87,300,000) was pledged as collateral for the Group's borrowings (Note 27).

(a) 於二零一九年十二月，賬面淨值總計為人民幣73,611,000元（二零一八年十二月三十一日：人民幣87,300,000元）的土地使用權、樓宇、模具及機械以及汽車被質押作為本集團借款的抵押品（附註27）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 Property, plant and equipment (Continued)

- (b) Depreciation of the property, plant and equipment has been charged to profit or loss as follows:

Cost of sales	銷售成本
Administrative expenses	行政開支

14 物業、廠房及設備(續)

- (b) 已計入損益的物業、廠房及設備折舊如下：

Year ended 31 December 截至十二月三十一日止年度

2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
-----------------------------------	-----------------------------------

11,062	10,564
6,818	7,407
17,880	17,971

- (c) In August 2019, the Group signed an agreement with two independent individuals for disposal of a subsidiary with a land use right of RMB27,313,000 and other assets of RMB883,000 at cash consideration of RMB33,000,000, and recognised gain on disposal of RMB4,804,000 (Note 9). As at 31 December 2019, the consideration has been received by the Group.

- (c) 於二零一九年八月，本集團與兩名獨立人士簽署協議，以現金代價人民幣33,000,000元出售有人民幣27,313,000元的土地使用權及人民幣833,000元的其他資產的一間附屬公司，並確認出售收益人民幣4,804,000元（附註9）。於二零一九年十二月三十一日，本集團已收取該代價。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 Lease

(a) Lease liabilities

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Lease liabilities	租賃負債		
— Current	— 即期	2,546	3,209
— Non-current	— 非即期	186	1,806
		2,732	5,015

(b) Amounts recognised in the consolidated statement of comprehensive income

Depreciation charges were expensed in the following category in the consolidated statement of comprehensive income.

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Depreciation charge	折舊費用		
— Land use right	— 土地使用權	1,363	1,613
— Leased properties	— 租賃物業	3,738	3,819
		5,101	5,432
Interests expenses included in finance costs (Note 10)	包含於財務成本內的利息開支(附註10)	288	411
Expenses related to short-term leases	與短期租賃相關的開支	44	76

The total cash outflow for leases for the years ended 31 December 2019 was RMB4,281,000 (2018: RMB4,456,000).

(a) 租賃負債

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Lease liabilities	租賃負債		
— Current	— 即期	2,546	3,209
— Non-current	— 非即期	186	1,806
		2,732	5,015

(b) 於綜合全面收益表內確認的金額

折舊費用於綜合全面收益表以下類別支銷。

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Depreciation charge	折舊費用		
— Land use right	— 土地使用權	1,363	1,613
— Leased properties	— 租賃物業	3,738	3,819
		5,101	5,432
Interests expenses included in finance costs (Note 10)	包含於財務成本內的利息開支(附註10)	288	411
Expenses related to short-term leases	與短期租賃相關的開支	44	76

租賃於截至二零一九年十二月三十一日止年度的現金流出總額為人民幣4,281,000元(二零一八年：人民幣4,456,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

16 Intangible assets

16 無形資產

		Trademark 商標 RMB'000 人民幣千元	Software 軟件 RMB'000 人民幣千元	License rights 特許權 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日				
Cost	成本	—	251	12,237	12,488
Accumulated amortisation	累計攤銷	—	(69)	(6,984)	(7,053)
Net book amount	賬面淨值	—	182	5,253	5,435
Year ended 31 December 2018	截至二零一八年 十二月三十一日止年度				
Opening balance	年初結餘	—	182	5,253	5,435
Additions	添置	1,161	134	1,471	2,766
Amortisation	攤銷	(18)	(117)	(3,050)	(3,185)
Exchange difference	匯兌差額	—	—	(94)	(94)
Closing net book amount	年末賬面淨值	1,143	199	3,580	4,922
At 31 December 2018	於二零一八年 十二月三十一日				
Cost	成本	1,161	385	10,271	11,817
Accumulated amortisation	累計攤銷	(18)	(186)	(6,691)	(6,895)
Net book amount	賬面淨值	1,143	199	3,580	4,922
Year ended 31 December 2019	截至二零一九年 十二月三十一日止年度				
Opening balance	年初結餘	1,143	199	3,580	4,922
Additions	添置	—	86	6,469	6,555
Amortisation	攤銷	(214)	(127)	(4,526)	(4,867)
Exchange difference	匯兌差額	—	—	140	140
Closing net book amount	年末賬面淨值	929	158	5,663	6,750
At 31 December 2019	於二零一九年 十二月三十一日				
Cost	成本	1,161	471	11,683	13,315
Accumulated amortisation	累計攤銷	(232)	(313)	(6,020)	(6,565)
Net book amount	賬面淨值	929	158	5,663	6,750

During the year ended 31 December 2019, amortisation of RMB341,000 (2018: RMB135,000) was charged to administrative expenses and RMB4,526,000 (2018: RMB3,050,000) was charged to cost of sales.

