

KINGDOM

KINGDOM HOLDINGS LIMITED

金達控股有限公司

(Incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as "Kingdom (Cayman) Limited")

(於開曼群島註冊成立的有限公司，以「金達(開曼)有限公司」的名稱於香港經營業務)

(Stock Code 股份代號：528)





Contents 目錄

Corporate Information 公司資料	2
Chairman's Statement 主席報告書	4
Five Year Financial Summary 五年財務摘要	8
Management Discussion and Analysis 管理層討論及分析	9
Directors and Senior Management 董事及高級管理層	28
Report of the Directors 董事會報告	33
Corporate Governance Report 企業管治報告	58
Independent Auditor's Report 獨立核數師報告	80
Consolidated Statement of Profit or Loss 合併損益表	87
Consolidated Statement of Comprehensive Income 合併全面收益表	88
Consolidated Statement of Financial Position 合併財務狀況表	89
Consolidated Statement of Changes in Equity 合併權益變動表	91
Consolidated Statement of Cash Flows 合併現金流量表	93
Notes to Financial Statements 財務報表附註	95

Corporate Information 公司資料

BOARD OF DIRECTORS

Executive Directors:

Mr. Ren Weiming (*Chairman*)
Mr. Shen Yueming
Mr. Zhang Hongwen
Ms. Shen Hong

Non-executive Director:

Mr. Ngan Kam Wai Albert

Independent non-executive Directors:

Mr. Lau Ying Kit
Mr. Lo Kwong Shun Wilson
Mr. Yan Jianmiao

AUDIT COMMITTEE

Mr. Lau Ying Kit (*Chairman*)
Mr. Yan Jianmiao
Mr. Lo Kwong Shun Wilson

REMUNERATION COMMITTEE

Mr. Yan Jianmiao (*Chairman*)
Mr. Zhang Hongwen
Mr. Lo Kwong Shun Wilson

NOMINATION COMMITTEE

Mr. Lo Kwong Shun Wilson (*Chairman*)
Mr. Lau Ying Kit
Mr. Shen Yueming

COMPANY SECRETARY

Mr. Chan Yan Kwan Andy

LEGAL ADVISERS TO THE COMPANY AS TO HONG KONG LAW

Sidley Austin

AUDITORS

Ernst & Young

AUTHORISED REPRESENTATIVES

Mr. Ren Weiming
Mr. Chan Yan Kwan Andy

董事會

執行董事：

任維明先生 (*主席*)
沈躍明先生
張鴻文先生
沈鴻女士

非執行董事：

顏金煒先生

獨立非執行董事：

劉英傑先生
羅廣信先生
嚴建苗先生

審核委員會

劉英傑先生 (*主席*)
嚴建苗先生
羅廣信先生

薪酬委員會

嚴建苗先生 (*主席*)
張鴻文先生
羅廣信先生

提名委員會

羅廣信先生 (*主席*)
劉英傑先生
沈躍明先生

公司秘書

陳仁君先生

本公司有關香港法律之法律顧問

盛德律師事務所

核數師

安永會計師事務所

授權代表

任維明先生
陳仁君先生

Corporate Information 公司資料

REGISTERED OFFICE

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

HEADQUARTERS IN CHINA

Henggang Town
Haiyan County
Zhejiang Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
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, Rugao Branch
Bank of China, Haiyan Branch

STOCK CODE

00528

COMPANY WEBSITE ADDRESS

<http://www.kingdom-china.com>

INVESTOR RELATIONS CONTACT

Email: ir@kingdom-china.com

註冊辦事處

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

中國總辦事處

中國
浙江省
海鹽縣
橫港鎮

香港主要營業地點

香港
皇后大道東183號
合和中心
54樓

主要股份過戶登記處

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
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

中國銀行如皋支行
中國銀行海鹽支行

股份代號

00528

公司網址

<http://www.kingdom-china.com>

投資者聯繫方式

電郵：ir@kingdom-china.com

Chairman's Statement 主席報告書

I am pleased to present the annual report of Kingdom Holdings Limited (the “**Company**”) and its subsidiaries (collectively, “**Kingdom**” or the “**Group**”) for the year ended 31 December 2020 (the “**Year**”).

As the world's largest manufacturer of linen yarn, Kingdom produced 16,704 tonnes of linen yarn during the Year.

During the Year, the coronavirus disease 2019 (“**COVID-19**”) pandemic has affected literally every country in the world. The Group's pure linen yarn exports amounted to 7,640 tonnes for the Year (2019: 10,900 tonnes), representing a decrease of approximately 29.9% as compared to the total amount of pure linen yarn exports of the previous year, while the total export of pure linen yarn from China dropped by approximately 24% during the same period. Kingdom continued to account for more than 40% of the total pure linen yarn export from China in 2020, which maintained the Group's leading position as the largest pure linen yarn exporter in China for 18 consecutive years. The Company's top five export markets are Italy, India, Turkey, Korea and Portugal. The trend of environment-friendliness and the use of natural fibers has been set. Linen yarn, as one of the most environment-friendly fibers, will surely benefit from this trend. In addition, China has been developed into a sizeable linen consumer market.

Technological innovation of Kingdom has always been at the forefront of the industry. The Group applied for 10 patents, including 3 invention patents during the Year and there were 60 approved patents and 31 patent applications pending approval as of 31 December 2020. These achievements will gradually become Kingdom's core competitiveness.

We work towards our commitment to the environment and strive to reduce emissions with an objective to achieve carbon neutrality ultimately. We are also collaborating with CottonConnect, a United Kingdom based non-profit and social-oriented enterprise with a clear mission to transform the cotton/linen industry for good, to develop the REEL Linen Code of Conduct. REEL Linen is a sustainability-driven initiative for brands which are committed for sourcing more sustainable linen, including improving environment, quality and traceability conditions in their supply chain factories and farms worldwide. REEL stands for the idea of “Responsible Environment, Enhanced Livelihood”, it implements sustainable development into production practices.

本人欣然提呈金達控股有限公司（「**本公司**」）及其附屬公司（統稱「**金達**」或「**本集團**」）截至二零二零年十二月三十一日止年度（「**年內**」）的年報。

金達作為全球最大的亞麻紗製造商，年內生產亞麻紗16,704噸。

年內，二零一九年冠狀病毒疾病（「**COVID-19**」）疫情幾乎影響了世界上所有國家。年內，本集團純亞麻紗出口量為7,640噸（二零一九年：10,900噸），較去年純亞麻紗出口總量減少約29.9%，而中國純亞麻紗出口總量於同期下降約24%。金達繼續佔中國二零二零年純亞麻紗出口總量逾40%，保持本集團的市場領先地位，連續十八年穩佔中國最大的純亞麻紗出口商席位。本公司的五大出口市場為意大利、印度、土耳其、韓國及葡萄牙。推動環保及使用天然纖維已成趨勢。亞麻紗乃最環保的纖維之一，必然受惠於此趨勢。此外，中國已發展成為一個龐大的亞麻消費市場。

金達技術創新一直致立於行業的前沿。年內，本集團申請專利10項，其中發明專利3項，且截至二零二零年十二月三十一日，60項專利獲批准，31項專利申請待審批。這些成果將逐步成為金達的核心競爭力。

我們履行對環境的承諾，盡力減排並以碳中和為終極目標。我們亦與英國非營利性及社會導向型企業康特耐（CottonConnect）公司合作，以實現棉麻行業的轉型及制定（REEL）瑞優亞麻行為守則為明確目標。瑞優亞麻為針對致力於採購更可持續的亞麻品牌的一項可持續發展倡議，包括改善其全球供應鏈工廠及農場的環境、質量及可追溯性條件。瑞優代表「對環境負責，讓生活改善」的理念，將可持續發展貫徹於生產實踐中。

Chairman's Statement 主席報告書

Kingdom also started manufacturing industrial hemp yarn through its joint venture in Heilongjiang Province which was established in 2016, in which the Group has a 72.72% equity interest. The joint venture company has built a new industrial hemp and linen yarn factory with annual production capacity of 4,000 tonnes of yarn in Heilongjiang Province. It is also the Group's maiden attempt to explore the industrial hemp yarn market. The Heilongjiang factory produced 2,435 tonnes of hemp and linen yarn during the Year (2019: 3,042 tonnes).

The Group is also committed to investing in Ethiopia for new production facilities and has acquired a parcel of land with a site area of 300,000 square meters located in Adama Industrial Park, Adama, Ethiopia. The Ethiopia project is expected to generate savings on land lease, labour, energy and tax and there are possibly exemptions of quota and custom duty for exports of linen yarn manufactured in Ethiopia to a vast number of countries in the world. The Company believes this strategic investment in Ethiopia will have significant long-term benefits to the Group.

The sudden epidemic crisis caught a lot of industries off-guard during the Year. Although the outbreak of the COVID-19 is a force majeure event, its impact on our operations in 2020 cannot be underestimated. As a result, the trial production of the Ethiopia production facility experienced certain degree of delay.

The board (the "Board") of directors (the "Directors") of the Company believes that opportunities lie within crisis and remains its confidence in the future of the Group's operation and profitability. In order to reserve resources for the Group's immediate and future expansion, the Board did not recommend the payment of any final dividend for the Year (2019: HK7.0 cents per ordinary share of the Company).

On behalf of the Board, I would like to thank the entire staff for their devotion and contributions in the past year. Further, I would also like to express my sincere gratitude to the shareholders of the Company ("Shareholders") and business partners for their continuous support for the Group.

Ren Weiming
Chairman

Haiyan County, Zhejiang Province, the PRC, 19 March 2021

金達亦透過於二零一六年在黑龍江省成立的合資公司(本集團擁有其72.72%股權)開始生產工業大麻紗。合資公司於黑龍江省已興建一座年產能為4,000噸紗線的新工業大麻和亞麻紗廠。此舉亦為本集團首次嘗試開拓工業大麻紗市場。黑龍江工廠於年內生產2,435噸大麻及亞麻紗(二零一九年:3,042噸)。

本集團亦致力於埃塞俄比亞投資興建新生產設施,並已在埃塞俄比亞阿達瑪的阿達瑪工業園取得一幅地盤面積達30萬平方米的土地。預計埃塞俄比亞項目將節省土地租賃、勞動力、能源和稅收方面的費用,並且可能免除埃塞俄比亞製造的亞麻紗線出口到世界上許多國家的配額和關稅。本公司認為,埃塞俄比亞的戰略投資將為本集團帶來重大的長期利益。

年內,突如其來的疫情危機讓許多行業措手不及。爆發COVID-19是不可抗力事件,其對二零二零年金達經營影響不能低估。有鑒於此,埃塞俄比亞生產設施試產有所推延。

本公司董事(「董事」)會(「董事會」)認為「危」中有「機」,對本集團未來的經營和盈利仍充滿信心。為本集團近期及未來發展預留資源,董事會不建議就年內派發任何末期股息(二零一九年:本公司每股普通股7.0港仙)。

本人謹此代表董事會,感謝全體員工過去一年所作的努力與貢獻,此外,同時感激一眾本公司股東(「股東」)及業務夥伴一直給予本集團鼎力支持。

主席

任維明

中國浙江省海鹽縣,二零二一年三月十九日





Five Year Financial Summary 五年財務摘要

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

本集團最近五個財政年度的業績以及資產及負債摘要(摘錄自己刊發經審核財務報表)載列如下。

		Year ended 31 December 截至十二月三十一日止年度				
		2020 二零二零年 RMB'000 人民幣千元	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
REVENUE	收入	1,057,426	1,499,560	1,245,643	1,023,962	856,243
Cost of sales	銷售成本	(950,129)	(1,136,293)	(987,762)	(907,694)	(704,365)
Gross profit	毛利	107,297	363,267	257,881	116,268	151,878
Other income and gains	其他收益及得益	23,269	17,364	24,308	25,575	54,358
Selling and distribution costs	銷售及分銷成本	(38,879)	(49,453)	(48,687)	(39,361)	(37,951)
Administrative expenses	行政開支	(76,062)	(82,061)	(73,020)	(49,670)	(58,968)
Other expenses	其他開支	(16,847)	(10,327)	(6,818)	(38,200)	(643)
Finance costs	財務成本	(36,583)	(22,148)	(21,520)	(17,712)	(16,059)
Gain on disposal of a subsidiary	出售一家附屬公司的得益	11,123	235	-	-	-
PROFIT/(LOSS) BEFORE TAX	除稅前溢利/(虧損)	(26,682)	216,877	132,144	(3,100)	92,615
Income tax (expense)/Credit	所得稅(開支)/抵免	14,692	(61,112)	(28,957)	3,722	(22,586)
PROFIT FOR THE YEAR	年內溢利	(11,990)	155,765	103,187	622	70,029
Attributable to:	應佔:					
Owners of the parent	母公司擁有人	(10,796)	151,468	102,006	(3,132)	66,344
Non-controlling interests	非控制性權益	(1,194)	4,297	1,181	3,754	3,685

ASSETS AND LIABILITIES

資產及負債

		As at 31 December 於十二月三十一日				
		2020 二零二零年 RMB'000 人民幣千元	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
Total assets	資產總值	2,597,130	2,725,785	2,127,748	1,962,416	1,930,435
Total liabilities	負債總額	(1,371,027)	(1,444,890)	(974,239)	(912,220)	(843,999)
Non-controlling interests	非控制性權益	(41,886)	(43,085)	(40,620)	(32,439)	(18,685)
		1,184,217	1,237,810	1,112,889	1,017,757	1,067,751

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

The coronavirus disease identified in late 2019 (“COVID-19”) has severely affected the global economies throughout 2020. There have been over 102 million confirmed cases globally and counting. Different countries adopted different strategies during the early 2020 to tackle this pandemic but the effectiveness varied. Many countries since then have imposed different form of restriction of movement of people and force closure of office, school, restaurants and shopping mall. Many fashion brands had filed bankruptcy petition or announced massive scale down of their outlets and operation. Consumer behaviour also shifted to embrace more about online shopping in order to reduce the risk of being exposed to the virus.

China was the first country to identify the virus and warned the rest of the world through collaboration with the World Health Organisation. It had successfully contained the situation and it was the only major economy reported a positive GDP growth in the year ended 31 December 2020 (the “Year”), at a rate of 2.3%. The overall textile industry in China recorded a growth of 29.2% in export during the Year, according to the statistics of the General Administration of Customs of the People’s Republic of China (the “PRC” or “China”). The market price of cotton has increased by 11.9% in 2020 which may exert positive influence to the market demand of linen yarn.

According to the statistics of the General Administration of Customs of the PRC, the total volume of pure linen yarn exports of China in 2020 dropped by approximately 24.0% year-on-year, and Kingdom exported 7,640 tonnes, accounted for 49% of the total export volume from China.

In the trough of the economic cycle, the low level of cotton yarn price may lead to a reduction in demand for pure linen yarn from fashion brands and garment manufacturers, which favours cotton or cotton/linen blended yarn and enables products made of these materials to be more appealing to relatively cost-conscious consumers. However, if the price factor is being put aside, the market has proven that pure linen yarn is a preferred choice over linen mixed yarn. For years, the Group has been focusing on upholding excellent quality and offering tailored customer services. As such, the Group has always been a key partner of major overseas linen fabric and garment manufacturers.

業務回顧

於二零一九年末發現的冠狀病毒病（「COVID-19」）對全球經濟造成的嚴重影響貫穿二零二零年全年。全球已確診病例逾1.02億人，且有關數據仍在上升。二零二零年初，不同國家採取不同策略應對大流行病，但成效各異。自此，一眾國家實行各式人流限制，強制關閉辦公室、學校、餐館及購物中心。諸多時尚品牌已提交破產申請，或宣佈大規模縮減其門店數量及經營規模。消費者行為亦日益轉移至線上購物，以降低接觸該病毒的風險。

中國為首個發現該病毒的國家，並通過與世界衛生組織合作向全球其他地區發出警告。中國已成功控制局面，為截至二零二零年十二月三十一日止年度（「本年度」）取得GDP正增長的唯一主要經濟體，增長率為2.3%。根據中華人民共和國（「中國」）海關總署的統計數據，本年度中國整體紡織工業的出口增長29.2%。二零二零年，棉花市價上漲11.9%，可能對亞麻紗的市場需求產生正面影響。

根據中國海關總署的統計數據，二零二零年中國純亞麻紗出口總量同比下降約24.0%，而金達的出口額為7,640噸，佔中國出口總量的49%。

在低迷的經濟週期，棉紗價格處於偏低水平可能降低時裝品牌及成衣製造商對純亞麻紗的需求。為以成本吸納更多消費者，時裝品牌及成衣製造商可能傾向選擇棉紗或棉麻混紗作為產品原材料。然而，倘姑且不論價格因素，市場證明，純亞麻紗比亞麻混紡紗更受青睞。憑藉多年來本集團對優良品質的專注和全面貼身的客戶服務，因此，本集團一直以來都是海外主要亞麻纖維和成衣製造商的重要夥伴。

Management Discussion and Analysis

管理層討論及分析

During the Year, the Group's pure linen yarn exports amounted to 7,640 tonnes (2019: 10,900 tonnes). The Group continued to account for more than 40% of the total pure linen yarn export from China, signifying the Group's continuous leading position as the largest pure linen yarn exporter in China for 18 consecutive years.