截至二零一九年十二月三十一日止年度，人民幣341,000元（二零一八年：人民幣135,000元）攤銷計入行政開支，而人民幣4,526,000元（二零一八年：人民幣3,050,000元）攤銷則計入銷售成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 Deferred income tax

(a) The analysis of deferred income tax is as follows:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deferred income tax assets	遞延所得稅資產		
— to be recovered within 12 months	— 將於12個月內收回	2,599	2,453
— to be recovered after more than 12 months	— 將於12個月後收回	2,847	924
		5,446	3,377
Deferred income tax liabilities	遞延所得稅負債		
— to be recovered within 12 months	— 將於12個月內收回	(79)	—
— to be recovered after more than 12 months	— 將於12個月後收回	(2,455)	(1,570)
		(2,534)	(1,570)
		2,912	1,807

The net movements on the deferred income tax are as follows:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At beginning of the year	年初	1,807	1,771
Tax credited to profit or loss	計入損益的稅項	1,095	6
Exchange difference	匯兌差額	10	30
At end of the year	年末	2,912	1,807

17 遞延所得稅

(a) 遞延所得稅分析如下：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deferred income tax assets	遞延所得稅資產		
— to be recovered within 12 months	— 將於12個月內收回	2,599	2,453
— to be recovered after more than 12 months	— 將於12個月後收回	2,847	924
		5,446	3,377
Deferred income tax liabilities	遞延所得稅負債		
— to be recovered within 12 months	— 將於12個月內收回	(79)	—
— to be recovered after more than 12 months	— 將於12個月後收回	(2,455)	(1,570)
		(2,534)	(1,570)
		2,912	1,807

遞延所得稅的變動淨額如下：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At beginning of the year	年初	1,807	1,771
Tax credited to profit or loss	計入損益的稅項	1,095	6
Exchange difference	匯兌差額	10	30
At end of the year	年末	2,912	1,807

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17 Deferred income tax (Continued)

(b) The movements in deferred income tax assets during the year are as follows:

		Provisions 撥備 RMB'000 人民幣千元	Deferred revenue 遞延收益 RMB'000 人民幣千元	Tax loss 稅項虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	1,587	314	1,487	3,388
Tax (charged)/credited to profit or loss	(扣除自) / 計入損益的稅項	(233)	239	(47)	(41)
Exchange difference	匯兌差額	30	—	—	30
At 31 December 2018	於二零一八年十二月三十一日	1,384	553	1,440	3,377
Tax credited/(charged) to profit or loss	計入 / (扣除自) 損益的稅項	1,935	150	(26)	2,059
Exchange difference	匯兌差額	10	—	—	10
At 31 December 2019	於二零一九年十二月三十一日	3,329	703	1,414	5,446

(c) The movements in deferred income tax liabilities during the year are as follows:

		Fair value gains of land 土地的公平值收益 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	1,617
Tax credited to profit or loss	計入損益的稅項	(47)
At 31 December 2018	於二零一八年十二月三十一日	1,570
Tax charged to profit or loss	扣除自損益的稅項	964
At 31 December 2019	於二零一九年十二月三十一日	2,534

17 遞延所得稅 (續)

(b) 年內遞延所得稅資產變動如下：

		Provisions 撥備 RMB'000 人民幣千元	Deferred revenue 遞延收益 RMB'000 人民幣千元	Tax loss 稅項虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	1,587	314	1,487	3,388
Tax (charged)/credited to profit or loss	(扣除自) / 計入損益的稅項	(233)	239	(47)	(41)
Exchange difference	匯兌差額	30	—	—	30
At 31 December 2018	於二零一八年十二月三十一日	1,384	553	1,440	3,377
Tax credited/(charged) to profit or loss	計入 / (扣除自) 損益的稅項	1,935	150	(26)	2,059
Exchange difference	匯兌差額	10	—	—	10
At 31 December 2019	於二零一九年十二月三十一日	3,329	703	1,414	5,446

(c) 年內遞延所得稅負債變動如下：

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綜合財務報表附註

17 Deferred income tax (Continued)

- (d) Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The tax losses with no deferred tax assets recognised are as follows:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Year of expiry	屆滿年度		
2020	二零二零年	—	594
2021	二零二一年	—	—
2022	二零二二年	65	65
2023	二零二三年	65	65
2024	二零二四年	55	—
		185	724

- (e) As at 31 December 2019, the Group has unrecognised deferred income tax liabilities arising from undistributed profits from Kidztech HK to Kidztech Intelligent and unrecognised deferred income tax liabilities arising from undistributed profits from Kidztech Intelligent to its immediate holding company in Hong Kong totalling RMB5,232,000 (2018: RMB6,180,000). No provision has been made in respect of such withholding tax as the directors have confirmed that such profits will not be distributed in the foreseeable future. Unremitted earnings as at 31 December 2019 in this respect amounted to RMB58,629,000 (unremitted earnings as at 31 December 2018: RMB110,333,000).

17 遞延所得稅 (續)

- (d) 遞延所得稅資產於很可能通過未來應課稅盈利變現相關稅項盈利時就已結轉稅項虧損確認。沒有確認的遞延稅項資產的稅項虧損如下：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Year of expiry	屆滿年度		
2020	二零二零年	—	594
2021	二零二一年	—	—
2022	二零二二年	65	65
2023	二零二三年	65	65
2024	二零二四年	55	—
		185	724

- (e) 於二零一九年十二月三十一日，本集團香港奇士達未分配予奇士達智能的未分配盈利產生的未確認遞延所得稅負債及奇士達智能未分配予其香港直接控股公司的未分配盈利產生的未確認遞延所得稅負債分別為人民幣5,232,000元（二零一八年：人民幣6,180,000元）。由於董事已確認有關盈利不會於短期內分配，故概無對有關預扣稅計提撥備。就此而言於二零一九年十二月三十一日的未匯出盈利分別為人民幣58,629,000元（於二零一八年十二月三十一日的未匯出盈利：人民幣110,333,000元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 Inventories

18 存貨

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw materials	原材料	50,510	18,768
Work in progress	在製品	697	691
Finished goods	製成品	9,581	10,600
Packing materials and consumables	包裝材料及消耗品	4,303	1,262
		65,091	31,321
Less: provision	減：撥備	(31)	(109)
		65,060	31,212

Inventories recognised as expense and cost of sales during the year are as following:

年內確認為開支及銷售成本的存貨如下：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cost of sales	銷售成本	132,239	120,935
Administrative expenses	行政開支	5,188	4,797
		137,427	125,732

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綜合財務報表附註

19 Trade receivables

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	貿易應收款項	68,724	93,977
Less: provision for impairment	減：減值撥備	(8,485)	(5,359)
		60,239	88,618

(a) Ageing analysis of trade receivables based on invoice date is as follows:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Less than 30 days	少於30天	36,291	53,787
31 days to 120 days	31天至120天	27,942	35,515
121 days to 1 year	121天至1年	2,283	4,393
1 year to 2 years	1年至2年	2,032	110
More than 2 years	超過2年	176	172
		68,724	93,977

(b) Trade receivables were denominated in following currencies:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
RMB	人民幣	51,186	85,242
USD	美元	16,981	8,347
HKD	港元	557	388
		68,724	93,977

(c) The carrying amount of trade receivables approximate their fair value due to their short maturity.

19 貿易應收款項

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	貿易應收款項	68,724	93,977
Less: provision for impairment	減：減值撥備	(8,485)	(5,359)
		60,239	88,618

(a) 按發票日期計算的貿易應收款項賬齡分析如下：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Less than 30 days	少於30天	36,291	53,787
31 days to 120 days	31天至120天	27,942	35,515
121 days to 1 year	121天至1年	2,283	4,393
1 year to 2 years	1年至2年	2,032	110
More than 2 years	超過2年	176	172
		68,724	93,977

(b) 貿易應收款項按以下貨幣列值：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
RMB	人民幣	51,186	85,242
USD	美元	16,981	8,347
HKD	港元	557	388
		68,724	93,977

(c) 由於貿易應收款項於短時間到期，其的賬面值接近其公平值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

20 Prepayments and other receivables

20 預付款項及其他應收款項

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Prepayments	預付款項	95,453	73,081
Deposits	按金	2,574	2,962
Other receivables	其他應收款項	1,129	1,047
Right to returned goods	退貨權	910	1,067
Incurring listing expenses to be capitalised after the Listing	將於上市後資本化的已產生上市開支	3,213	—
		103,279	78,157
Less: non-current portion	減：非流動部分		
Prepayments for properties, plant and equipment	物業、廠房及設備的預付款項	(47,759)	(57,197)
		55,520	20,960

(a) Deposits and other receivables were denominated in following currencies:

(a) 按金及其他應收款項按以下貨幣列值：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
RMB	人民幣	2,782	3,026
HKD	港元	921	983
		3,703	4,009

(b) The carrying amounts of other receivables approximate their fair values due to their short maturities.

(b) 由於其他應收款項於短時間到期，其賬面值接近其公平值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

21 Cash and cash equivalents

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash at banks	銀行現金	116,508	188,564
Cash on hand	手頭現金	121	70
		116,629	188,634

Cash and cash equivalents are denominated in the following currencies:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
RMB	人民幣	115,455	186,246
HKD	港元	602	480
USD	美元	563	1,899
EUR	歐元	9	9
		116,629	188,634

The interest rates of cash and cash equivalent ranges from 0.001% to 1.75% throughout the year ended 31 December 2019 (2018: 0.13% to 1.75%).

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

22 Restricted cash

As at 31 December 2019, the Group placed cash deposit of approximately RMB1,018,000 (31 December 2018: RMB1,000,000) with designated bank as collateral for its bank borrowing. The cash deposit was denominated in RMB, with maturity of 12 months (31 December 2018: 12 months) and bore interest at 1.75% per annum (31 December 2018: 1.75% per annum).

21 現金及現金等價物

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash at banks	銀行現金	116,508	188,564
Cash on hand	手頭現金	121	70
		116,629	188,634

現金及現金等價物按以下貨幣列值：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
RMB	人民幣	115,455	186,246
HKD	港元	602	480
USD	美元	563	1,899
EUR	歐元	9	9
		116,629	188,634

截至二零一九年十二月三十一日止年度的現金及現金等價物的利率介乎0.001%至1.75%（二零一八年：0.13%至1.75%）。

將人民幣列值的結餘兌換成外幣以及將該等外幣匯出中國，必須遵守中國政府頒佈的有關外匯管制的規則與規定。

22 受限制現金

於二零一九年十二月三十一日，本集團於指定銀行存放現金存款約人民幣1,018,000元（二零一八年十二月三十一日：人民幣1,000,000元），作為其銀行借款的抵押品。現金存款以人民幣列值，為期12個月（二零一八年十二月三十一日：12個月），按年息1.75%計息（二零一八年十二月三十一日：年息1.75%）。

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23 Share capital

23 股本

		Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		普通股數目	普通股面值 HKD'000 千港元	普通股的 等值面值 RMB'000 人民幣千元
Authorised:	法定：			
At 25 October 2019 (date of incorporation) and 31 December 2019 (a)	於二零一九年十月二十五日 (註冊成立日期) 及二零一九年 十二月三十一日 (a)	380,000,000	380	343
Issued and fully paid:	已發行及繳足：			
At 25 October 2019 (date of incorporation) (a)	於二零一九年十月二十五日 (註冊成立日期) (a)	1	—	—
Shares issued pursuant to the Reorganisation (b)	根據重組發行的股份 (b)	77,999,999	78	70
Balance at 31 December 2019	於二零一九年 十二月三十一日的結餘	78,000,000	78	70

(a) On 25 October 2019, the Company was incorporated in the Cayman Islands with an authorised share capital of HKD380,000 dividing into 380,000,000 ordinary shares of HKD0.001 each. Upon the incorporation of the Company, one share was transferred to Keen Pacemaker Limited ("Keen Pacemaker"), a company incorporated in BVI and owned by Mr. Pui, an executive director and a then shareholder of Kidztech Intelligent.