Revenue of the Group for the Year decreased by approximately 29.5% year-on-year to RMB1,057,426,000 (2019: RMB1,499,560,000). Gross profit dropped by approximately 70.5% year-on-year to RMB107,297,000 (2019: RMB363,267,000) and overall gross margin decreased to 10.1% in 2020 (2019: 24.2%). Loss for the Year was RMB11,141,000, as compared from a net profit of RMB155,765,000 for the year 2019. Basic loss per share of the Company ("Share") amounted to RMB0.02 during the Year as compared to basic earnings per Share of RMB0.25 in 2019.

In order to preserve resources for further operation, the Board did not recommend the payment of a final dividend for the Year (2019: HK7.0 cents per Share).

Major Markets and Customers

Being the largest linen yarn exporter in China, the Group has a sales network covering over 20 countries and regions around the world. In order to timely seize market opportunity, keep abreast of market trends and deliver comprehensive and efficient services, the Group has established presence in major overseas linen textile and consumer markets. The Group currently has one subsidiary in Italy and agents in Turkey, Portugal, Italy, Lithuania and Korea. The Group's subsidiary in Italy keeps its own inventories so that it can serve the immediate needs and tighten its co-operation with high-end customers in Europe. During the Year, revenue derived from overseas sales amounted to RMB581,049,000, representing approximately 54.9% of the Group's total revenue. In particular, revenue from European Union countries amounted to approximately RMB302,630,000, representing approximately 28.6% of the Group's total revenue, while revenue from non-European Union countries amounted to approximately RMB278,419,000, representing approximately 26.3% of the Group's total revenue.

於本年度，本集團純亞麻紗出口量為7,640噸（二零一九年：10,900噸）。本集團繼續佔中國純亞麻紗出口總量逾40%，足證本集團的市場領先地位，連續十八年穩佔中國最大的純亞麻紗出口商席位。

本集團於本年度的收入同比減少約29.5%至人民幣1,057,426,000元（二零一九年：人民幣1,499,560,000元）。毛利同比下降約70.5%至人民幣107,297,000元（二零一九年：人民幣363,267,000元），整體毛利率於二零二零年下降至10.1%（二零一九年：24.2%）。本年度虧損為人民幣11,141,000元，而二零一九年為純利人民幣155,765,000元。本年度的本公司股份（「股份」）每股基本虧損為人民幣0.02元，而二零一九年為每股基本盈利人民幣0.25元。

為保留資源作進一步營運，董事會不建議派付本年度的末期股息（二零一九年：每股7.0港仙）。

主要市場及客戶

作為中國最大的亞麻紗出口企業，本集團的業務廣佈全球20多個國家與地區。為能適時捕捉市場機遇、掌握市場脈搏及提供更全面快捷的服務，本集團已於海外主要的亞麻紡織和消費者市場建立業務。目前，本集團已在意大利設立一家附屬公司，並在土耳其、葡萄牙、意大利、立陶宛及韓國設立代理。其中，本集團的意大利附屬公司備有存貨，方便即時發貨，深化與歐洲高端客戶的合作關係。於本年度，海外銷售貢獻收入達人民幣581,049,000元，佔本集團總收入約54.9%。其中，歐盟國家貢獻收入約人民幣302,630,000元，佔本集團總收入約28.6%，而非歐盟國家則合共貢獻收入約人民幣278,419,000元，佔本集團總收入約26.3%。

Management Discussion and Analysis

管理層討論及分析

During the Year, the Group's top five exporting countries are Italy, Portugal, India, Turkey and Korea which accounted for 76.2% of the total export revenue during the Year (2019: 81.5%).

Domestic sales in China decreased by approximately 26.8% during the Year to RMB476,377,000, representing approximately 45.1% of the Group's total revenue. In light of the increasing income level, there have been fundamental changes in the consumption patterns of the general public in China. Consumers' concerns have shifted from pure practicality to quality and the ability to reflect their personal taste. Linen textiles are not only anti-bacterial and comfortable, but also highly environment-friendly in their production process. Therefore, linen textiles perfectly suit the taste of new-generation consumers who may have a stronger preference over environment friendly and sustainable products. Many leading domestic and overseas trend-setting brands and fast-moving fashion brands have now embarked on their own linen selections. For example, a famous Japanese brand has not only launched a linen garment line, but also introduced a tracking system for the use of its raw materials to allow its product quality and environment-friendliness to be monitored by itself together with its consumers.

Sales Analysis by Domestic and Overseas Market

		FY2020		FY2019		Year-on-	Year-on-
		二零二零年財政年度		二零一九年財政年度		year change	year change
		RMB'000	%	RMB'000	%	in revenue	in revenue
		人民幣千元		人民幣千元		收入	收入
						按年變動	按年變動
						RMB'000	%
						人民幣千元	
China	中國	476,377	45.1%	650,576	43.4%	(174,199)	-26.8%
European Union	歐盟	302,630	28.6%	349,183	23.3%	(46,553)	-13.3%
Non-European Union	非歐盟	278,419	26.3%	499,801	33.3%	(221,382)	-44.3%
Total Revenue	總收入	<u>1,057,426</u>	100.0%	<u>1,499,560</u>	100.0%	(442,134)	-29.5%

於本年度，本集團的五大出口國為意大利、葡萄牙、印度、土耳其及韓國，佔本年度總出口收入的76.2%（二零一九年：81.5%）。

中國的國內銷售於本年度減少約26.8%至人民幣476,377,000元，佔本集團總收入約45.1%。隨著中國普羅大眾收入水平上升，消費模式發生了根本的轉變。消費者從過去僅關注實用的消費理念逐步升級至注重品質優良、能彰顯個性理念的產品。亞麻紡織品不僅抗菌舒適，其生產過程也非常環保。因此，亞麻紡織品十分符合新一代消費者對環保和可持續發展產品愈發濃厚的喜好。目前，國內外許多大型流行品牌、快速時尚品牌均已開拓亞麻服飾系列。例如，一個著名日本品牌不僅開展了亞麻系列服飾，同時亦引入了原材料追蹤機制，使其可與消費者一同監督產品品質和環保要求。

國內外市場銷售分析

Management Discussion and Analysis

管理層討論及分析

Raw Material Procurement and Related Strategies

During the Year, prices of fibre flax, the major raw material of linen yarn, maintained stable. The Group mainly sources its fibre flax from well-established origins such as France and Belgium. Being one of the largest buyers in these regions, the Group enjoys strong bargaining power when dealing with suppliers. Furthermore, the Group has formulated systematic procurement strategies under which the Group will procure raw materials according to the level of fibre flax harvest, the Group's inventory level and the market prices of fibre flax so as to stabilise its raw material costs and overall market demand and supply as well as reducing the price fluctuations of raw materials.

The Group also procured industrial hemp fibre for production of hemp yarn in its factory in Heilongjiang, China. Kingdom collaborated with the local farmers to secure stable supply of hemp fibre in China with the aim to further stabilise the price fluctuations and supply of raw materials. The Group is also building a warehouse in Heilongjiang to manage the storage, logistics and supply chain management of hemp materials with a vision to make it a national trading hub of hemp materials in China.

The Group is also collaborating with CottonConnect, a UK non-profit and social-oriented enterprise with a clear mission to transform the linen industry for good, to develop the REEL Linen Code of Conduct. REEL Linen is a sustainability-driven initiative for brands which are committed for sourcing more sustainable linen, including improving environment, quality and traceability conditions in their supply chain factories and farms worldwide. REEL stands for the idea of "Responsible Environment, Enhanced Livelihood", it implements sustainable development into production practices.

原材料採購及相關策略

於本年度，亞麻紗主要原材料亞麻纖維價格保持平穩趨勢。本集團的亞麻纖維主要從法國及比利時等優質亞麻產地進口。本集團是以上產地最大的採購商之一，因此與供應商交易時具有較強議價能力。此外，本集團按照亞麻收成狀況、本身庫存水平及亞麻纖維市場價格等因素，有系統地制定採購原材料策略，從而穩定其原材料成本及市場整體供需，並減輕原材料價格波動。

本集團亦於中國黑龍江省的工廠採購工業用大麻纖維以供生產大麻紗。金達與當地農民合作，確保中國大麻纖維的穩定供應，旨在進一步穩定價格波動及原材料供應。本集團亦正於黑龍江省建立一個倉庫，以管理大麻材料的存儲、物流及供應鏈管理，以期將其打造成中國大麻材料的全國貿易中心。

我們亦與英國非營利性及社會導向型企業康特耐（CottonConnect）公司合作，以實現亞麻行業的轉型及制定（REEL）瑞優亞麻行為守則為明確目標。瑞優亞麻為針對致力於採購更可持續的亞麻品牌的一項可持續發展倡議，包括改善其全球供應鏈工廠及農場的環境、質量及可追溯性條件。瑞優代表「對環境負責，讓生活改善」的理念，將可持續發展貫徹於生產實踐中。

Management Discussion and Analysis

管理層討論及分析

Production Bases and Productivity

As at 31 December 2020, the Group had four production bases in China and one production base in Ethiopia.

The Group's production bases are continuously under improvement. New production bases are equipped with the latest management systems, technologies and equipment, a combination of which has resulted in a smooth operation and reduced unnecessary procedures and wastage of raw materials, which has improved the Group's overall production efficiency. These systems have not only made the production processes more environment-friendly, but also reduced the production costs of the Group and have laid a solid foundation of profit growth for the Group in the long run. For further details of the measures taken by the Group in relation to environmental protection, please refer to the separate Environmental, Social and Governance Report of the Group for the Year, which is expected to be despatched together with the annual report of the Company for the Year before the end of April 2021.

China

The one in Rugao City, Jiangsu Province, the PRC has an annual production capacity of 6,000 tonnes. Another two production bases are located in Haiyan County, Zhejiang Province, the PRC, among which the first Haiyan plant has an annual production capacity of 7,000 tonnes and the second Haiyan plant has an annual production capacity of 5,000 tonnes. The Group has established its fourth facility in Heilongjiang Province in China with an annual capacity of 4,000 tonnes for flax and industrial hemp yarn. Currently, the designed annual linen and industrial hemp yarn production capacity of the Group amounts to 22,000 tonnes based on standardized 24Nm specification. The utilization of each of the production bases was affected by the COVID-19 pandemic during the Year.

The Group owns a 72.72% equity interest in the flax and industrial hemp yarn manufacturing facility in Heilongjiang and it is the Group's maiden attempt to explore the industrial hemp yarn market, as the Company believes industrial hemp yarn market will grow rapidly in the next few years due to the national policy in China to promote the planting of industrial hemp in the Heilongjiang region and the use of the industrial hemp textile products.

生產基地及產能

於二零二零年十二月三十一日，本集團在中國共設立四個生產基地及於埃塞俄比亞設立一個生產基地。

本集團的生產基地正在持續完善中。新的生產基地配置最新的管理系統及技術設備，運作流暢，減少不必要的工序及原材料的浪費，得以提升本集團的整體生產效率。這些系統不僅使生產工序更加環保，更減低了本集團的生產成本，為本集團從長遠上提升溢利奠定穩固基礎。有關本集團採取的環保措施的進一步詳情，請參閱另行刊發的本集團本年度環境、社會及管治報告（預期於二零二一年四月底以前連同本公司本年度年報一併寄發）。

中國

一個生產基地位於中國江蘇省如皋市，年產能為6,000噸。另外兩個生產基地設於中國浙江省海鹽縣，其中，海鹽一期廠房年產能為7,000噸，而海鹽二期廠房年產能為5,000噸。本集團在中國黑龍江省建立第四個生產基地，其亞麻紗及工業大麻紗的年產能達4,000噸。目前，按標準24公支規格計，本集團的亞麻紗和工業大麻紗設計年產能達到22,000噸。於本年度，各生產基地的利用情況受到COVID-19疫情影響。

本集團於黑龍江省一座亞麻及工業大麻紗生產設施擁有72.72%股權，此項投資為本集團進軍工業大麻紗市場的首項舉措，本公司相信，受惠於國家推動黑龍江地區工業大麻種植及工業大麻紡織品應用的國策，工業大麻紗市場將於未來數年急速增長。

Management Discussion and Analysis 管理層討論及分析

Ethiopia

The Group is also committed to investing in Ethiopia for new production facilities and has acquired a parcel of land with a site area of 300,000 square meters located in Adama Industrial Park, Adama, Ethiopia. The phase one development of this land parcel will further boost the annual production capacity of the Group by 5,000 tonnes. The Board believes that the federal government of Ethiopia is keen to develop the Kingdom Linen Yarn Factory constructed and to be further developed on this land parcel into one of the model projects of the “Belt & Road” initiative in Ethiopia. The Chinese government also encouraged manufacturers to expand overseas by facilitating political risk insurance coverage by state-owned insurance company. The Ethiopia project is expected to generate savings on land lease, labour, energy and tax and there are possibly exemptions of quota and custom duty for exports of linen yarn manufactured in Ethiopia to a vast number of countries in the world. Despite there have been on and off ethno-political conflicts since October 2016 leading to the resignation of the Prime Minister of Ethiopia in February 2018, the Government of Ethiopia had reaffirmed their commitment in maintaining the industrialization agenda that has already been initiated. With the new Ethiopian Prime Minister Abiy Ahmed Ali being awarded with the Nobel Peace Prize in 2019, the Board believes that the strategic investment in Ethiopia will have a long-term benefit to the Group. The construction of the factory is completed, and machinery and equipment have been installed. Due to the outbreak of COVID-19 pandemic in Ethiopia and the lack of quarantine facilities to receive confirmed cases locally, in order to protect the health and safety of our local workers and the Chinese operation technicians we sent from China, the trial operation of the Ethiopia factory was temporarily halted. The local workers were sent home with guarantee monthly payment as recommended and approved by the local authorities, while most of the Group’s Chinese skilled technicians were sent back to China during the Year. Once the pandemic is controlled and/or effective vaccine became available, the Company will re-commence the trial operation by sending the Chinese skilled technicians back to Ethiopia, tentatively in March 2021.

埃塞俄比亞

本集團亦致力於埃塞俄比亞投資興建新生產設施，並已於埃塞俄比亞阿達瑪的阿達瑪工業園取得一幅地盤面積達300,000平方米的土地。土地的第一期發展項目將令本集團的年產能進一步提高5,000噸。董事會相信，埃塞俄比亞聯邦政府積極將金達亞麻紗工廠（將於該幅土地上興建及進一步開發的項目）發展成為「一帶一路」在埃塞俄比亞的示範項目之一。中國政府亦安排國營保險公司提供政治風險保障，鼓勵製造商拓展海外市場。預期埃塞俄比亞項目有望減省土地租賃、勞動、能源及稅項的費用，並可能獲幾乎全球各國為埃塞俄比亞生產的亞麻紗出口提供配額及關稅豁免。儘管自二零一六年十月起持續發生民族政治衝突，導致埃塞俄比亞總理於二零一八年二月辭職，但埃塞俄比亞政府已重申其會竭力維持已啟動的工業化進程。由於埃塞俄比亞新總理阿比·艾哈邁德·阿裡(Abiy Ahmed Ali)於二零一九年獲授諾貝爾和平獎，故董事會認為於埃塞俄比亞的戰略投資將會為本集團帶來長期的利益。有關工廠的工程已完成且機器及設備已安裝。由於埃塞俄比亞爆發COVID-19疫情，當地缺乏接收確診病例的檢疫設施，為保障當地工人及自中國派遣的中國操作技術人員的健康與安全，我們已暫停埃塞俄比亞工廠的試產。我們已按當地政府的建議及批准遣送當地工人回家，並按月支付保證金，本集團的大多數中國熟練技術人員於本年度亦被遣返回國。一旦疫情得到控制及／或獲得有效疫苗，本公司便將中國熟練技術人員遣往埃塞俄比亞，重新開始試產，暫定於二零二一年三月進行。

Management Discussion and Analysis 管理層討論及分析

Existing and planned production bases

現有及已規劃生產基地

No.	Factory	Location	Country	Annual capacity (Tonnes) 年產能 (噸)	Utilisation/Status
編號	廠房	地點	國家		利用率／狀況
1	Haiyan 1st Factory 海鹽一期廠房	Zhejiang 浙江	China 中國	7,000	Close to 100% 接近100%
2	Rugao Factory 如皋廠房	Jiangsu 江蘇	China 中國	6,000	Close to 100% 接近100%
3	Haiyan 2nd Factory 海鹽二期廠房	Zhejiang 浙江	China 中國	5,000	Close to 100% 接近100%
4	Qinggang Factory 青崗廠房	Heilongjiang 黑龍江	China 中國	4,000	Close to 100% 接近100%
5	Ethiopia 埃塞俄比亞	Adama 阿達瑪	Ethiopia 埃塞俄比亞	5,000	Expects to re-commence trial production in 2021 預期二零二一年重新開始試產

Management Discussion and Analysis

管理層討論及分析

Patents, Awards and Recognition

The Group has continued to invest in technology and innovation. As at 31 December 2020, the Group owned 60 registered patents and there were another 31 patents applications pending formal approval by relevant authorities.