(b) On 15 November 2019, the Company allotted and issued an aggregate of 77,999,999 shares at par to fifteen BVI companies owned by the then shareholders of Kidztech Intelligent for the acquisition of the Listing Business pursuant to the Reorganisation.

(a) 於二零一九年十月二十五日，本公司在開曼群島註冊成立，法定股本為380,000港元，分為380,000,000股每股0.001港元的普通股。本公司註冊成立後，1股股份獲轉讓予Keen Pacemaker Limited（「Keen Pacemaker」），該公司於英屬處女群島註冊成立，並由執行董事及奇士達智能當時股東貝先生擁有。

(b) 於二零一九年十一月十五日，本公司按面值向奇士達智能當時股東擁有的十五間英屬處女群島公司配發及發行合共77,999,999股股份，以根據重組收購上市業績。

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綜合財務報表附註

24 Other reserves

24 其他儲備

		Statutory reserve	Capital reserve	Currency Translation Difference	Merger reserve (b)	Total
		法定儲備	資本儲備	外幣換算差額	合併儲備 (b)	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2018	於二零一八年一月一日	5,320	275,791	(1,582)	(22,103)	257,426
Transfer to statutory reserve (a)	轉撥至法定儲備 (a)	5,656	—	—	—	5,656
Transaction with non-controlling shareholder	與非控股股東的交易	—	(20)	—	—	(20)
Currency translation difference	外幣換算差額	—	—	1,417	—	1,417
At 31 December 2018	於二零一八年十二月三十一日	10,976	275,771	(165)	(22,103)	264,479
At 1 January 2019	於二零一九年一月一日	10,976	275,771	(165)	(22,103)	264,479
Transfer to statutory reserve (a)	轉撥至法定儲備 (a)	3,559	—	—	—	3,559
Issuance of shares pursuant to the Reorganisation	根據重組發行股份	—	(70)	—	—	(70)
Deemed distribution to the then shareholders of a subsidiary (c)	視作向附屬公司當時股東分派 (c)	—	(1,103)	—	—	(1,103)
Currency translation difference	外幣換算差額	—	—	1,774	—	1,774
At 31 December 2019	於二零一九年十二月三十一日	14,535	274,598	1,609	(22,103)	268,639

(a) Statutory reserve

In accordance with relevant rules and regulations in the PRC and the Company's Articles of Association, companies incorporated in PRC are required to transfer no less than 10% of their profit after taxation calculated under PRC accounting standards and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.

(a) 法定儲備

根據中國相關規則及規定及公司章程組織細則，於中國註冊成立的公司須將根據中國會計準則及規定計算的稅後盈利不少於10%轉撥至法定儲備，直至資金累計總額達到註冊資本的50%。法定儲備資金經相關機關批准後，方可用於彌補往年度的虧損或增加公司的資本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

24 Other reserves (Continued)

(b) Merger reserve

In preparation for listing of the shares of Kidztech Intelligent on the National Equities Exchange and Quotations (“NEEQ”), a reorganisation was conducted in 2015 among certain group entities. Such reorganisation resulted in combination of Kidztech Intelligent and two other group entities which were majority owned by Mr. Yu and Ms. Chen Cheng (“Ms. Chen”). The difference between the consideration paid for the acquisitions and the share capital of the two group entities were recorded as merger reserve.

(c) Deemed distribution to the then shareholders of a subsidiary

Deemed distribution to the then shareholders of a subsidiary represented aggregate cash consideration of RMB1,103,000 payable to two shareholders of a subsidiary for acquisition of the remaining equity interest of the subsidiary as part of the Reorganisation. Such consideration was paid in March 2020.

24 其他儲備 (續)

(b) 合併儲備

籌備奇士達智能的股份在全國中小企業股份轉讓系統(「全國中小企業股份轉讓系統」)上市時，若干集團實體於二零一五年進行了重組。有關重組導致奇士達智能與兩名其他集團實體(主要由余先生及陳騁女士(「陳女士」)擁有)合併。收購所付代價與該兩名其他集團實體股本之間的差額已記入合併儲備。

(c) 視作向附屬公司當時股東分派

視作向附屬公司當時股東分派指應付予一間附屬公司兩名股東的現金代價總額人民幣1,103,000元，作為重組的一部分，以收購該附屬公司的剩餘股權。該代價已於二零二零年三月支付。

25 Trade and other payables

25 貿易及其他應付款項

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables	貿易應付款項	24,892	21,050
Accrued other expenses	已產生其他開支	10,666	5,558
Accrued listing expenses	已產生上市開支	6,002	—
Payroll payable	應付職工薪酬	4,687	4,065
Value-added-tax and other tax payables	增值稅及其他應付稅項	2,224	12,095
Refund liabilities	退款負債	1,570	1,737
Amounts due to minority shareholders (Note 24 (c))	應付少數股東款項(附註24(c))	1,103	—
		51,144	44,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 Trade and other payables (Continued)

- (a) Ageing analysis of trade payables based on invoice date is as follows:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Less than 30 days	少於30天	4,795	7,847
31 days to 120 days	31天至120天	6,862	5,063
121 days to 1 year	121天至1年	12,514	4,001
1 year to 2 years	1年至2年	595	3,455
More than 2 years	超過2年	126	684
		24,892	21,050

- (b) Trade and other payables were denominated in following currencies:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
RMB	人民幣	28,077	18,259
HKD	港元	8,965	236
USD	美元	7,191	9,850
		44,233	28,345

- (c) The carrying amounts of trade and other payables approximate their fair value due to their short maturities.

25 貿易及其他應付款項 (續)

- (a) 按發票日期計算的貿易應付款項賬齡分析如下：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Less than 30 days	少於30天	4,795	7,847
31 days to 120 days	31天至120天	6,862	5,063
121 days to 1 year	121天至1年	12,514	4,001
1 year to 2 years	1年至2年	595	3,455
More than 2 years	超過2年	126	684
		24,892	21,050

- (b) 貿易及其他應付款項按以下貨幣列值：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
RMB	人民幣	28,077	18,259
HKD	港元	8,965	236
USD	美元	7,191	9,850
		44,233	28,345

- (c) 由於貿易及其他應付款項於短時間到期，其賬面值接近其公平值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 License fee payable

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
License fee payable	應付授權費		
— Current	— 即期	2,735	1,883
— Non-current	— 非即期	1,854	868
		4,589	2,751

License fee payables were denominated in the following currencies:

應付授權費按以下貨幣列值：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
USD	美元	4,337	2,481
EUR	歐元	252	—
RMB	人民幣	—	270
		4,589	2,751

27 Bank and other borrowings

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Bank borrowings — secured	銀行借款 — 有抵押	92,500	104,000
Other borrowings — secured (a)	其他借款 — 有抵押 (a)	50,228	36,189
		142,728	140,189

27 銀行及其他借款

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27 Bank and other borrowings (Continued)

- (a) Other borrowings include loans from non-bank financial institutions and loan obtained from a state-owned company to Kidztech (Shantou) Information Technology Co., Ltd. (“Kidztech Infotech”), a subsidiary of the Group.
- (b) The weighted average effective interest rate as at 31 December 2019 was 6.20% (31 December 2018: 6.17%).
- (c) As at 31 December 2019, certain bank and other borrowings were secured by:
- (i) property, plant and equipment (Note 14);
 - (ii) restricted cash (Note 22);
 - (iii) personal guarantees provided by Mr. Yu and Ms. Chen and certain minority shareholders of the Company.
- (d) Bank and other borrowings were denominated in following currencies:

27 銀行及其他借款（續）

- (a) 其他借款包括非銀行金融機構的貸款及一間國企給予本集團附屬公司奇士達（汕頭）信息科技有限公司（「奇士達信息科技有限公司」）的貸款。
- (b) 於二零一九年十二月三十一日的加權平均實際利率為6.20%（二零一八年十二月三十一日：6.17%）。
- (c) 於二零一九年十二月三十一日，部份銀行及其他借款由以下資產抵押及個人提供擔保：
- (i) 物業、廠房及設備（附註14）；
 - (ii) 受限制現金（附註22）；
 - (iii) 由余煌先生及陳騁女士以及由個別少數股東提供個人擔保。
- (d) 銀行及其他借款按以下貨幣列值：

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
RMB	人民幣	142,176	139,331
HKD	港元	552	858
		142,728	140,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

28 Cash flow information

(a) Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations is as follows:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before income tax	除所得稅前盈利	48,380	41,577
Adjustments for:	調整項目：		
— Depreciation of property, plant and equipment	— 物業、廠房及設備折舊	17,880	17,971
— Amortisation of intangible asset	— 無形資產攤銷	4,867	3,185
— Provision of financial assets	— 金融資產撥備	4,186	1,324
— Impairment losses of mould and machinery	— 模具及機械的減值虧損	2,568	1,526
— Reversal of provision of inventory	— 存貨撥備撥回	(78)	(12)
— Financial costs — net	— 財務成本淨額	8,104	7,728
— Gain on disposal of a subsidiary	— 出售一間附屬公司收益	(4,804)	—
— Amortisation of deferred revenue	— 遞延收益攤銷	(985)	(668)
		80,118	72,631
Changes in working capital:	營運資金變動：		
— License fee payables	— 應付授權費	(4,734)	(3,487)
— Inventory	— 存貨	(33,770)	891
— Contract liabilities	— 合約負債	104	(334)
— Trade receivables	— 貿易應收款項	24,138	(27,984)
— Prepayments and other receivables	— 預付款項及其他應收款項	(33,135)	(1,827)
— Trade and other payables	— 貿易及其他應付款項	5,536	17,014
— Deferred revenue	— 遞延收益	—	2,262
Cash generated from operations	經營所得現金	38,257	59,166

28 現金流量資料

(a) 經營所得現金

稅前盈利與經營所得現金對賬如下：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before income tax	除所得稅前盈利	48,380	41,577
Adjustments for:	調整項目：		
— Depreciation of property, plant and equipment	— 物業、廠房及設備折舊	17,880	17,971
— Amortisation of intangible asset	— 無形資產攤銷	4,867	3,185
— Provision of financial assets	— 金融資產撥備	4,186	1,324
— Impairment losses of mould and machinery	— 模具及機械的減值虧損	2,568	1,526
— Reversal of provision of inventory	— 存貨撥備撥回	(78)	(12)
— Financial costs — net	— 財務成本淨額	8,104	7,728
— Gain on disposal of a subsidiary	— 出售一間附屬公司收益	(4,804)	—
— Amortisation of deferred revenue	— 遞延收益攤銷	(985)	(668)
		80,118	72,631
Changes in working capital:	營運資金變動：		
— License fee payables	— 應付授權費	(4,734)	(3,487)
— Inventory	— 存貨	(33,770)	891
— Contract liabilities	— 合約負債	104	(334)
— Trade receivables	— 貿易應收款項	24,138	(27,984)
— Prepayments and other receivables	— 預付款項及其他應收款項	(33,135)	(1,827)
— Trade and other payables	— 貿易及其他應付款項	5,536	17,014
— Deferred revenue	— 遞延收益	—	2,262
Cash generated from operations	經營所得現金	38,257	59,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