FINANCIAL REVIEW

Revenue

For the Year, the Group's revenue decreased by approximately 29.5% to approximately RMB1,057,426,000 (2019: RMB1,499,560,000). The decrease of revenue was mainly attributable to the lower selling price of pure linen yarn sold during the Year. During the Year, sales to China, European Union ("EU") and non-EU markets recorded a drop of 26.8%, 13.3% and 44.3%, respectively.

Gross Profit and Gross Profit Margin

For the Year, the Group's gross profit dropped to RMB107,297,000, representing a year-on-year decline of approximately 70.5% (2019: RMB363,267,000). Gross profit margin for the Year decreased by 14.1 percentage points to 10.1% (2019: 24.2%) as a result of lower selling prices of the linen yarn during the Year.

Other Income and Gains

For the Year, other income and gains of RMB23,208,000 (2019: RMB17,364,000) mainly represented by interest income of RMB875,000 (2019: RMB1,051,000), various government grants which amounted to RMB16,598,000 (2019: RMB8,161,000), gain on disposal of non-current assets of approximately RMB2,755,000 (2019: Nil) and insurance income of RMB132,000 (2019: RMB1,068,000).

專利、獎項及殊榮

本集團持續投資於技術創新。於二零二零年十二月三十一日，本集團擁有60項註冊專利，另有31項專利申請有待相關機關正式審批。

財務回顧

收入

於本年度，本集團的收入減少約29.5%至約人民幣1,057,426,000元（二零一九年：人民幣1,499,560,000元）。收入減少主要是由於本年度純亞麻紗銷售價格下跌。於本年度，對中國、歐盟（「歐盟」）及非歐盟市場的銷售分別錄得26.8%、13.3%及44.3%的下跌。

毛利及毛利率

於本年度，本集團的毛利按年減少約70.5%至人民幣107,297,000元（二零一九年：人民幣363,267,000元）。本年度的毛利率下降14.1個百分點至10.1%（二零一九年：24.2%），乃由於本年度亞麻紗售價下跌所致。

其他收益及得益

於本年度，其他收益及得益為人民幣23,208,000元（二零一九年：人民幣17,364,000元）主要指利息收入人民幣875,000元（二零一九年：人民幣1,051,000元）、多筆政府補助人民幣16,598,000元（二零一九年：人民幣8,161,000元）、出售非流動資產得益約人民幣2,755,000元（二零一九年：無）及保險收入人民幣132,000元（二零一九年：人民幣1,068,000元）。

Management Discussion and Analysis

管理層討論及分析

Selling and Distribution Expenses

For the Year, the Group's selling and distribution expenses amounted to approximately RMB38,879,000 (2019: RMB49,453,000), which accounted for approximately 3.7% (2019: 3.3%) of the Group's revenue. The increase in the selling and distribution expenses as a percentage of revenue in the Year was mainly due to higher percentage of freight and custom clearance expenses incurred, as higher sea freight charge imposed by major shipping companies due to the disruption of the normal freight schedule as a result of the COVID-19 pandemic during the Year.

Administrative Expenses

For the Year, the Group's administrative expenses amounted to approximately RMB76,062,000 (2019: RMB82,061,000), representing a decrease of approximately 7.3% as compared to the year ended 31 December 2019. The decrease of administrative expenses was mainly due to savings on entertainment and travelling expense of approximately RMB735,000, provision of bad debts of approximately RMB1,902,000 and share award plan expense of approximately RMB4,293,000.

Other Expenses

Other expenses of the Group for the Year mainly represent the net exchange loss of approximately RMB14,700,000 due to the United States Dollars depreciated against Chinese Yuan by approximately 6.5% (2019: exchange gain of RMB5,186,000 recorded in other income and gains), donation of approximately RMB1,175,000 (2019: RMB282,000) and impairment provision of approximately RMB124,000 (2019: RMB6,173,000).

Finance Costs

For the Year, finance costs amounted to approximately RMB36,583,000 (2019: RMB22,148,000), which comprises of net finance cost of approximately RMB36,113,000 (2019: RMB21,940,000) and interest on lease liabilities of approximately RMB470,000 (2019: RMB208,000). Net finance costs represent the total interest expense on bank loans of approximately RMB46,881,000 (2019: RMB35,003,000) less amount capitalized attributable to capital assets. An interest expense of approximately RMB10,768,000 was capitalized during the Year (2019: RMB13,063,000).

銷售及分銷開支

於本年度，本集團的銷售及分銷開支約為人民幣38,879,000元（二零一九年：人民幣49,453,000元），佔本集團收入約3.7%（二零一九年：3.3%）。本年度銷售及分銷開支佔收入的百分比上升，主要是因為正常貨運安排因本年度COVID-19疫情中斷而導致主要貨運公司收取較高的海運費，令產生的運費及報關費比例上升所致。

行政開支

於本年度，本集團的行政開支約為人民幣76,062,000元（二零一九年：人民幣82,061,000元），較截至二零一九年十二月三十一日止年度減少約7.3%。行政開支減少主要是由於節省招待及差旅開支約人民幣735,000元，計提壞賬撥備約人民幣1,902,000元及股份獎勵計劃開支約人民幣4,293,000元。

其他開支

本集團於本年度的其他開支主要指由於美元兌人民幣貶值約6.5%導致的匯兌虧損淨額約人民幣14,700,000元（二零一九年：於其他收益及得益錄得匯兌得益人民幣5,186,000元）、捐款約人民幣1,175,000元（二零一九年：人民幣282,000元）及減值撥備約人民幣124,000元（二零一九年：人民幣6,173,000元）。

財務成本

於本年度，財務成本約為人民幣36,583,000元（二零一九年：人民幣22,148,000元），包括財務成本淨額約人民幣36,113,000元（二零一九年：人民幣21,940,000元）及租賃負債利息約人民幣470,000元（二零一九年：人民幣208,000元）。財務成本淨額指銀行貸款的利息開支總額約人民幣46,881,000元（二零一九年：人民幣35,003,000元）減資本資產應佔的已撥充資本金額。於本年度撥充資本的利息開支約為人民幣10,768,000元（二零一九年：人民幣13,063,000元）。

Management Discussion and Analysis

管理層討論及分析

Income Tax (Credits)/Expenses

Income tax expense for the Year was a credit of approximately RMB15,602,000 (2019: income tax expense of approximately RMB61,112,000). The tax credit mainly represents the tax losses of the Group available for offsetting against future taxable profits.

Loss for the Year

As a result, the Group recorded a net loss for the Year of approximately RMB11,141,000, as compared to a net profit of approximately RMB155,765,000 for the year ended 31 December 2019.

Minority Interests

The minority interests amounted to RMB1,194,000 which represent the share of the net loss of the 27.28% of equity interests of Heilongjiang Kingdom Flax and Hemp Co., Ltd.* (黑龍江金達麻業有限公司), attributable to the minority shareholders during the Year (2019: share of profit of approximately RMB4,297,000).

Loss Attributable to Owners of the Parent

During the Year, the Group recorded a loss attributable to owners of the parent of approximately RMB9,947,000, as compared to a net profit attributable to owners of the parent of approximately RMB151,468,000 for the year ended 31 December 2019.

Other Intangible Assets

As at 31 December 2020, the Group's intangible assets were mainly certified emission rights in 2012 for a term of 20 years, which amounted to RMB4,158,000 (2019: RMB4,703,000). Intangible assets are subject to amortisation based on their useful lives. For the Year, the amortisation of intangible assets was approximately RMB545,000 (2019: RMB545,000).

Inventories

As at 31 December 2020, inventories of the Group decreased by approximately 0.2% to RMB793,825,000 (2019: RMB795,592,000), the average inventory turnover days increased from 217 days as at 31 December 2019 to 305 days as at 31 December 2020. The higher number of inventory turnover days was mainly attributable to lower sales revenue recorded during the Year.

所得稅(抵免)／開支

本年度所得稅開支為抵免約人民幣15,602,000元(二零一九年：所得稅開支約人民幣61,112,000元)。稅項抵免主要指本集團可用來抵銷未來應課稅溢利的稅項虧損。

本年度虧損

因此，本集團於本年度錄得虧損淨額約人民幣11,141,000元，而截至二零一九年十二月三十一日止年度則為純利約人民幣155,765,000元。

少數股東權益

為數人民幣1,194,000元的少數股東權益指本年度少數股東應佔黑龍江金達麻業有限公司27.28%股權所佔虧損淨額(二零一九年：應佔溢利約人民幣4,297,000元)。

母公司擁有人應佔虧損

於本年度，本集團的母公司擁有人應佔虧損約為人民幣9,947,000元，而截至二零一九年十二月三十一日止年度則為母公司擁有人應佔純利約人民幣151,468,000元。

其他無形資產

於二零二零年十二月三十一日，本集團的無形資產主要為於二零一二年獲取為期20年的認證排放權，金額為人民幣4,158,000元(二零一九年：人民幣4,703,000元)。無形資產按其可使用年期攤銷。於本年度，無形資產攤銷約為人民幣545,000元(二零一九年：人民幣545,000元)。

存貨

於二零二零年十二月三十一日，本集團的存貨減少約0.2%至人民幣793,825,000元(二零一九年：人民幣795,592,000元)，存貨平均週轉日數則由二零一九年十二月三十一日的217日增加至二零二零年十二月三十一日的305日。存貨週轉天數增加主要是由於本年度錄得較低的銷售收入。

* For identification purpose only

Management Discussion and Analysis

管理層討論及分析

Trade and Notes Receivables

As at 31 December 2020, trade and notes receivables of the Group increased by approximately 8.7% to RMB375,836,000 (2019: RMB345,813,000), the average accounts receivable turnover days increased from 78 days as at 31 December 2019 to 125 days as at 31 December 2020.

Trade and Notes Payables

As at 31 December 2020, trade and notes payables of the Group decreased by approximately 44.6% to approximately RMB198,863,000 (2019: RMB358,817,000). The average accounts payable turnover days increased to 107 days during the Year (2019: 97 days).

Interest-bearing Bank and Other Borrowings

As at 31 December 2020, the Group's interest-bearing bank and other borrowings increased by 12.6% to approximately RMB1,015,603,000 (2019: RMB902,351,000), of which RMB962,399,000 (2019: RMB823,482,000) were classified under current liabilities and RMB53,204,000 (2019: RMB78,869,000) were classified as non-current liabilities.

Liquidity and Financial Resources

As at 31 December 2020, the Group has net current assets of approximately RMB121,545,000 (2019: RMB178,938,000). The Group financed its operations with internally generated resources and bank loans during the Year. As at 31 December 2020, the Group had cash and cash equivalents of approximately RMB166,761,000 (2019: RMB144,798,000).

The liquidity ratio of the Group as at 31 December 2020 was approximately 109.1% (2019: 113.3%). Total equity of the Group as at 31 December 2020 was approximately RMB1,227,235,000 (2019: RMB1,280,895,000).

應收貿易賬款及應收票據

於二零二零年十二月三十一日，本集團的應收貿易賬款及應收票據增加約8.7%至人民幣375,836,000元（二零一九年：人民幣345,813,000元），應收賬款平均週轉日數則由二零一九年十二月三十一日的78日增加至二零二零年十二月三十一日的125日。

應付貿易賬款及應付票據

於二零二零年十二月三十一日，本集團的應付貿易賬款及應付票據減少約44.6%至約人民幣198,863,000元（二零一九年：人民幣358,817,000元）。應付賬款平均週轉日數於本年度增至107日（二零一九年：97日）。

計息銀行及其他借貸

於二零二零年十二月三十一日，本集團的計息銀行及其他借貸增加12.6%至約人民幣1,015,603,000元（二零一九年：人民幣902,351,000元），其中人民幣962,399,000元（二零一九年：人民幣823,482,000元）分類為流動負債而人民幣53,204,000元（二零一九年：人民幣78,869,000元）分類為非流動負債。

流動資金及財務資源

於二零二零年十二月三十一日，本集團的流動資產淨值約為人民幣121,545,000元（二零一九年：人民幣178,938,000元）。本集團於本年度以內部資源及銀行貸款為其營運提供資金。於二零二零年十二月三十一日，本集團的現金及現金等價物約為人民幣166,761,000元（二零一九年：人民幣144,798,000元）。

本集團於二零二零年十二月三十一日的流動比率約為109.1%（二零一九年：113.3%）。本集團於二零二零年十二月三十一日的總權益約為人民幣1,227,235,000元（二零一九年：人民幣1,280,895,000元）。

Management Discussion and Analysis

管理層討論及分析

As at 31 December 2020, the Group had interest bearing bank and other borrowings repayable within 12 months from the statement of financial position date of approximately RMB962,399,000 (2019: RMB823,482,000) and long-term interest bearing bank and other borrowings of approximately RMB53,204,000 (2019: RMB78,869,000). Together these interest bearing bank and other borrowings represented a gross debt gearing (i.e. total borrowings/total equity) of approximately 82.8% (2019: 70.4%).

CAPITAL COMMITMENTS

As at 31 December 2020, outstanding contractual capital commitments of the Group in respect of purchase of property, plant and equipment not provided for in the annual financial statements amounted to approximately RMB100,889,000 (2019: RMB41,370,000).

MATERIAL ACQUISITION AND DISPOSAL

On 29 November 2019, Zhejiang Jinyuan, an indirectly wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Zhejiang Kingdom Creative Co., Ltd.* (浙江金達創業有限公司) (“**Kingdom Creative**”), pursuant to which Zhejiang Jinyuan agreed to acquire and Kingdom Creative agreed to sell a parcel of land located at No. 192, Xinqiao North Road, Wuyuan Town, Haiyan County, Zhejiang Province, the PRC (中國浙江省海鹽縣武原鎮新橋北路192號) with a total area of approximately 15,700 sq.m. and the buildings erected on that land comprising two staff quarters and five other buildings with an aggregate area of approximately 10,000 sq.m (the “**Property**”) at a consideration of RMB50,000,000. For further details, please refer to the announcement of the Company dated 29 November 2019.

於二零二零年十二月三十一日，本集團須於由財務狀況表日期起計十二個月內償還的計息銀行及其他借貸約為人民幣962,399,000元(二零一九年：人民幣823,482,000元)，並有長期計息銀行及其他借貸約人民幣53,204,000元(二零一九年：人民幣78,869,000元)。該等計息銀行及其他借貸合共反映的總資本負債率(即總借貸／總權益)約為82.8%(二零一九年：70.4%)。

資本承擔

於二零二零年十二月三十一日，本集團就購買物業、廠房及設備未在全年財務報表內計提撥備的未償還合約資本承擔約為人民幣100,889,000元(二零一九年：人民幣41,370,000元)。

重大收購及出售

於二零一九年十一月二十九日，本公司的間接全資附屬公司浙江金元與浙江金達創業有限公司(「**金達創業**」)訂立買賣協議(「**買賣協議**」)，據此，浙江金元同意收購及金達創業同意出售位於中國浙江省海鹽縣武原鎮新橋北路192號的地塊(總面積約15,700平方米)及其上所建包括兩座員工宿舍及五座其他樓宇(總面積約10,000平方米)(「**該物業**」)，代價為人民幣50,000,000元。有關進一步詳情，請參閱本公司日期為二零一九年十一月二十九日的公告。

* For identification purpose only

Management Discussion and Analysis 管理層討論及分析

Zhejiang Jinyuan was subsequently informed by Kingdom Creative that, due to the change in development plan of the land where the Property is located, the Property can no longer be constructed as a production facilities as originally planned. As informed by the relevant PRC local government, the usage of the land where the Property was located would be changed to commercial purpose, and the transfer of title of the Property from Kingdom Creative to Zhejiang Jinyuan pursuant to the Sale and Purchase Agreement would not be processed accordingly. Having considered the interests of the Company and the Shareholders and following further negotiation among the relevant parties, on 23 October 2020, Zhejiang Jinyuan and Kingdom Creative entered into a settlement agreement (the “**Settlement Agreement**”), pursuant to which the parties agreed that (i) the Sale and Purchase Agreement shall be terminated and the acquisition as contemplated under the Sale and Purchase Agreement shall not proceed to completion; and (ii) an amount of RMB48,000,000, being the amount paid by Zhejiang Jinyuan to Kingdom Creative upon the signing of the Sale and Purchase Agreement was refunded in full to Zhejiang Jinyuan within 30 days upon the entering of the Settlement Agreement. The Group received the full refund of RMB48,000,000 in October 2020.