28 Cash flow information (Continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year.

28 現金流量資料 (續)

(b) 債務淨額對賬

本節載列債務淨額分析及各個年度呈列的債務淨額變動。

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash and cash equivalents	現金及現金等價物	116,629	188,634
Restricted cash	受限制現金	1,018	1,000
Borrowings — repayable within one year	借款 — 一年內應償還款項	(142,728)	(140,189)
Lease liabilities	租賃負債	(2,732)	(5,015)
Net (debt)/cash	(債務) / 現金淨額	(27,813)	44,430
Cash and cash equivalents	現金及現金等價物	116,629	188,634
Restricted cash	受限制現金	1,018	1,000
Gross debt — fixed interest rates	債務總額 — 固定利率	(77,284)	(104,874)
Gross debt — variable interest rates	債務總額 — 浮動利率	(68,176)	(40,330)
Net (debt)/cash	(債務) / 現金淨額	(27,813)	44,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

28 Cash flow information (Continued)

(b) Net debt reconciliation (Continued)

		Cash and cash equivalents 現金及現金等價物 RMB'000 人民幣千元	Restricted cash 受限制現金 RMB'000 人民幣千元	Borrowings 借款 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Net debt as at 1 January 2018	於二零一八年一月一日 的債務淨額	159,156	—	(90,109)	(6,597)	62,450
Cash flows	現金流量	28,000	1,000	(50,080)	4,380	(16,700)
Addition of lease liabilities	新增租賃負債	—	—	—	(2,409)	(2,409)
Interest expenses	利息開支	—	—	—	(411)	(411)
Foreign exchange adjustments	外匯調整	1,478	—	—	22	1,500
Net debt as at 31 December 2018	於二零一八年十二月三十一日 的債務淨額	188,634	1,000	(140,189)	(5,015)	44,430
Cash flows	現金流量	(73,608)	18	(2,539)	4,237	(71,892)
Addition of lease liabilities	新增租賃負債	—	—	—	(1,607)	(1,607)
Interest expenses	利息開支	—	—	—	(288)	(288)
Foreign exchange adjustments	外匯調整	1,603	—	—	(59)	1,544
Net debt as at 31 December 2019	於二零一九年十二月三十一日 的債務淨額	116,629	1,018	(142,728)	(2,732)	(27,813)

28 現金流量資料 (續)

(b) 債務淨額對賬 (續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 Subsidiaries

The Group's principal subsidiaries at 31 December 2019 are set out below.

29 附屬公司

本集團於二零一九年十二月三十一日的主要附屬公司如下。

Name of entity 實體名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及日期及法人實體類別	Paid-up capital 繳足股本	Principal activities and place of operation 主要活動及經營地點	Equity interest held as at 於下列日期所持股權	
				31 December 十二月三十一日	
				2019 二零一九年	2018 二零一八年
Directly held:					
Kidztech (BVI) Limited 直接持有： 奇士達英屬處女群島	BVI, 6 November 2019, limited liability company 英屬處女群島， 二零一九年十一月六日， 有限責任公司	USD1 1 美元	Investment holding, BVI 投資控股， 英屬處女群島	100%	—
Indirectly held					
Kidztech (China) Intelligent Technology Co., Limited 間接持有 奇士達(中國)智能科技有限公司	Hong Kong, 24 October 2019, limited liability company 香港， 二零一九年十月二十四日， 有限責任公司	HKD1 1 港元	Investment holding, Hong Kong 投資控股，香港	100%	—
Shantou Kidztech No. 1 Technology Consulting Co., Ltd. (a) 汕頭市奇士達一號科技諮詢有限公司(a)	PRC, 21 November 2019, limited liability company 中國， 二零一九年十一月二十一日， 有限責任公司	—	Investment holding, PRC 投資控股，中國	100%	—
Shantou Kidztech No. 2 Technology Consulting Co., Ltd. (b) 汕頭市奇士達二號科技諮詢有限公司(b)	PRC, 22 November 2019, limited liability company 中國， 二零一九年十一月二十二日， 有限責任公司	RMB1,103,254 人民幣1,103,254元	Investment holding, PRC 投資控股，中國	100%	—
Kidztech Intelligent 奇士達智能	PRC, 30 May 2001, limited liability company 中國， 二零零一年五月三十日， 有限責任公司	RMB78,000,000 人民幣78,000,000元	Manufacturing and sales of toys, PRC 玩具製造及銷售， 中國	100%	100%
Kidztech HK 香港奇士達	Hong Kong, 18 July 2011, limited liability company 香港， 二零一一年七月十八日， 有限責任公司	HKD500,000 500,000 港元	Export of toys, Hong Kong 玩具出口，香港	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 Subsidiaries (Continued)

29 附屬公司 (續)