Saved as disclosed above, the Group did not have any material acquisitions or disposals during the Year.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments held during the Year.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any contingent liabilities (2019: Nil).

浙江金元其後獲金達創業告知，由於該物業所在土地的發展計劃改變，故該物業不可再按原定計劃建設為生產設施。誠如相關中國地方政府所告知，該物業所在土地的用途將更改為商業用途，因此，根據買賣協議將該物業的所有權由金達創業轉讓至浙江金元的事項將不獲受理。經考慮本公司及股東的利益及相關訂約方的進一步磋商後，於二零二零年十月二十三日，浙江金元與金達創業訂立和解協議（「**和解協議**」），據此，訂約方同意(i)買賣協議將會終止及買賣協議項下擬進行的收購事項將不會進行至完成；及(ii)浙江金元於簽署買賣協議時向金達創業支付的金額人民幣48,000,000元已於訂立和解協議後30日內悉數退還予浙江金元。本集團於二零二零年十月已收取全額退款人民幣48,000,000元。

除上文所披露者外，本集團於本年度並無任何重大收購或出售。

重大投資

本集團於本年度並無持有任何重大投資。

或有負債

於二零二零年十二月三十一日，本集團並無任何或有負債（二零一九年：無）。

Management Discussion and Analysis

管理層討論及分析

CHARGE OF ASSETS

As at 31 December 2020, the current interest-bearing bank borrowings with a carrying amount of RMB401,682,000 were secured by certain property, plant and equipment, prepaid land lease payments, and inventories with carrying amounts of RMB252,403,000 (2019: RMB122,816,000), RMB56,029,000 (2019: RMB39,397,000) and RMB40,000,000 (2019: RMB40,000,000), respectively.

As at 31 December 2019, the non-current interest-bearing bank borrowings with a carrying amount of RMB25,200,000 were secured by certain property, plant and equipment and prepaid land lease payments of the Group with carrying amounts of RMB71,393,000 and RMB14,783,000, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save for the ongoing investment in our Ethiopia factory project, various up-keeping and maintenance of existing factory projects and to build a new warehouse in Heilongjiang, the Directors confirmed that as at the date of this report, there are no current plan to acquire any material investment or capital assets.

FOREIGN CURRENCY RISK

The Group's transactions are mainly denominated in Renminbi, United States Dollars, Euro and Hong Kong Dollars. The exchange rate changes of such currencies were monitored regularly and managed appropriately. The Group had not entered into certain foreign currency forward contracts and cross-currencies swap contracts by utilising its credit line during the Year and there was no such outstanding contract as at 31 December 2020 (2019: derivative financial instruments of approximately RMB198,000 were recognised by the Group as a current asset).

資產抵押

於二零二零年十二月三十一日，賬面金額為人民幣401,682,000元的即期計息銀行借貸以賬面金額分別為人民幣252,403,000元（二零一九年：人民幣122,816,000元）、人民幣56,029,000元（二零一九年：人民幣39,397,000元）及人民幣40,000,000元（二零一九年：人民幣40,000,000元）的若干物業、廠房及設備、土地租賃預付款項及存貨作抵押。

於二零一九年十二月三十一日，賬面金額為人民幣25,200,000元的非即期計息銀行借貸以本集團賬面金額分別為人民幣71,393,000元及人民幣14,783,000元的若干物業、廠房及設備以及土地租賃預付款項作抵押。

重大投資或資本資產的未來計劃

除對埃塞俄比亞工廠項目的持續投資、現有工廠項目的各種維護保養及於黑龍江省建立新倉庫外，董事確認於本報告日期，目前並無計劃收購任何重大投資或資本資產。

外幣風險

本集團的交易主要以人民幣、美元、歐元及港元為單位。本集團定期監察該等貨幣之間的匯率變動，並作出妥善管理。於本年度，本公司概無運用信貸額訂立若干外匯遠期合約及交叉貨幣掉期合約，於二零二零年十二月三十一日，亦無有關尚未完成的合約（二零一九年：本集團已確認約人民幣198,000元的衍生金融工具為流動資產）。

Management Discussion and Analysis 管理層討論及分析

REMUNERATION POLICY AND SHARE OPTION SCHEME

As at 31 December 2020, the Group had a total of 2,890 employees (2019: 3,099 employees). Total staff costs incurred for the Year decreased by approximately 9.7% to RMB184,224,000 (2019: RMB204,072,000). The decrease in staff costs which stemmed from automation of certain procedures in the factories resulting fewer headcount was required and certain local workers in Ethiopia were dismissed due to temporary halt of the trial operation of the Ethiopia factory, as a result of the COVID-19 pandemic situation in Ethiopia.

The Group offers comprehensive and competitive remuneration, retirement scheme and benefit packages to its employees. The Group is required to make contributions (retirement insurance and unemployment insurance) to a social security scheme in China. The remuneration policy for the employees of the Group is formulated by the Board with reference to the employee's respective qualification, experience, responsibilities and contributions to the Group, as well as the prevailing market rate of remuneration for a similar position. The remuneration of the Directors are determined by the Board and the remuneration committee of the Company with the mandate given by the Shareholders at the annual general meeting having regard to the Group's operating results, individual performance and comparable market statistics. The Group also provides both internal and external training programmes for its employees from time to time.

The Group has also adopted a share option scheme and a share award plan for the purpose of providing incentives and rewards to the Directors, including independent non-executive Directors, and other employees of the Group who have contributed to the success of the Group's operations.

薪酬政策及購股權計劃

於二零二零年十二月三十一日，本集團合共聘有2,890名僱員（二零一九年：3,099名僱員）。本年度產生的員工總成本減少約9.7%至人民幣184,224,000元（二零一九年：人民幣204,072,000元）。員工成本減少乃由於工廠中若干程序自動化導致所需人員減少，及由於COVID-19疫情局勢導致埃塞俄比亞工廠的試產暫停，導致埃塞俄比亞若干當地工人遭解聘。

本集團為其僱員提供全面及具競爭力的薪酬、退休計劃及福利待遇。本集團須向中國社會保障計劃供款（退休保險及失業保險）。本集團僱員的薪酬政策由董事會參照各僱員的資歷、經驗、所承擔責任、對本集團的貢獻及類似職位的現行市場薪酬水平制定。董事會及本公司薪酬委員會獲股東於股東週年大會上授權，根據本集團經營業績、董事個別表現及可比較市場數字而釐定董事薪酬。本集團亦不時為其僱員提供內部及外部培訓課程。

本集團亦已採納購股權計劃及股份獎勵計劃，目的為向對本集團業務的成功作出貢獻的董事（包括獨立非執行董事）及本集團的其他僱員提供激勵及獎勵。

Management Discussion and Analysis

管理層討論及分析

OUTLOOK AND PLANS

The percussion of the COVID-19 pandemic in 2020 is expected to carry forward to at least the first half of 2021. Many countries commenced or will commence administering the COVID-19 vaccination to protect their residents against infection. The COVID-19 situation is expected to significantly improve in the second half of the year 2021. The demand of linen yarn is also expected to recover and grow gradually.

The trend of environment friendliness and the use of natural fibers has been set. Many fashion brands had made commitments to use environmental and sustainable materials for their products. Linen yarn, as one of the most environment-friendly fibers, will surely benefit from this trend. Kingdom also collaborated with CottonConnect, a UK non-profit and social-oriented enterprise with a clear mission to transform the cotton/linen industry for good, to develop the REEL Linen Code of Conduct. REEL Linen is a sustainability-driven initiative for brands which are committed for sourcing more sustainable linen, including improving environment, quality and traceability conditions in their supply chain factories and farms worldwide. REEL stands for the idea of “Responsible Environment, Enhanced Livelihood”, it implements sustainable development into production practices. This initiative would help Kingdom to move towards a sustainable operation and ensure its long-term success.

前景及計劃

預計二零二零年COVID-19疫情的影響將至少延續至二零二一年上半年。許多國家已開始或將開始COVID-19疫苗接種，以保障其居民免受感染。預計COVID-19局勢將在二零二一年下半年顯著改善。亞麻紗的需求亦有望恢復並實現逐步增長。

使用環境友好型及天然纖維乃大勢所趨。許多時尚品牌已承諾在其產品中使用環保及可持續性材料。亞麻紗作為最環保的纖維之一，必定會從這一趨勢中受益。金達亦與英國非營利性及社會導向型企業康特耐 (CottonConnect) 公司合作，以實現棉麻行業的轉型及制定 (REEL) 瑞優亞麻行為守則為明確目標。瑞優亞麻為針對致力於採購更可持續的亞麻品牌的一項可持續發展倡議，包括改善其全球供應鏈工廠及農場的環境、質量及可追溯性條件。瑞優代表「對環境負責，讓生活改善」的理念，將可持續發展貫徹於生產實踐中。該倡議將有助於金達朝著可持續發展的方向邁進，並確保其長期成功。

Management Discussion and Analysis 管理層討論及分析

China has become one of the largest consumer markets for linen textile products. The Company is confident in the sustainable demand for linen yarn in the coming years, as the Chinese government encourages domestic consumption for its GDP growth and transformation of its economy to lessen the reliance on exports. Kingdom will continue to leverage on its market leading position to capture the opportunities in the domestic market.

In addition, the first phase of the Group's Ethiopia factory with an annual production capacity of 5,000 tonnes (based on standard 24NM counts) is completed and expected to re-commence the trial production in 2021, once the COVID-19 situation in Ethiopia has been improved and/or effective vaccination became available to our workers. Exemptions of quota and custom duty for exports of linen yarn manufactured in Ethiopia to a vast number of countries in the world will help the Group to remain competitive in the coming years.

We will also leverage on our strength and explore the possibilities of tapping into the linen fabric/garment market in the near future.

中國已成為亞麻紡織品最大的消費市場之一。由於中國政府鼓勵通過國內消費實現GDP增長及經濟轉型，減少對出口的依賴，本公司對未來數年亞麻紗的可持續需求充滿信心。金達將繼續利用其市場領先地位把握國內市場的機會。

此外，本集團年產5,000噸（按標準24公支規格計）的埃塞俄比亞工廠的第一階段已經完成，一旦埃塞俄比亞的COVID-19狀況得到改善及／或工人得以接種有效疫苗，預計將於二零二一年重新開始試產。鑑於將埃塞俄比亞製造的亞麻紗出口至全球許多國家享有配額及關稅減免，本集團將在未來數年保持競爭力。

我們亦將憑藉我們的實力，探索在不久將來進軍亞麻纖維／成衣市場的可能性。



新 40
BS621



Directors and Senior Management 董事及高級管理層

CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Ren Weiming (任維明), aged 61, is the chairman of the Group and an executive Director. Mr. Ren is responsible for the overall management of the Group and making decisions on the business development strategy of the Group. Mr. Ren has worked in the silk and textile industry since 1979. He has been the chairman and general manager of Zhejiang Kingdom Creative Co., Ltd.* (“**Kingdom Creative**”), a company which is owned as to 71.64% by Mr. Ren since 2000. Mr. Ren started to engage in the linen yarn manufacturing business through Haiyan Ziwei Flax Co., Ltd.* in December 2001 as its director. He joined the Group in March 2003 when the first operating member of the Group, Zhejiang Jinyuan Flax Co., Ltd.* (“**Zhejiang Jinyuan**”) was established. Mr. Ren is a director of certain subsidiaries of the Group. He obtained various awards including National Township Entrepreneur awarded by the Ministry of Agriculture of the PRC, National Excellent Young Factory Manager and Zhejiang Provincial Excellent Entrepreneur. He was a representative of the 9th and 10th National People’s Congress of Zhejiang Province. Mr. Ren is currently the vice president of China Bast and Leaf Fibers Textile Association and the vice-president of The Hong Kong General Chamber of Textiles Ltd. He is also a director of Kingdom Investment Holdings Limited (“**Kingdom Investment**”) with discloseable interests in the Shares under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”). Mr. Ren is also a director of Bank of Jiaying Co., Ltd.*, Zhejiang Jinxiu Jiangnan Silk Co., Ltd.* (“**Jinxiu Jiangnan**”) and Interconnect Financial Leasing (Shanghai) Co., Ltd.* (“**Interconnect**”).

EXECUTIVE DIRECTOR

Mr. Shen Yueming (沈躍明), aged 59, is an executive Director. Mr. Shen is a director of Zhejiang Jinyuan, Jiangsu Jinyuan Flax Co., Ltd. (“**Jiangsu Jinyuan**”), and Zhejiang Kingdom Flax Co., Ltd.* (“**Zhejiang Kingdom**”), all are wholly-owned subsidiaries of the Company. Mr. Shen is also a director of Heilongjiang Kingdom Flax & Hemp Co., Ltd.* (“**Heilongjiang Kingdom**”), a non-wholly owned subsidiary of the Company. Mr. Shen is responsible for the day-to-day operations and management of the Group and also takes part in the decision making of the Group. He is also a director of Kingdom Creative, Jinxiu Jiangnan, Haiyan Chen Chen Silk Clothing Co., Ltd.* and Interconnect. Mr. Shen joined the Group in March 2003.

主席兼執行董事

任維明先生，現年六十一歲，本集團主席兼執行董事。任先生負責本集團一切管理事宜，並為本集團業務發展計劃的決策人。任先生自一九七九年起投身絲綢及紡織行業。彼自二零零零年起擔任浙江金達創業股份有限公司（「**金達創業**」，一家由任先生擁有71.64%權益的公司）主席兼總經理。藉擔任海鹽紫薇亞麻有限公司的董事，任先生於二零零一年十二月開始從事製造亞麻紗業務。彼於二零零三年三月（即本集團首間營運成員公司浙江金元亞麻有限公司（「**浙江金元**」）成立之時）加入本集團。任先生為本集團若干附屬公司的董事。彼曾獲得許多獎項，包括中國農業部全國鄉鎮企業家、全國優秀青年廠長及浙江省優秀企業經營者。彼為浙江省第九屆及第十屆人民代表大會代表。任先生現為中國麻紡織行業協會副理事長及香港紡織商會副會長。彼亦擔任 Kingdom Investment Holdings Limited（「**Kingdom Investment**」）的董事，該公司於股份中擁有根據香港法例第571章證券及期貨條例（「**證券及期貨條例**」）第XV部第2及第3分部條文須予披露的權益。任先生亦為嘉興銀行股份有限公司、浙江錦繡江南絲綢有限公司（「**錦繡江南**」）及滙通融資租賃（上海）有限公司（「**滙通**」）的董事。

執行董事

沈躍明先生，現年五十九歲，執行董事。沈先生為浙江金元、江蘇金元亞麻有限公司（「**江蘇金元**」）及浙江金達亞麻有限公司（「**浙江金達**」）的董事，該等公司全部均為本公司的全資附屬公司。沈先生亦為本公司的非全資附屬公司黑龍江金達麻業有限公司（「**黑龍江金達**」）的董事。沈先生負責本集團日常營運及管理事宜，亦參與本集團決策。彼亦為金達創業、錦繡江南、海鹽臣臣絲綢時裝有限公司及滙通的董事。沈先生於二零零三年三月加入本集團。

Directors and Senior Management 董事及高級管理層

EXECUTIVE DIRECTOR

Mr. Zhang Hongwen (張鴻文), aged 54, is an executive Director. Mr. Zhang is the director of Zhejiang Jinyuan, Jiangsu Jinyuan, Zhejiang Kingdom, Kingdom Tiansheng (Shanghai) Trading Co., Ltd.* (“**Tiansheng**”), Zhejiang Kingdom REEL Textile Co. Ltd.* (“**Kingdom REEL**”) and Heilongjiang Kingdom Hemp Supply Chain Management Co., Ltd.* (“**Kingdom Supply Chain**”). He is also a director of Kingdom Creative, Interconnect, Jinxiu Jiangnan, Zhejiang Yuyuan Photovoltaic Co., Ltd.* (“**Zhejiang Yuyuan**”), Zhaosu Jindi Flax Co., Ltd.* (“**Zhaosu Jindi**”), Heilongjiang Kangyuan Bio-Technology Co., Ltd.* (“**Kangyuan Bio-Tech**”) and Mega East Investment Limited. Before joining the Group in 2003, Mr. Zhang was the assistant to the general manager and the head of capital clearing division of Kingdom Creative from 2000 to 2002.

EXECUTIVE DIRECTOR

Ms. Shen Hong (沈鴻), aged 54, is an executive Director. Ms. Shen is the management controller of the Group. She completed her professional accounting studies at Zhejiang Long March Finance School in the People’s Republic of China in July 1994 and has more than 20 years of experience in finance-related area. Ms. Shen is the director of Heilongjiang Kingdom. Ms. Shen is also a director of Kingdom Creative, Zhaosu Jindi, Kangyuan Bio-Tech, Heilongjiang Kangyuan Flax and Hemp Seed Co., Ltd.* (“**Kangyuan Seed**”). Before joining the Group in March 2003, she worked in Kingdom Creative as the head of finance management department.

NON-EXECUTIVE DIRECTOR

Mr. Ngan Kam Wai Albert (顏金輝), aged 71, is a non-executive Director. Mr. Ngan is the chairman of Millionfull Company Limited, a company incorporated in Hong Kong engaged in the trading of linen and linen blend textiles. Mr. Ngan was a member of the 9th and 10th Fujian Provincial People’s Political Consultative Conference and vice-chairman of Po Leung Kuk from April 2010 to March 2012. He was the president of The Hong Kong General Chamber of Textiles Ltd. from September 2009 to August 2011 and has been appointed as the permanent honorary chairman of The Hong Kong General Chamber of Textiles Ltd. in September 2011 and was a director of HuaQiao University in 2002. On 22 November 2011, he became a member of the Election Committee of the Chief Executive Election of the Hong Kong Special Administrative Region. He joined the Group in September 2004. He is also the chairman of the board of directors of Millionfull International Co., Ltd which has discloseable interests in the shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. He is also a director of Interconnect.

執行董事

張鴻文先生，現年五十四歲，執行董事。張先生為浙江金元、江蘇金元、浙江金達、金達天晟(上海)商貿有限公司(「**天晟**」)、浙江金達瑞優紡織有限公司(「**金達瑞優**」)及黑龍江金達工業大麻供應鏈管理有限公司(「**金達供應鏈**」)的董事。彼亦為金達創業、匯通、錦繡江南、浙江昱源光伏有限公司(「**浙江昱源**」)、昭蘇金地亞麻有限公司(「**昭蘇金地**」)、黑龍江康源生物科技有限公司(「**康源生物**」)及誠東投資有限公司的董事。於二零零三年加入本集團之前，張先生於二零零零年至二零零二年為金達創業的總經理助理兼資金結算部的主管。

執行董事

沈鴻女士，現年五十四歲，執行董事。沈女士為本集團管理總監。彼於一九九四年七月完成中華人民共和國浙江長征財經進修學院的會計專業課程，擁有逾20年的財務相關經驗。沈女士為黑龍江金達的董事。沈女士亦為金達創業、昭蘇金地、康源生物及黑龍江康源種業有限公司(「**康源種業**」)的董事。於二零零三年三月加入本集團之前，彼在金達創業任職財務管理部門主管。

非執行董事

顏金輝先生，現年七十一歲，非執行董事。顏先生擔任億裕有限公司主席。該公司在香港註冊成立，從事亞麻及亞麻混合纖維紡織品貿易。顏先生為中國人民政治協商會議福建省第九屆及第十屆委員會成員及於二零一零年四月至二零一二年三月為保良局副主席。彼於二零零九年九月至二零一一年八月期間出任香港紡織商會會長，並於二零一一年九月獲委任為香港紡織商會永遠榮譽會長及於二零零二年獲委任為華僑大學的董事。彼於二零一一年十一月二十二日當選香港特別行政區行政長官選舉委員會委員。彼於二零零四年九月加入本集團。彼亦為Millionfull International Co., Ltd的董事會主席，該公司於本公司股份中擁有根據證券及期貨條例第XV部第2及第3分部條文須予披露的權益。彼亦為匯通的董事。

Directors and Senior Management 董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lau Ying Kit (劉英傑), aged 47, is an independent non-executive Director. Mr. Lau is currently an independent non-executive director of China Wood Optimization (Holding) Limited (Stock Code: 01885), United Strength Power Holdings Limited (Stock Code: 02337) and Sinco Pharmaceuticals Holdings Limited (Stock Code: 06833), companies listed on the Main Board of the Stock Exchange. Mr. Lau was an independent non-executive director of Xiezhong International Holdings Limited (Stock Code: 03663) from 16 May 2012 until 30 September 2020. Mr. Lau is a fellow member of the Hong Kong Institute of Certified Public Accountants and holds a master's degree in finance from the City University of Hong Kong. He has extensive experience in financial and accounting in China and Hong Kong. He joined the Group in November 2006.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lo Kwong Shun Wilson (羅廣信), aged 47, is an independent non-executive Director. Mr. Lo has more than 10 years of working experience in investment banking and advising on corporate finance. Mr. Lo is currently a deputy general manager of Guotai Junan Capital Limited. Mr. Lo is also an independent non-executive director of Raymond Industrial Limited (Stock Code: 00229), a company listed on the Main Board of the Stock Exchange. Mr. Lo also has three years of experience in the field of auditing and accounting. Mr. Lo is a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He obtained his bachelor's degree in commerce from the University of British Columbia in Canada in 1995. He joined the Group in May 2010.

獨立非執行董事

劉英傑先生，現年四十七歲，獨立非執行董事。劉先生現為中國優材(控股)有限公司(股份代號：01885)、眾誠能源控股有限公司(股份代號：02337)及興科蓉醫藥控股有限公司(股份代號：06833)(上述公司均在聯交所主板上市)的獨立非執行董事。劉先生於二零一二年五月十六日至二零二零年九月三十日擔任協眾國際控股有限公司(股份代號：03663)的獨立非執行董事。劉先生是香港會計師公會資深會員，並持有香港城市大學金融學碩士學位。彼於中國和香港有豐富金融及會計經驗。彼於二零零六年十一月加入本集團。

獨立非執行董事

羅廣信先生，現年四十七歲，獨立非執行董事。羅先生於投資銀行及企業融資顧問方面擁有超過10年經驗。羅先生現時為國泰君安融資有限公司的副總經理。羅先生亦為聯交所主板上市公司利民實業有限公司(股份代號：00229)的獨立非執行董事。羅先生亦擁有三年核數及會計經驗。羅先生為美國會計師公會及香港會計師公會會員。彼於一九九五年獲取加拿大英屬哥倫比亞大學商科學士學位。彼於二零一零年五月加入本集團。

Directors and Senior Management 董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Yan Jianmiao (嚴建苗), aged 55, has been appointed as an independent non-executive Director at the conclusion of the annual general meeting on 30 May 2016. Mr. Yan is currently a professor of Department of International Economics of Zhejiang University ("ZJU"), a director of China Society of World Economics (CSWE), an executive director of Zhejiang International Economics and Trade Association, an academic counselor of Hangzhou WTO consulting center and a researcher of the Center for Research of Private Economy (CRPE) of ZJU. Prior to holding these positions, Mr. Yan served as a deputy director in Department of International Trade of Hangzhou University and a director of Department of International Economics of ZJU. Mr. Yan was an independent director of Hundsun Technologies Inc. (Stock Code: 600570), a company listed on the Shanghai Stock Exchange, from March 2010 to October 2014. He is currently an independent director of Top Choice Medical Co., Inc. (Stock Code: 600763), and Zhejiang Xinan Chemical Industrial Group Co. Ltd. (Stock Code: 600596), both listed on the Shanghai Stock Exchange. Mr. Yan graduated from Hangzhou University in 1985 with a Bachelor of Economics degree. He obtained a master degree in economics from the Shanghai Academy of Social Sciences in 1988. Mr. Yan was a senior visiting scholar of Le Havre Business School in France in 1997 and obtained a PhD in Economics from ZJU in 2005. He joined the Group in May 2016.

獨立非執行董事

嚴建苗先生，現年五十五歲，於二零一六年五月三十日的股東週年大會結束時獲委任為獨立非執行董事。嚴先生現時為浙江大學（「浙大」）國際經濟學系教授、中國世界經濟學會理事、浙江省國際經濟貿易學會常務理事、杭州市WTO諮詢服務中心學術顧問及浙大民營經濟研究中心研究員。於擔任上述職務前，嚴先生曾任杭州大學國際貿易系副主任，浙大國際經濟學系系主任。嚴先生於二零一零年三月至二零一四年十月為上海證券交易所上市公司恆生電子股份有限公司（股份代號：600570）的獨立董事。彼現時為上海證券交易所上市公司通策醫療股份有限公司（股份代號：600763）及浙江新安化工集團股份有限公司（股份代號：600596）的獨立董事。嚴先生在一九八五年畢業於杭州大學，獲經濟學學士學位；在一九八八年取得上海社會學院經濟學碩士學位。嚴先生於一九九七年任法國Le Havre Business School（勒阿弗爾商學院）高級訪問學者，在二零零五年取得浙大哲學博士學位（主修經濟學）。彼於二零一六年五月加入本集團。

Directors and Senior Management 董事及高級管理層

SENIOR MANAGEMENT

Mr. Chan Yan Kwan Andy (陳仁君), aged 52, is the chief financial officer and company secretary of the Company. Mr. Chan has over 20 years of experience in accounting and the financial sector. From July 2004 to January 2014, he was the group financial controller and company secretary of Natural Beauty Bio-Technology Limited (Stock Code: 00157), a company listed on the Main Board of the Stock Exchange, responsible for financial planning and monitoring. Prior to July 2004, he worked in an international accounting firm and served senior financial positions in a company listed on the NASDAQ Stock Market and a renowned German exhibition company. Mr. Chan is also an independent non-executive director of Greentown Management Holdings Company Limited (Stock Code: 09979), a company listed on the Main Board of the Stock Exchange. Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and was a holder of Practitioner's Endorsement certificate issued by the Hong Kong Institute of Chartered Secretaries from 2010 to 2018. He graduated from the University of Hull in the United Kingdom with a bachelor's degree in economics and accounting in 1992 and graduated from the Ivey Business School with Western University (formerly Richard Ivey School of Business with University of Western Ontario), Canada with an Executive MBA in 2008. Mr. Chan joined the Group in January 2014.

* For identification purpose only

高級管理層

陳仁君先生，現年五十二歲，本公司財務總監兼公司秘書。陳先生於會計及財務方面擁有逾20年經驗。於二零零四年七月至二零一四年一月期間，彼為自然美生物科技有限公司（股份代號：00157，一間在聯交所主板上市的公司）的集團財務總監兼公司秘書，負責財務規劃及監督。於二零零四年七月之前，彼曾任職於一間國際會計師行，亦曾於一間納斯達克證券市場上市公司及一間著名德國展覽公司擔任高級財務職位。陳先生亦為聯交所主板上市公司綠城管理控股有限公司（股份代號：09979）的獨立非執行董事。陳先生為香港會計師公會及英國特許公認會計師公會資深會員，並從二零一零年至二零一八年持有由香港特許秘書公會頒發的從業者認可證書。彼於一九九二年畢業於英國赫爾大學，持有經濟及會計學學士學位，以及於二零零八年畢業於加拿大西部大學Ivey商學院（Ivey Business School）（前稱西安大略大學Richard Ivey商學院（Richard Ivey School of Business）），持有行政人員工商管理碩士學位。陳先生於二零一四年一月加入本集團。

Report of the Directors 董事會報告

It is the Board's pleasure in presenting their annual report on the affairs of the Group together with the audited financial statements for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 1 to the financial statements.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 87.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on page 4 and page 9 respectively of this annual report.

An indication of likely future developments in the Group's business can be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

An analysis of the Group's performance using financial key performance indicators is provided in the sections headed "Five Year Financial Summary" on page 8 and "Financial Review" on page 16 of this annual report.

The Group is committed to supporting the environmental sustainability. In the pursuit of excellent operating results, the Group also puts a lot of effort into sustainable development. For example, the Group's factories proactively adopted all kinds of environmental protection and energy conservation equipment. Photovoltaic (PV) solar energy accounted for 4.3% of total electricity consumed by the Group and the annual consumptions of electricity, water, steam and natural gas decreased by 17.0%, 11.4%, 1.2% and 12.5% respectively during the Year.

For details of the Group's performance on environmental, social and governance ("ESG") aspects including relationships with various stakeholders and compliance with relevant laws and regulations that have a significant impact on the Group, please refer to the Group's separate ESG report for the Year.

Saved for the announcement of the continuing connected transactions dated 12 March 2021, the Group has been in compliance with the relevant laws and regulations that have a significant impact on the Company during the Year.

董事會欣然提呈本集團年內有關其事務的年報連同經審核財務報表。

主要業務

本公司是一家投資控股公司，其主要附屬公司的業務載於財務報表附註1。

業績

本集團年內業績載於第87頁的合併損益表。

業務回顧

本集團年內的業務回顧載於本年報第4頁的「主席報告書」及第9頁的「管理層討論及分析」各節。

本集團業務相當可能有的未來發展的揭示載於本年報「主席報告書」及「管理層討論及分析」。

本集團表現運用財務關鍵表現指標進行的分析載於本年報第8頁的「五年財務摘要」以及第16頁的「財務回顧」各節。

本集團致力支持環境永續發展。在追求理想經營業績的同時，本集團亦努力實現可持續發展。舉例而言，本集團的廠房積極採用各種環保節能設備。年內，光伏太陽能佔本集團所耗總電能的4.3%，電力、水、蒸汽及天然氣年消耗分別減少17.0%、11.4%、1.2%及12.5%。

有關本集團的環境、社會及管治表現（包括本集團與其利益相關者的關係及遵守對本集團構成重大影響的相關法律及法規的情況）的說明，請參閱本集團另行刊發的年內環境、社會及管治報告。

除於二零二一年三月十二日公告的持續關連交易外，本集團於本年內一直遵守對本公司有重大影響的相關法律及法規。

Report of the Directors

董事會報告

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Group is principally engaged in the manufacturing of linen yarn and the sale of the products to over 20 countries. Overseas sales are invoiced in United States Dollars, except sales by the Group's subsidiary in Italy which are invoiced in Euro. Domestic sales in China are invoiced in Renminbi. Raw materials (flax fiber and hemp fiber) are imported from Europe and sourced in China. The principal risks and uncertainties facing the Group include the demand for linen yarn, protectionism of certain countries and possible punitive tariffs of products made in China, stable supplies of raw materials, continuous decline in cotton price, depreciation of United States Dollars against Renminbi, the execution risk of the new expansion project in Ethiopia, and outbreak of epidemic causing disruption of production.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

本集團面對的主要風險及不明朗因素

本集團主要從事亞麻紗生產，並向超過20個國家銷售產品。海外銷售的發票以美元為單位，惟本集團的意大利附屬公司進行銷售的發票則以歐元為單位。中國內地銷售的發票以人民幣為單位。原材料（亞麻纖維及大麻纖維）從歐洲進口及於中國採購。本集團面對的主要風險及不明朗因素包括對亞麻紗的需求、若干國家的貿易保護主義及可能對中國製產品徵收懲罰性關稅、穩定的原材料供應、棉花價格持續下跌、美元兌人民幣貶值、埃塞俄比亞新擴充項目的執行風險及導致生產中斷的疫情爆發。

與利益相關者的關係

本集團認為僱員、客戶及業務合作夥伴對於其可持續發展至關重要。本集團致力於與其僱員建立親密及充滿關愛的關係，向其客戶提供優質服務及增強與其業務合作夥伴的合作。本公司提供公平及安全的工作環境、提倡其員工多元化，並基於其優勢及表現提供具競爭力的薪酬及福利以及職業發展機會。本集團亦持續向僱員提供適當培訓及發展資源，以便彼等緊跟市場及行業最新動態，同時提升其職場表現及自我實現。

Report of the Directors 董事會報告

IMPORTANT EVENTS AFFECTING THE COMPANY THAT HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

There was no important event affecting the Company that have occurred since the end of the financial year and up to the date of this report.