Name of entity 實體名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及 日期及法人實體類別	Paid-up capital 繳足股本	Principal activities and place of operation 主要活動及經營地點	Equity interest held as at 於下列日期所持股權 31 December 十二月三十一日	
				2019 二零一九年	2018 二零一八年
Indirectly held:					
Shenzhen Kidztech Internet Technology Co., Ltd. 間接持有： 深圳奇士達互聯網科技有限公司	PRC, 23 September 2015, limited liability company 中國， 二零一五年九月二十三日， 有限責任公司	RMB5,000,000 人民幣5,000,000元	Sales of toys through e-commerce channels, PRC 通過電子商務渠道 銷售玩具，中國	100%	100%
Shenzhen Kidztech Internet of Things Technology Co., Ltd (c) 深圳奇士達物聯網科技 有限公司(c)	PRC, 1 April 2016, limited liability company 中國， 二零一六年四月一日， 有限責任公司	RMB4,693,000 人民幣4,693,000元	Research, development, and sales of smart hardware, PRC 智能硬件研發及銷售， 中國	100%	100%
Kidztech Infotech (d) 奇士達信息科技(d)	PRC, 21 March 2017, limited liability company 中國， 二零一七年三月二十一日， 有限責任公司	RMB83,340,000 人民幣83,340,000元	Dormant, PRC 無活動，中國	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 Subsidiaries (Continued)

- (a) Shantou Kidztech No. 1 Technology Consulting Co., Ltd. is a wholly foreign owned enterprise established in the PRC with registered capital of RMB1,000,000, which was yet to be paid up as at 31 December 2019.
- (b) Shantou Kidztech No.2 Technology Consulting Co., Ltd. is a domestic enterprise established in the PRC with registered capital of RMB111,428,571. As at 31 December 2019, RMB110,325,317 of the registered capital was yet to be paid up.
- (c) Shenzhen Kidztech Internet of Things Technology Co., Ltd. is a domestic enterprise established in the PRC with registered capital of RMB5,000,000. As at 31 December 2019, RMB307,000 of the registered capital was yet to be paid up.
- (d) Kidztech Infotech is a domestic enterprise established in the PRC with registered capital of RMB96,000,000. As at 31 December 2019, RMB12,660,000 of the registered capital was yet to be paid up.

29 附屬公司 (續)

- (a) 汕頭市奇士達一號科技諮詢有限公司是一家在中國成立的外商獨資企業，註冊資本為人民幣1,000,000元，截至二零一九年十二月三十一日尚未繳足。
- (b) 汕頭市奇士達二號科技諮詢有限公司是一家在中國成立的內資企業，註冊資本為人民幣111,428,571元。於二零一九年十二月三十一日，人民幣110,325,317元的註冊資本尚未繳足。
- (c) 深圳奇士達物聯網科技有限公司是一家在中國成立的內資企業，註冊資本為人民幣5,000,000元。於二零一九年十二月三十一日，尚有人民幣307,000元的註冊資本尚未繳足。
- (d) 奇士達信息科技是一家在中國成立的內資企業，註冊資本為人民幣96,000,000元。於二零一九年十二月三十一日，尚有人民幣12,660,000元的註冊資本尚未繳足。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

30 Commitments

Capital commitments

Significant capital expenditures contracted for at 31 December 2019 and 2018 but not recognised as liabilities was as follows:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Capital expenditures	資本支出	59,876	43,206

30 承擔

資本承擔

於二零一九年及二零一八年十二月三十一日已簽約但未獲確認為負債的重大資本支出如下：

31 Related party transactions

(a) Name and relationship with a related party

Name	Relationship
姓名／名稱	關係
Mr. Yu 余先生	Key management personnel of the Group 本集團的主要管理人員
Ms. Chen 陳女士	Spouse of Mr. Yu 余先生的配偶
Shantou Chenghai Changxing Paper Foil Co., Ltd ("Chenghai Changxing") 汕頭市澄海區昌興紙箔有限公司 (「澄海昌興」)	Company controlled by Mr. Yu's mother 由余先生的母親所控制的公司

31 關聯方交易

(a) 姓名／名稱及與關聯方的關係

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 Related party transactions (Continued)

(b) Significant transactions with a related party

During the years ended 31 December 2019 and 2018, the Group had the following significant transactions with related parties:

(i) Continuing transactions

Chenghai Changxing:
— Interest expenses
on lease liabilities

澄海昌興：
— 租賃負債的利息開支

(ii) Personal guarantee provided by key management personnel

As at 31 December 2019, certain of the Group's bank and other borrowings were secured by personal guarantee provided by Mr. Yu and Ms. Chen (31 December 2018: same) (Note 27).

(c) Balance with a related party

As at 31 December 2019 and 2018, the Group's balance with a related party was as follows.

Chenghai Changxing:

— Lease deposits included in deposits

— Lease liabilities

澄海昌興：

— 計入按金的租賃按金

— 租賃負債

31 關聯方交易（續）

(b) 與關聯方的重大交易

截至二零一九年及二零一八年十二月三十一日止年度，本集團與關聯方擁有以下重大交易：

(i) 持續交易

Year ended 31 December
截至十二月三十一日止年度

2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

122

191

(ii) 由主要管理人員提供的個人擔保

於二零一九年十二月三十一日，本集團的若干銀行及其他借款由余先生及陳女士的個人擔保作抵押（二零一八年十二月三十一日：相同）（附註27）。

(b) 與關聯方的結餘

於二零一九年及二零一八年十二月三十一日，本集團與關聯方的結餘如下。

As at 31 December
於十二月三十一日

2019	2018
二零一九年	二零一八年
RMB'000	RMB'000
人民幣千元	人民幣千元

328

328

(662)

(1,722)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 Related party transactions (Continued)

(d) Key management compensation

The compensation paid or payable to the key management, excluded those paid to the executive directors which has been disclosed in Note 7, are shown as below.