DIVIDEND

At a meeting of the Board held on 19 March 2021, the Board resolved not to propose the payment of any dividend for the Year.

RESERVES

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 91.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's distributable reserves calculated under the Companies Law of the Cayman Islands amounted to RMB648,096,000 (31 December 2019: RMB646,020,000).

DONATIONS

Charitable and other donations made by the Group during the Year amounted to approximately RMB1,175,000 (31 December 2019: RMB282,000).

自財政年度末起所發生的影響本公司的重大事件

自財政年度末起及直至本報告日期，概無發生影響本公司的重大事件。

股息

於二零二一年三月十九日舉行的董事會會議上，董事會議決不建議就年內派付任何股息。

儲備

本集團於年內的儲備變動載於第91頁的合併權益變動表。

可分派儲備

於二零二零年十二月三十一日，本公司根據開曼群島公司法計算的可分派儲備達人民幣648,096,000元（二零一九年十二月三十一日：人民幣646,020,000元）。

捐款

本集團於年內作出的慈善及其他捐款約為人民幣1,175,000元（二零一九年十二月三十一日：人民幣282,000元）。

Report of the Directors

董事會報告

SHARE CAPITAL

Details of the movements in the share capital of the Group are set out in note 27 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 8.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment of approximately RMB89,349,000. Details of the movements are set out in note 13 to the financial statements.

DIRECTORS

During the Year and up to the date of this annual report, the Directors were:

Executive Directors

Mr. Ren Weiming (*Chairman*)
Mr. Shen Yueming
Mr. Zhang Hongwen
Ms. Shen Hong

Non-executive Director

Mr. Ngan Kam Wai Albert

Independent non-executive Directors

Mr. Lau Ying Kit
Mr. Lo Kwong Shun Wilson
Mr. Yan Jianmiao

Pursuant to article 87 of the Articles of Association of the Company (the “Articles”), one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement at least once every three years and be eligible for re-election. In accordance with article 87 of the Articles, Ms. Shen Hong, Mr. Lau Ying Kit and Mr. Lo Kwong Shun Wilson shall retire from office by rotation at the forthcoming annual general meeting. All retiring Directors, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting.

股本

本集團股本的變動詳情載於財務報表附註27。

財務摘要

本集團在過去五個財政年度的業績及資產和負債的概要載於第8頁。

物業、廠房及設備

年內，本集團購入約人民幣89,349,000元的物業、廠房及設備，變動詳情載於財務報表附註13。

董事

年內及直至本年報日期的董事如下：

執行董事

任維明先生 (*主席*)
沈躍明先生
張鴻文先生
沈鴻女士

非執行董事

顏金煒先生

獨立非執行董事

劉英傑先生
羅廣信先生
嚴建苗先生

根據本公司組織章程細則（「細則」）第87條，於本公司每屆股東週年大會上，當時為數三分之一的董事（或如董事人數並非三的倍數，則須為最接近但不少於三分之一的董事人數）均須輪席退任，惟每位董事須最少每三年退任一次，並可膺選連任。按照細則第87條，沈鴻女士、劉英傑先生及羅廣信先生須於應屆股東週年大會上輪席退任。所有退任董事合資格並願意於應屆股東週年大會上膺選連任為董事。

Report of the Directors 董事會報告

DIRECTORS' SERVICE CONTRACTS

None of the Directors has any unexpired service contract with the Group which is not determinable within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries, and a controlling shareholder or any of its subsidiaries, was a party and in which a Director has a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year except as disclosed under the section headed "Connected Transactions" below and note 34 to the financial statements.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Director a confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities of Hong Kong Limited (the "Listing Rules") and the Board considers all of the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

Mr. Lau Ying Kit and Mr. Lo Kwong Shun Wilson, being independent non-executive Directors for more than nine years, their re-appointment will be by way of separate resolutions in the forthcoming annual general meeting.

PERMITTED INDEMNITY AND INSURANCE

Pursuant to the Articles, every Director or other officer of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto; provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged appropriate directors' and officers' liability insurance coverage in respect of legal action against the directors and officers of the Group.

董事的服務合約

本集團並無與董事訂立任何不可於一年內免付補償（一般法定賠償除外）予以終止的未屆滿服務合約。

董事於重大交易、安排或合約的權益

於年末或於年內任何時間，本公司或其附屬公司及控股股東或其任何附屬公司概無訂立有關本集團業務而董事直接或間接擁有重大權益的重大交易、安排或合約，惟根據以下「關連交易」一節及財務報表附註34所披露者除外。

獨立非執行董事的獨立性

本公司已獲各獨立非執行董事根據香港聯合交易所有限公司證券上市規則（「上市規則」）第3.13條確認其獨立性，董事會認為，根據上市規則第3.13條，全體獨立非執行董事均為獨立人士。

劉英傑先生及羅廣信先生擔任獨立非執行董事已超過九年，彼等將於應屆股東週年大會上通過獨立決議案重新委任。

獲准許的彌償及保險

根據細則，本公司的每一名董事或其他高級職員有權因執行彼等各自職務或就此而可能承擔或蒙受的所有訴訟、費用、支出、損失、損害及開支獲得以本公司的資產及溢利作出的彌償保證及免受損害；惟此彌償保證並不延伸至與上述人士的任任何欺詐或不誠實行為有關的任何事項。本公司已為就可能針對本集團董事及高級職員的法律訴訟安排適當的董事及高級職員責任保險。

Report of the Directors 董事會報告

REMUNERATION POLICY

The Remuneration Committee considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors and senior management. The remuneration of all Directors and senior management is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

Details of Directors' remuneration are set out in note 8 to the financial statements.

The remunerations of the senior management of the Company, during the Year fall within the following range:

薪酬政策

薪酬委員會考慮及向董事會建議本公司支付予董事及高級管理層的薪酬及其他福利。薪酬委員會定期監察所有董事及高級管理層的薪酬，以確保彼等的薪酬及補償水平為合適。

董事薪酬的詳情載於財務報表附註8。

年內，本公司高級管理層的薪酬介乎下列幅度：

	No. of senior management 高級管理層人數
RMB1,000,001 – RMB1,500,000 人民幣1,000,001元至人民幣1,500,000元	1

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on page 28 of this annual report.

董事及高級管理層的履歷詳情

董事及高級管理層履歷詳情載於本年報第28頁。

Report of the Directors 董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, the Directors and their associates had the following interests in the Shares, underlying Shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO, which were recorded or required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules:

Long positions in shares of the Company (the "Shares")

Name of Director	董事姓名	Personal interests	Corporate interests	Total number of Shares held	Approximately percentage of issued share capital (%)
		(Note 1)			
		個人權益 (附註1)	公司權益	所持股份總數	佔已發行股份 概約百分比 (%)
Mr. Ren Weiming	任維明先生	12,072,000	302,800,000 (Note 2) (附註2)	314,872,000	50.01
Mr. Ngan Kam Wai Albert	顏金煒先生	418,000	67,000,000 (Note 3) (附註3)	67,418,000	10.71
Ms. Shen Hong	沈鴻女士	504,000	-	504,000	0.08

董事及最高行政人員於股份、相關股份及債券擁有的權益及淡倉

於二零二零年十二月三十一日，董事及彼等的聯繫人於本公司及其相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中，擁有根據證券及期貨條例第352條已記入或須記入該條規定存置的登記冊或按照上市規則附錄十所載的上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益如下：

於本公司股份（「股份」）的好倉

Ordinary shares of HK\$0.01 each
每股面值0.01港元的普通股

Report of the Directors

董事會報告

Notes:

1. The Shares are registered under the names of the Directors who are the beneficial Shareholders.
2. Mr. Ren Weiming holds approximately 76.38% of the issued share capital of Kingdom Investment. Mr. Ren therefore holds a controlling interest in Kingdom Investment and is deemed under the SFO to be interested in the Shares held by Kingdom Investment.
3. Mr. Ngan Kam Wai Albert and Ms. Ngan Chan Kattie Sau Kat, the spouse of Mr. Ngan, hold approximately 51.00% and 23.00% of the issued share capital of Millionfull International and 57.98% and 29.76% of the issued share capital of Millionfull Company Limited, respectively. Mr. Ngan therefore holds controlling interests in both Millionfull International and Millionfull Company Limited and is deemed under the SFO to be interested in 64,800,000 Shares, i.e. 10.29%, held by Millionfull International and 2,200,000 Shares, i.e. 0.35%, held by Millionfull Company Limited.

Save as disclosed above, as at 31 December 2020, none of the Directors or their associates had or were deemed to have any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded or required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party or parties to any arrangement to enable the Directors to acquire benefits by means of acquisition of Shares in or debentures of the Company or any other body corporate.

附註：

1. 該等股份以作為實益股東的董事的名義登記。
2. Kingdom Investment由任維明先生持有約76.38%的已發行股本。因此，任先生對Kingdom Investment持有控制權益。根據證券及期貨條例，任先生因而被視為於由Kingdom Investment持有的股份中擁有權益。
3. Millionfull International由顏金煒先生及顏陳秀吉女士（顏先生的配偶）分別持有約51.00%及23.00%的已發行股本，而億裕有限公司則由彼等分別持有57.98%及29.76%的已發行股本。因此，顏先生對Millionfull International及億裕有限公司持有控制權益。根據證券及期貨條例，顏先生因而被視為於由Millionfull International持有的64,800,000股股份（即10.29%）及由億裕有限公司持有的2,200,000股股份（即0.35%）中擁有權益。

除以上所披露者外，於二零二零年十二月三十一日，概無董事或彼等的聯繫人於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中，擁有或被視為擁有根據證券及期貨條例第352條已記入或須記入該條規定存置的登記冊或按照標準守則須知會本公司及聯交所的任何權益或淡倉。

除以上所披露者外，本公司或其任何附屬公司於年內任何時候均無訂立任何安排，使董事以收購本公司或任何其他法人團體的股份或債券的方式獲得利益。

Report of the Directors 董事會報告

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director, as at 31 December 2020, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares of the Company which were recorded or required to be recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares	Approximately percentage of issued share capital (%) 佔已發行股本概約百分比 (%)
股東名稱	身份	股份數目	
Kingdom Investment Holdings Limited ("Kingdom Investment (BVI)") (Note 1)	Beneficial owner	302,800,000	48.09
Kingdom Investment Holdings Limited ("Kingdom Investment (BVI)") (附註1)	實益擁有人		
Millionfull International Co., Ltd. ("Millionfull International") (Note 2)	Beneficial owner	64,800,000	10.29
Millionfull International Co., Ltd. ("Millionfull International") (附註2)	實益擁有人		

Notes:

- Kingdom Investment (BVI) is owned as to 76.38% by Mr. Ren Weiming, an executive Director and substantial Shareholder of the Company.
- Millionfull International is owned as to 51.00% by Mr. Ngan Kam Wai Albert, a non-executive Director, and 23.00% by Ms. Ngan Chan Kattie Sau Kat, the spouse of Mr. Ngan.

Save as disclosed above, as at 31 December 2020, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which were recorded or required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

主要股東的權益及淡倉

就任何董事目前所知，於二零二零年十二月三十一日，以下人士（本公司董事或最高行政人員除外）於本公司股份或相關股份中擁有根據證券及期貨條例第336條已記入或須記入該條規定存置的登記冊的權益或淡倉：

Name of Shareholder	Capacity	Number of Shares	Approximately percentage of issued share capital (%) 佔已發行股本概約百分比 (%)
股東名稱	身份	股份數目	
Kingdom Investment Holdings Limited ("Kingdom Investment (BVI)") (Note 1)	Beneficial owner	302,800,000	48.09
Kingdom Investment Holdings Limited ("Kingdom Investment (BVI)") (附註1)	實益擁有人		
Millionfull International Co., Ltd. ("Millionfull International") (Note 2)	Beneficial owner	64,800,000	10.29
Millionfull International Co., Ltd. ("Millionfull International") (附註2)	實益擁有人		

附註：

- 本公司執行董事兼主要股東任維明先生擁有 Kingdom Investment (BVI) 76.38% 的權益。
- 非執行董事顏金煒先生及顏陳秀吉女士（顏先生的配偶）分別擁有 Millionfull International 51.00% 及 23.00% 的權益。

除以上所披露者外，於二零二零年十二月三十一日，本公司並無獲任何人士（本公司董事或最高行政人員除外）知會，其於股份或相關股份中擁有任何根據證券及期貨條例第336條已記入或須記入該條規定由本公司存置的登記冊的權益或淡倉。

Report of the Directors

董事會報告

SHARE OPTION SCHEME

A share option scheme (the “Scheme”) with Shareholders’ approval at the annual general meeting held on 30 May 2016 was adopted on the same date.

Subject to the terms of the Scheme, the Board may at its discretion grant options to: (i) any Director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“Affiliate”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any Director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. Subject to the aforesaid limit, the total number of Shares available for issue under options which may be granted under the Scheme and any other schemes must not, in aggregate, exceed 62,967,800 Shares, being 10% of the number of issued shares of the Company as at 30 May 2016, the date of adoption of the Scheme, unless separate shareholders’ approval has been obtained.

The maximum entitlement for any one participant under the Scheme shall not in any 12-month period up to the date of grant exceed 1% of the issued share capital of the Company from time to time.

The period within which the options must be exercised will be specified by the Board at the time of the grant, and must expire no later than 10 years from the date of grant of option.

購股權計劃

本公司於二零一六年五月三十日舉行的股東週年大會上經股東批准，於同日採納一項新購股權計劃（「計劃」）。

在計劃條款的規限下，董事會可自行酌情向下列人士授出購股權：(i)本集團或本集團持有權益的公司或該等公司的附屬公司（「關聯公司」）任何董事、僱員、顧問、客戶、供應商、代理、業務夥伴或諮詢人或承辦商；或(ii)以本集團或關聯公司任何董事、僱員、顧問、專業人士、客戶、供應商、代理、業務夥伴、諮詢人或承辦商為受益人或酌情對象的信託或酌情信託的受託人；或(iii)本集團或關聯公司任何董事、僱員、顧問、專業人士、客戶、供應商、代理、業務夥伴、諮詢人或承辦商實益擁有的公司。因行使根據計劃及任何其他計劃授出而尚未行使的所有購股權可發行的股份數目整體上限，不得超過不時已發行股份的30%。根據上述的上限，因行使根據計劃及任何其他計劃可授出購股權所涉及可供發行的股份總數，合共不得超過62,967,800股股份（即於計劃採納日期二零一六年五月三十日本公司已發行股份的10%），惟獲得股東另行批准則除外。

計劃的任何一名參與者於直至授出日期止的任何十二個月期間的最高利益不得超過本公司不時已發行股本的1%。

購股權須行使的期間將由董事會於授出時指定，且最遲須於由授出購股權當日起計十年時屆滿。

Report of the Directors 董事會報告

The subscription price for any Share shall not be less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day, (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option and (iii) the nominal value of a Share.

No option was granted or exercised under the Scheme during the Year. No option has been granted under the Scheme since its adoption on 30 May 2016.

SHARE AWARD PLAN

The Company has adopted a share award plan (the “Share Award Plan”) on 26 August 2016. The purpose of the Share Award Plan is to incentivize, recognize and reward eligible persons for their contribution to the Group, attract and retain personnel, and align the interests of award holders with that of the Shareholders to promote the long-term development and financial performance of the Company.

The Board may, from time to time and at its sole discretion, select any eligible person to participate in the Share Award Plan and determine the number of Shares to be awarded and the terms and conditions of the awards. Awards shall be satisfied by Shares acquired in the market at the prevailing market price and no new Shares will be allotted and issued under the Share Award Plan. The trustee of the Share Award Plan (“Trustee”) shall hold the awarded Shares on trust for the award holders until the awarded Shares are vested in the relevant award holders according to the Share Award Plan rules. Upon vesting, the Trustee shall either transfer the vested awarded Shares at no cost to such award holders or sell the vested awarded Shares at the then prevailing market price by way of market order and remit the net proceeds to the award holders in accordance with the direction given by such award holders.

During the Year, no Shares have been awarded pursuant to the Share Award Plan. The Board will constantly review and determine at its absolute discretion such number of Awarded Shares to be awarded to the selected persons under the Share Award Plan with such vesting conditions as the Board may deem appropriate.

任何股份的認購價不得低於以下的最高者：(i)授出有關購股權日期聯交所每日報價表所列股份收市價，且該日必須為營業日；(ii)相等於緊接授出有關購股權日期前五個營業日聯交所每日報價表所列股份平均收市價的金額；及(iii)股份面值。

年內，概無購股權根據計劃獲授出或行使。自計劃於二零一六年五月三十日獲採納起，概無根據計劃授出任何購股權。

股份獎勵計劃

本公司於二零一六年八月二十六日採納一項股份獎勵計劃（「股份獎勵計劃」）。股份獎勵計劃之目的為激勵、認可及獎勵合資格人士為本集團作出的貢獻、吸引及挽留人員以及使獎勵持有人與股東利益一致，以推動本公司長期發展及提升本公司財務表現。

董事會可不時按其全權酌情決定選擇任何合資格人士參與股份獎勵計劃及釐定將授予的股份數目和獎勵的條款及條件。獎勵將以按當時市價從市場上購入的股份撥付而概不會根據股份獎勵計劃配發及發行任何新股份。股份獎勵計劃受託人（「受託人」）應以信託方式為獎勵持有人持有獎勵股份，直至獎勵股份根據股份獎勵計劃規則歸屬予有關獎勵持有人為止。於歸屬後，受託人須按照該獎勵持有人作出的指示，將已歸屬的獎勵股份免費轉讓予該獎勵持有人，抑或於市場上按當時現行市價盤出售已歸屬的獎勵股份並將所得款項淨額匯付予獎勵持有人。

年內，概無股份已按股份獎勵計劃獲授出。董事會將不斷檢討及全權酌情釐定根據股份獎勵計劃將向獲選人授出的獎勵股份數目以及董事會可能視為合適的歸屬條件。

Report of the Directors

董事會報告

Pursuant to the Share Award Plan, 19,400,000 Shares have been awarded to selected persons on 25 May 2018, of which 19,370,000 Shares have been accepted pursuant to the Share Award Plan. Out of the 19,370,000 Shares as accepted by the selected persons pursuant to the Share Award Plan, there were 1,010,000 Shares and 5,159,250 Shares vested and transferred to the employees in 2019 and during the Year, respectively. In addition, 1,000,000 granted Shares were returned to the share pool due to resignation of relevant employees during the Year. As at 31 December 2020, a total of 12,200,750 granted Shares will be vested between the period from 2021 to 2022 subject to fulfilment of the relevant performance targets and 1,030,000 Shares remain available for granting to employees in the future under the Share Award Scheme.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme and the Share Award Plan as disclosed in this annual report, no equity-linked agreement was entered into during the year ended 31 December 2020 or subsisted at the end of the year of 2020.

INTERESTS IN CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business have been entered into, or subsisted, between the Company or any of its subsidiaries and any controlling Shareholder or any of its subsidiaries during the Year.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers accounted for approximately 21.8% of the Group's total sales for the Year and sales to the Group's largest customer accounted for approximately 5.1% of the Group's total sales for the Year. Purchases from the Group's five largest suppliers accounted for approximately 88.9% of the Group's total purchases for the Year and purchase from the Group's largest supplier accounted for approximately 40.4% of the Group's total purchases for the Year.

So far as the Board is aware, none of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had any interests in the Group's five largest customers or suppliers noted above.

根據股份獎勵計劃，19,400,000股股份已於二零一八年五月二十五日授予選定人士，其中19,370,000股股份已根據股份獎勵計劃獲接納。於選定人士根據股份獎勵計劃接納的19,370,000股股份中，1,010,000股股份及5,159,250股股份已分別於二零一九年及年內歸屬及轉讓予僱員。此外，由於年內相關僱員辭職，已將1,000,000股已授出股份返還股份池。於二零二零年十二月三十一日，合共12,200,750股已授出股份將於二零二一年至二零二二年期間歸屬，惟須待相關業績目標達成後方可作實，而1,030,000股股份仍可根據股份獎勵計劃授予僱員。

股權掛鉤協議

除本年報披露的購股權計劃及股份獎勵計劃外，截至二零二零年十二月三十一日止年度並無訂立或二零二零年末並無存續任何股權掛鉤協議。

於重大合約的權益

本公司或其任何附屬公司與任何控股股東或其任何附屬公司於年內並無訂立或存續任何對本集團業務屬重大的合約。

管理層合約

年內並未訂立或存在有關本公司業務全部或任何重大部分的管理及行政的合約。

主要客戶及供應商

年內，銷售予本集團五大客戶的銷售額佔本集團年內總銷售額約21.8%，而銷售予本集團最大客戶佔年內本集團總銷售額約5.1%。從本集團五大供應商處採購的金額佔本集團年內總採購額約88.9%，而從本集團最大供應商的採購額約佔年內本集團總採購額40.4%。

據董事所知，概無董事、其緊密聯繫人或本公司任何股東（就董事所知擁有本公司已發行股份5%以上）於上述本集團五大客戶或供應商中有任何權益。

CONNECTED TRANSACTIONS

Continuing connected transactions

The Group had entered into the following continuing connected transactions with its connected persons and which subsisted during the Year. The transactions constituted “continuing connected transactions” for the Company under Chapter 14A of the Listing Rules.

1. Lease agreements – as Lessee

- (a) on 30 December 2017, a lease agreement (the “**Jinyuan Lease Agreement 1**”) was entered into by Zhejiang Jinyuan, an indirect wholly-owned subsidiary of the Company, with Zhejiang Kingdom Creative Co., Ltd (“**Kingdom Creative**”), a company which Mr. Ren Weiming has a controlling equity interest pursuant to which Zhejiang Jinyuan has leased a property located at Building 13 to 16, Henggang Xing Heng Road, Haiyan County, Zhejiang Province, the PRC, from Kingdom Creative as the Group’s office, for a term from 1 January 2018 to 31 December 2020 at an annual rental of RMB190,000.
- (b) on 1 July 2019, a lease agreement (the “**Jinyuan Lease Agreement 2**”) was entered into by Zhejiang Jinyuan with Kingdom Creative pursuant to which Zhejiang Jinyuan has leased a property located at Building 18 to 25, Henggang Xing Heng Road, Haiyan County, Zhejiang Province, the PRC, from Kingdom Creative for office and product exhibition hall, for a term of two and a half years from 1 July 2019 to 31 December 2022 at an annual rental of RMB286,000.

關連交易

持續關連交易

本集團與關連人士訂立下列持續關連交易，且於年內存續。根據上市規則第14A章，該等交易構成本公司的「持續關連交易」。

1. 租賃協議—作為承租人

- (a) 於二零一七年十二月三十日，本公司的間接全資附屬公司浙江金元與浙江金達創業股份有限公司（「**金達創業**」，一間由任維明先生擁有控股權的公司）訂立租賃協議（「**金元租賃協議1**」），據此，浙江金元向金達創業租用位於中國浙江省海鹽縣橫港興橫路13至16號樓的物業，作為本集團辦事處，由二零一八年一月一日起至二零二零年十二月三十一日止，每年租金為人民幣190,000元。
- (b) 於二零一九年七月一日，浙江金元與金達創業訂立租賃協議（「**金元租賃協議2**」），據此，浙江金元向金達創業租用位於中國浙江省海鹽縣橫港興橫路18至25號樓的物業，作為辦事處及產品展覽館，由二零一九年七月一日起至二零二二年十二月三十一日止為期兩年半，每年租金為人民幣286,000元。

Report of the Directors 董事會報告

(c) on 28 December 2018, a motor vehicle operating lease agreement (the “**Motor Vehicle Operating Lease 1**”) was entered into by Zhejiang Jinyuan with Interconnect Financial Leasing (Shanghai) Co., Ltd* 匯通融資租賃(上海)有限公司 (“**Interconnect**”), a company which Kingdom Creative has a controlling equity interest and Mr. Ren Weiming, Mr. Shen Yueming, Mr. Zhang Hongwen and Mr. Ngan Kam Wai Albert, directors of the Company, are also directors of Interconnect. Pursuant to the Motor Vehicle Operating Lease 1, Interconnect has agreed to lease a motor vehicle with a Shanghai license plate (allow access to Shanghai City Centre) to Zhejiang Jinyuan for a term of two years from 28 December 2018 to 21 December 2020. Zhejiang Jinyuan paid RMB229,000 operating lease charge to Interconnect during the Year.

(d) on 4 January 2020, a motor vehicle operating lease agreement (the “**Motor Vehicle Operating Lease 2**”) was entered into by Jiangsu Jinyuan, an indirect wholly-owned subsidiary of the Company, with Interconnect. Pursuant to the Motor Vehicle Operating Lease 2, Interconnect has agreed to lease a motor vehicle with a Shanghai license plate (allow access to Shanghai City Centre) to Jiangsu Jinyuan for a term of one year. Jiangsu Jinyuan paid RMB159,000 operating lease charge to Interconnect during the Year.

2. Lease agreements – as Lessor

On 1 January 2020, a lease agreement (the “**Shanghai Lease Agreement**”) was entered into by Zhejiang Jinyuan with Interconnect pursuant to which Interconnect has agreed to lease a property located at Unit 2203, 161 Lujiazui Road, Lujiazui Finance and Trade Zone, Pudong, Shanghai, the PRC, from Zhejiang Jinyuan for office use, for a term from 1 January 2020 to 31 December 2020 with an annual rental of RMB342,000 payable by Interconnect to Zhejiang Jinyuan.

(c) 於二零一八年十二月二十八日，浙江金元與匯通融資租賃(上海)有限公司(「匯通」，一間由金達創業擁有控股權益的公司，本公司董事任維明先生、沈躍明先生、張鴻文先生及顏金煒先生亦為匯通的董事)訂立汽車經營租賃協議(「**汽車經營租賃1**」)。根據汽車經營租賃1，匯通同意向浙江金元租賃帶有上海汽車牌照(允許進入上海市中心)的汽車，由二零一八年十二月二十八日起至二零二零年十二月三十一日止為期兩年。年內，浙江金元向匯通支付人民幣229,000元的經營租賃費用。

(d) 於二零二零年一月四日，本公司的間接全資附屬公司江蘇金元與匯通訂立汽車經營租賃協議(「**汽車經營租賃2**」)。根據汽車經營租賃2，匯通同意向江蘇金元租賃帶有上海汽車牌照(允許進入上海市中心)的汽車，為期一年。年內，江蘇金元向匯通支付人民幣159,000元的經營租賃費用。

2. 租賃協議—作為出租人

於二零二零年一月一日，浙江金元與匯通訂立租賃協議(「**上海租賃協議**」)，據此，匯通同意向浙江金元租賃位於中國上海浦東陸家嘴金融貿易區陸家嘴路161號2203單元的物業，由二零二零年一月一日起至二零二零年十二月三十一日止，作辦事處用途，匯通向浙江金元應付每年租金為人民幣342,000元。

Report of the Directors 董事會報告

3. Miscellaneous income

- (a) During the year ended 31 December 2020, Heilongjiang Kingdom, an indirect non-wholly owned subsidiary of the Company, billed electricity charge to Heilongjiang Kangyuan Flax and Hemp Seed Co., Ltd* (黑龍江康源種業有限公司), a company beneficially owned by Kingdom Creative, amounting to approximately RMB42,000 (2019: RMB73,000); and
- (b) During the year ended 31 December 2020, Zhejiang Jinyuan sold product to Jinxiu Jiangnan amounted to RMB75,000 (2019: RMB613,000). Mr. Ren Weiming has a controlling equity interest over Jinxiu Jiangnan.

Rental and other terms for these lease arrangements were negotiated between the parties on arm's length basis with reference to the then prevailing market rates. The purchase of chemicals and additives transactions were at cost and purely made to preserve the commercial secrets of the Group and did not have any gain during the transactions.

As all the applicable percentage ratios (other than the profits ratio) for the transactions under (1) to (3) above are all less than 0.1%, the transactions under (1) to (3) above are exempted from the reporting, announcement, shareholders approval and annual review requirements under Chapter 14A of the Listing Rules.

4. Purchases of chemicals and additives

During the year ended 31 December 2020, the Group purchased chemicals and additives for scouring and bleaching from Jinxiu Jiangnan with an amount of RMB3,910,000 (2019: RMB2,595,000). Mr. Ren Weiming has a controlling equity interest over Jinxiu Jiangnan. The Group considered that the type of chemicals and additives, their mix proportion are critical to the scouring and bleaching process, together with the identities of the suppliers (collectively commercial secrets), are important to the success of the Group. The chemicals and additives were purchased by Jinxiu Jiangnan, re-labelled and delivered to the wholly-owned subsidiaries of the Company. The chemicals were charged by Jinxiu Jiangnan at the original costs from the third-party suppliers plus the additional transportation costs to the Group's factories. Such arrangements were purely made to preserve the commercial secrets of the Group and Jinxiu Jiangnan did not have any gain during the transactions.

3. 雜項收入

- (a) 截至二零二零年十二月三十一日止年度，本公司的間接全資附屬公司黑龍江金達向金達創業實益擁有的公司黑龍江康源種業有限公司收取電費約人民幣42,000元(二零一九年：人民幣73,000元)；及
- b) 截至二零二零年十二月三十一日止年度，浙江金元向錦繡江南出售金額為人民幣75,000元(二零一九年：人民幣613,000元)的產品。任維明先生擁有錦繡江南的控股權益。

該等租賃安排的租金及其他條款由訂約各方參照當時現行的市場價格後按公平磋商原則釐定。採購化學品及添加劑交易乃按成本進行，純粹為了保護本集團的商業秘密，交易過程中概無任何收益。

上述第(1)至(3)項交易的所有百分比率(盈利比率除外)均低於0.1%，根據上市規則第14A章，上述第(1)至(3)項交易獲豁免遵守申報、公告、獨立股東批准及年度審閱規定。

4. 採購化學品及添加劑

截至二零二零年十二月三十一日止年度，本集團向錦繡江南採購用於煮漂工藝的化學品及添加劑，金額為人民幣3,910,000元(二零一九年：人民幣2,595,000元)。任維明先生擁有錦繡江南的控股權益。本集團認為，化學品及添加劑的種類、混合比例就煮漂工藝而言至關重要，連同供應商的身份(統稱商業秘密)，對本集團的成功至關重要。化學品及添加劑由錦繡江南採購，重新貼標後交付予本公司全資附屬公司。化學品由錦繡江南按第三方供應商的原價收取，另加運往本集團工廠的額外運輸成本。有關安排純粹是為了保護本集團的商業秘密，錦繡江南於交易過程中並無任何收益。

Report of the Directors 董事會報告

5. Purchases of tools and accessories

The Group built a new factory in Ethiopia. Due to the absence of the relevant tools and accessories in Ethiopia, all of the tools and accessories used in Ethiopia factory had to be purchased and shipped from China to Ethiopia. During the year ended 31 December 2020, the Group purchased tools and accessories of RMB4,457,000 from Jinxiu Jiangnan (2019: Nil). Jinxiu Jiangnan is principally engaged in trading business and entitled to conduct import and export business in China. As the tools and accessories were sourced from a number of different suppliers in China, the Group engaged Jinxiu Jiangnan to procure and collect the delivery of those tools and accessories from different suppliers over a period of time, consolidate and arrange the shipment directly to our factory in Ethiopia. The tools and accessories were charged by Jinxiu Jiangnan at the original costs from the third-party suppliers plus the additional shipping costs to Ethiopia. Jinxiu Jiangnan did not have any gain during the transactions.

The Group has been procuring chemical and additives as well as tools and accessories from Jinxiu Jiangnan since 2018. As the applicable percentage ratios (other than the profit ratios) for the historical transaction amount for both the years ended 31 December 2018 and 2019 are less than 0.1% or less than HK\$3,000,000, the transactions between the Group and Jinxiu Jiangnan for the years 2018 and 2019 were exempted from reporting, announcement, annual reporting and shareholders' approval requirements under Chapter 14A of the Listing Rules. However, due to an inadvertent oversight, the Company mistakenly believed that the percentage ratios (other than the profit ratios) for the historical transaction amount as contemplated under the transactions with Jinxiu Jiangnan for the year ended 31 December 2020 were less than 0.1%. In the course of preparing this annual report, the Company became aware that the transactions with Jinxiu Jiangnan for the year ended 31 December 2020 constituted continuing connected transactions subject to reporting, announcement and annual review requirements under the Listing Rules. On 12 March 2021, the Company entered into agreements in relation to the purchase of chemicals and additives (the "**Purchase of Chemical and Additives Framework Agreement**") and the purchase of tools and accessories (the "**Purchase of Tools and Accessories Framework Agreement**") for a term of three years with retrospective effect from 1 January 2021 and ending on 31 December 2023. The terms of the historical purchase with Jinxiu Jiangnan were consistent with the terms as contemplated under the Purchase of Chemical and Additives Framework Agreement and the Purchase of Tools and Accessories Framework Agreement as further detailed in the announcement of the Company dated 12 March 2021.