31 關聯方交易（續）

(d) 主要管理人員薪酬

已付或應付主要管理人員的薪酬（不包括附註7披露的向執行董事支付的款項）展示如下：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Basic salaries, housing funds, other social welfares and benefits	基本薪金、房屋津貼、其他社會福利及利益	491	441
Pension costs — defined contribution plans	退休金成本 — 界定供款計劃	27	23
		518	464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

32 Statement of financial position and reserve movement of the Company 32 本公司財務狀況表及儲備變動

As at 31 December
於十二月三十一日
2019
二零一九年
RMB'000
人民幣千元

ASSETS	資產	
Non-current assets	非流動資產	
Investment in a subsidiary	投資附屬公司	316,417
Prepayments	預付款項	3,213
		319,630
EQUITY	權益	
Equity attributable to owners of the Company	本公司擁有人應佔權益	
Share capital	股本	70
Other reserves (a)	其他儲備 (a)	316,347
Accumulated losses (a)	累計虧損 (a)	(16,365)
		300,052
Current liabilities	流動負債	
Accrued expenses	應計開支	6,002
Amounts due to subsidiaries	欠付附屬公司款項	13,576
		19,578
Total equity and liabilities	權益總額及負債	319,630

The statement of financial position of the Company was approved by the board of directors on 31 March 2020 and was signed on its behalf.

本公司的財務狀況表經董事會於二零二零年三月三十一日批准並代表其簽署。

Director
董事

Director
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

32 Statement of financial position and reserve movement of the Company (Continued)

(a) Reserve movement of the Company

		Other reserves 其他儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 25 October 2019 (date of incorporation)	於二零一九年 十月二十五日 (註冊成立日期) 的結餘	—	—	—
Comprehensive income	全面收益			
— Loss for the year	— 年內虧損	—	(16,365)	(16,365)
— Other comprehensive income	— 其他全面收益	—	—	—
Total comprehensive income	全面收益總額	—	(16,365)	(16,365)
Issuance of shares pursuant to the Reorganisation	根據重組發行股份	316,347	—	316,347
Balance at 31 December 2019	於二零一九年 十二月三十一日 的結餘	316,347	(16,365)	299,982

32 本公司財務狀況表及儲備變動 (續)

(a) 本公司儲備變動

33 Subsequent event

(a) Capitalisation issue

On 18 March 2020, 353,600,000 shares of HKD0.001 each were allotted and issued at par to the then shareholders of the Company in proportion to their then shareholdings as at 13 February 2020 by capitalisation of an amount of HKD353,600 standing to the credit of the share premium account of the Company.

33 期後事件

(a) 資本化發行

於二零二零年三月十八日，本公司按於二零二零年二月十三日當時股東的持股比例，向本公司當時的股東配發並發行 353,600,000 股每股面值 0.001 港元的股份，方式是將本公司股份溢價賬的進賬額 353,600 港元撥充資本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

33 Subsequent event (Continued)

(b) The Listing

The Company's shares were listed on The Stock Exchange of Hong Kong Limited on 18 March 2020 by way of placing and public offer of a total 88,400,000 shares at an offer price of HKD1.38 per share. Gross proceeds raised amounted to HKD121,992,000 (before listing expenses).

(c) Adoption of share option scheme

The Group has conditionally adopted a share option scheme on 13 February 2020 under which selected participants (including, among others, full-time employees) may be granted options to subscribe for new shares of the Company. As at the date of this report, no share options have been granted under the scheme.

(d) Outbreak of novel coronavirus ("COVID-19")

Since January 2020, the PRC has encountered an outbreak of COVID-19. As a result, certain measures were undertaken by the PRC central government and various provincial or municipal governments including but not limited to implementation of travel restrictions and extension of national holidays. Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated as at the date of this report.

32 本公司財務狀況表及儲備變動(續)

(b) 上市

本公司的股份於二零二零年三月十八日在香港聯合交易所有限公司上市，以配售和公開發售的方式發行總計88,400,000股股份，發行價為每股1.38港元。募集所得款項總額達121,992,000港元（扣除上市開支前）。

(c) 採納購股權計劃

本集團已於二零二零年二月十三日有條件採納一項購股權計劃，據此，若干選定類別的參與者（其中包括全職僱員）可獲授購股權以認購本公司新股份。截至本報告日期，該計劃尚未授出任何購股權。

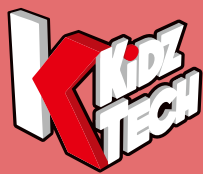
(d) 新型冠狀病毒爆發 〔COVID-19〕

自二零二零年一月以來，中國爆發了COVID-19。因此，中國中央政府及各省或市政府採取若干措施，包括（但不限於）實施旅行限制及延長國定假日。根據此類後續非調整事件的進展，本集團的財務業績可能會受到影響，而截至本報告日期，尚無法估計其程度。

FINANCIAL SUMMARY

財務概要

		Year ended 31 December 截至十二月三十一日止年度			
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Results	業績				
Revenue	收益	325,800	278,717	259,185	214,025
Profit before income tax	除所得稅前盈利	48,380	41,577	42,234	38,664
Income tax expenses	所得稅開支	(12,935)	(8,824)	(6,147)	(5,219)
Profit for the year	年內盈利	35,445	32,753	36,087	33,445
Assets and Liabilities	資產及負債				
Total assets	資產總額	524,722	570,680	476,774	257,244
Total liabilities	負債總額	(223,825)	(204,499)	(139,063)	(107,588)
Net assets	資產淨額	300,897	366,181	337,711	149,656



KIDZTECH HOLDINGS LIMITED
奇士達控股有限公司