5. 工具及配件採購框架協議

本集團已於埃塞俄比亞建立新工廠。由於埃塞俄比亞缺少相關工具及配件，埃塞俄比亞工廠使用的所有工具及配件均須從中國採購並運往埃塞俄比亞。截至二零二零年十二月三十一日止年度，本集團向錦繡江南採購工具及配件，金額為人民幣4,457,000元（二零一九年：無）。錦繡江南主要從事貿易業務，並有權在中國從事進出口業務。由於工具及配件來自中國多個不同的供應商，因此本集團委聘錦繡江南於一段時間內從不同供應商採購並收集交付該等工具及配件，整合並直接安排運往我們於埃塞俄比亞的工廠。工具及配件由錦繡江南按第三方供應商的原價收取，另加運往埃塞俄比亞的額外運輸成本。錦繡江南於交易過程中並無任何收益。

本集團自二零一八年以來一直從錦繡江南採購化學品及添加劑以及工具及配件。由於截至二零一八年及二零一九年十二月三十一日止年度的過往交易金額的適用百分比率（盈利比率除外）均少於0.1%或少於3,000,000港元，故根據上市規則第14A章，本集團與錦繡江南於二零一八年及二零一九年進行的交易獲豁免遵守申報、公告、年度報告及股東批准規定。然而，由於無心之失，本公司錯誤地認為，於截至二零二零年十二月三十一日止年度與錦繡江南進行的交易項下的過往交易金額的百分比率（盈利比率除外）低於0.1%。於編製本年報的過程中，本公司獲悉，於截至二零二零年十二月三十一日止年度與錦繡江南進行的交易構成持續關連交易，須遵守上市規則項下的申報、公告及年度審閱規定。於二零二一年三月十二日，本公司就採購化學品及添加劑訂立協議（「**化學品及添加劑採購框架協議**」）及就採購工具及配件訂立協議（「**工具及配件採購框架協議**」），由二零二一年一月一日起至二零二三年十二月三十一日止為期三年追溯生效。誠如本公司日期為二零二一年三月十二日的公告所進一步詳述，與錦繡江南的過往採購條款與化學品及添加劑採購框架協議以及工具及配件採購框架協議項下擬進行的條款一致。

Report of the Directors 董事會報告

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions had been entered into:

- (i) in the ordinary and usual course of the business of the Company;
- (ii) either (a) on normal commercial terms; or (b) where there are no available comparable terms, on terms no less favorable to the Company than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditors of the Company was engaged to report on the continuing connected transactions in relation to the purchase of chemicals and additives as well as purchase of tools and accessories from Jinxin Jiangnan for the year ended 31 December 2020 and the auditors confirmed the compliance of all matters set out in Rule 14A.56 of the Listing Rules.

6. Photovoltaic Electricity Purchase Agreement

On 30 June 2017, Zhejiang Jinda and Zhejiang Jinyuan, both indirect wholly-owned subsidiaries of the Company, entered into a purchase agreement (the “**Photovoltaic Electricity Purchase Agreement**”) with Zhejiang Yuyuan, pursuant to which Zhejiang Jinda and Zhejiang Jinyuan agreed to purchase electricity from Zhejiang Yuyuan for electricity generated from the photovoltaic electricity system owned, managed and operated by Yuyuan for a term of three years, which commenced from 1 July 2017 and ended on 30 June 2020, at an annual cap of no more than RMB3,500,000 per year. Mr. Ren Weiming, who ultimately controls the Group, also has a controlling equity interest over Zhejiang Yuyuan.

The Group purchased electricity from Zhejiang Yuyuan with an amount of RMB1,067,000, which was within the cap of RMB1,750,000 for the six months ended 30 June 2020 as disclosed in the announcement of Photovoltaic Electricity Purchase Agreement dated 3 July 2017.

獨立非執行董事已審閱上述持續關連交易，並確認交易：

- (i) 於本公司的一般及日常業務過程中進行；
- (ii) (a)按正常商業條款；或(b) (如無可供比較的條款) 按不遜於本公司向獨立第三方提供或從獨立第三方取得的條款進行；及
- (iii) 按照監管交易的有關協議，按公平合理及符合股東的整體利益的條款進行。

本公司核數師獲委聘就截至二零二零年十二月三十一日止年度向錦繡江南採購化學品及添加劑以及採購工具及配件的持續關連交易作出報告，且核數師確認遵守上市規則第14A.56條所載全部事項。

6. 光伏發電購售電合同

於二零一七年六月三十日，浙江金達及浙江金元 (均為本公司的間接全資附屬公司) 與浙江昱源訂立購買合同 (「**光伏發電購售電合同**」)，據此，浙江金達及浙江金元同意向浙江昱源購買昱源所擁有、管理及運行的光伏發電系統產生的電力，由二零一七年七月一日起至二零二零年六月三十日止為期三年，每年的年度上限不會超過人民幣3,500,000元。本集團最終控股人士任維明先生亦擁有浙江昱源控股權益。

本集團向浙江昱源購買電力人民幣1,067,000元，處於誠如日期為二零一七年七月三日的光伏發電購售電合同的公告所披露的截至二零二零年六月三十日止六個月的上限人民幣1,750,000元內。

Report of the Directors 董事會報告

The price of electricity was made with a discount rate of approximately 3.5% to the market prices. As the applicable percentage ratios (other than the profits ratio) for the Photovoltaic Electricity Purchase Agreement, on an annual basis, exceed 0.1% but are less than 5%, the transactions contemplated under the Photovoltaic Electricity Purchase Agreement is only subject to the reporting, announcement and annual review requirements, but is exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For further details, please also refer to the announcements of the Company dated 30 June 2017 and 3 July 2017.

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions had been entered into:

- (iv) in the ordinary and usual course of the business of the Company;
- (v) either (a) on normal commercial terms; or (b) where there are no available comparable terms, on terms no less favorable to the Company than terms available to or from independent third parties; and
- (vi) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditors of the Company was engaged to report on the continuing connected transactions as contemplated under the Photovoltaic Electricity Purchase Agreement and the auditors confirmed the compliance of all matters set out in Rule 14A.56 of the Listing Rules.

電價按市價下浮約3.5%。由於光伏發電購售電合同的適用百分比率（盈利比率除外）按年計算超過0.1%但少於5%，故根據上市規則第14A章，光伏發電購售電合同項下擬進行的交易僅須遵守有關申報、公告及年度審查規定，惟獲豁免遵守有關通函、獨立財務顧問意見及獨立股東批准規定。有關進一步詳情，請參閱本公司日期為二零一七年六月三十日及二零一七年七月三日的公告。

獨立非執行董事已審閱上述持續關連交易，並確認交易：

- (iv) 於本公司的一般及日常業務過程中進行；
- (v) (a)按正常商業條款；或(b)（如無可供比較的條款）按不遜於本公司向獨立第三方提供或從獨立第三方取得的條款進行；及
- (vi) 按照監管交易的有關協議，按公平合理及符合股東的整體利益的條款進行。

本公司核數師獲委聘就光伏發電購售電合同項下擬進行的持續關連交易作出報告，且核數師確認遵守上市規則第14A.56條所載全部事項。

Report of the Directors 董事會報告

Zhejiang Jinda and Zhejiang Jinyuan had entered into a renewed Photovoltaic Electricity Purchase Agreement for a period of three years from 1 July 2020 to 30 June 2023 on the same terms. As the efficiency of the electricity generated from the photovoltaic electricity system would normally deteriorate over time, the amount of the purchased electricity from Zhejiang Yuyuan is expected to be under HK\$3,000,000 per annum in the future. As all the percentage ratios (other than the profits ratio) were less than 5% and the total consideration less than HK\$3,000,000, this continuing connected transaction of purchasing electricity from Zhejiang Yuyuan was subject to reporting, but not announcement requirement under the Listing Rules.

During the year ended 31 December 2020, the Group purchased electricity from Zhejiang Yuyuan with an amount of RMB2,166,000 (2019: RMB2,228,000).

Save as disclosed in note 34 to the financial statements, there was no other transaction which needs to be disclosed as a connected transaction in accordance with the requirements of the Listing Rules during the Year.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2020 are set out in note 26 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

The Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

PENSION SCHEMES

Details of the Group's pension scheme are set out in note 2.4 and note 7 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float as required under the Listing Rules throughout the Year.

浙江金達與浙江金元已按相同條款訂立重續光伏發電購售電合同，由二零二零年七月一日起至二零二三年六月三十日止為期三年。由於光伏發電系統的發電效率通常會隨著時間推移而下降，故預計未來向浙江昱源購買的電力每年將少於3,000,000港元。由於所有百分比率（盈利比率除外）均低於5%及總代價少於3,000,000港元，故根據上市規則，向浙江昱源購買電力的本持續關連交易須遵守申報，惟獲豁免遵守公告規定。

截至二零二零年十二月三十一日止年度，本集團向浙江昱源購買電力人民幣2,166,000元（二零一九年：人民幣2,228,000元）。

除於財務報表附註34所披露者外，年內並無其他交易需要根據上市規則的規定披露為關連交易。

銀行貸款及其他借貸

本集團截至二零二零年十二月三十一日的銀行貸款及其他借貸詳情載於財務報表附註26。

購買、出售或贖回本公司上市股份

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司的任何上市證券。

優先購買權

細則及開曼群島公司法第22章（一九六一年法例三，經合併及修訂）並無優先購買權的條文。

退休金計劃

本集團退休金計劃詳情載於財務報表附註2.4及附註7。

足夠公眾流通股

年內，本公司已按上市規則規定保持足夠公眾流通股。

Report of the Directors

董事會報告

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Set out below is information disclosed pursuant to Rule 8.10(2) of the Listing Rules:

As at 31 December 2020, none of the Directors nor their respective associates had interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group.

Mr. Ren Weiming (“**Mr. Ren**”) holds directorships and/or interests respectively, either directly and/or through Kingdom Creative, in certain private companies (the “**Private Companies**”). The Private Companies are engaged in the silk and/or silk products manufacturing and/or trading industry, banking and finance leasing (the “**Excluded Business**”), which are fundamentally different from the products manufactured by the Group.

Mr. Ren undertakes, subject to the exceptions mentioned in the prospectus of the Company dated 30 November 2006 (the “**Prospectus**”), that he will not, and will procure that his associates will not (a) either on his own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly be interested or involved or engaged in or acquire or hold an interest (in each case whether as a shareholder, partner, agent, consultant, employee or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the Group’s business, those other businesses of the Group as set out in the Prospectus, in Hong Kong, the PRC and any other country or jurisdiction to which the Group markets or sells its products and/or in which any member of the Group carries on business mentioned above from time to time (“**Restricted Activity**”), or (b) either on his own account or in conjunction with or on behalf of any person, firm or company, or as a principal, shareholder, partner, agent, consultant, employee or otherwise and whether for profit, reward or otherwise, directly or indirectly, solicit, interfere with or endeavour to entice away from any member in the Group any person, firm, company or organisation who to its or his knowledge is now or has been a customer, supplier or employee of any member in the Group.

董事於競爭業務中的權益

以下所載乃根據上市規則第8.10(2)條披露的資料：

於二零二零年十二月三十一日，概無董事或其各自的聯繫人於與本集團業務直接或間接構成競爭或可能構成競爭的業務中擁有權益。

任維明先生（「**任先生**」）分別於若干私人公司（「**該等私人公司**」）出任董事及／或直接及／或透過金達創業持有權益。該等私人公司從事製造絲綢及／或絲質產品及／或貿易行業、銀行及融資租賃（「**除外業務**」），基本上與本集團製造的產品不同。

在本公司日期為二零零六年十一月三十日的招股章程（「**招股章程**」）所述的例外情況規限下，任先生承諾彼將不會並促使其聯繫人將不會(a)就其本身或聯同或代表任何人士、商號或公司直接或間接擁有或參與或從事或收購或持有任何業務的權益（於各情況下不論以股東、合夥人、代理、顧問、僱員或其他方式，亦不論為取得利益、回報或其他目的），而上述業務會或很可能會從事於香港、中國及本集團不時推銷或銷售其產品及／或本集團任何成員公司不時進行上述業務的任何其他國家或司法權區與本集團業務、招股章程所載的本集團其他業務直接或間接構成競爭或很可能構成競爭的任何業務（「**受限制活動**」）；或(b)就其本身或聯同或代表任何人士、商號或公司或以主事人、股東、合夥人、代理、顧問、僱員或其他身份，亦不論為取得利益、回報或其他目的，直接或間接招攬、幹預或設法誘使據其所知現時或曾經為本集團任何成員公司客戶、供應商或僱員的任何人士、商號、公司或組織離開本集團任何成員公司。

Report of the Directors 董事會報告

By reasons of the fact that the Excluded Business does not pose any direct or indirect actual competition with the Group's business and that Mr. Ren has already given an undertaking as above referred to, the Group is therefore capable of carrying on its business independently of, and at arms' length from, the Excluded Business as described above.

As at the date of this annual report, Mr. Ren has no plan to inject the aforesaid Excluded Business into the Group.

The Company has received from Kingdom Investment and Mr. Ren an annual confirmation that it/he has fully complied with its/his obligations under the deed of non-competition in favour of the Company dated 27 November 2006 during the Year.

CORPORATE STRATEGY AND LONG TERM BUSINESS MODEL

The Company strives to be one of the largest linen yarn manufacturers in the world through its commitment to sustainable development and technical innovation, developing proprietary intellectual property rights, branding of products and pursuing advanced management for lean management and excellent performance to generate or preserve value over a longer term.

The Board periodically reviews the progress made against ESG related goals and targets to enable the Group's sustainable development of business, in order to generate or preserve value over a longer term.

DIVIDEND POLICY

The Company has adopted a dividend policy on 14 December 2018 (the "Dividend Policy").

Pursuant to the Dividend Policy, the annual dividend to be distributed by the Company to the Shareholders shall be not less than 20% of the Group's profit attributable to Shareholders in any financial year, subject to the criteria set out in the Dividend Policy.

Such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board and subject to all applicable requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Articles.

由於除外業務不會對本集團業務構成任何直接或間接實際競爭，及任先生已作出上述承諾，故本集團業務能夠從上述的除外業務中獨立出來及按公平協商原則進行。

於本年報日期，任先生並無計劃將上述除外業務注入本集團。

年內，本公司已收到Kingdom Investment及任先生的年度確認書，確認其已全面遵守日期為二零零六年十一月二十七日以本公司為受益人的不競爭契諾。

公司策略及長期業務模式

本公司致力於可持續發展及技術創新，開發自主知識產權，產品品牌營銷，追求卓越管理從而達致精益管理及優秀表現，銳意成為全球最大型亞麻紗製造商之一，長期創造或維持價值。

董事會定期審閱ESG相關目標的進展，旨在實現本集團業務的可持續發展，從而創造或保持長期價值。

股息政策

本公司已於二零一八年十二月十四日採納一項股息政策（「股息政策」）。

根據股息政策，本公司於任何財政年度向股東分派的年度股息將不少於股東應佔本集團溢利的20%，惟受股息政策內所載條件規限。

有關股息宣派及派付仍由董事會全權酌情釐定並受香港法例第622章《公司條例》項下全部適用規定及細則規限。

Report of the Directors 董事會報告

In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's actual and expected financial performance; Shareholders' interests; general business conditions and strategies; the Group's expected working capital requirements and future expansion plans; possible effects on the Group's creditworthiness; general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and other factors that the Board deems appropriate.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time. The payment of dividend is also subject to any restriction under the Companies Law of the Cayman Islands and any other applicable laws, rules and regulations, as well as the articles of association of the Company (as amended from time to time).

CORPORATE GOVERNANCE

The Group's principal corporate governance practices are set out on page 58.

CLOSURE OF REGISTER OF MEMBERS

In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Friday, 14 May 2021 to Friday, 21 May 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13 May 2021.

董事會在建議任何股息派付時，亦須考慮到（其中包括）本集團的實際及預期財務表現、股東權益、一般業務狀況及策略、本集團的預期營運資金要求及日後擴張計劃、對於本集團的信譽的潛在影響、一般經濟狀況、本集團業務的業務週期及可能影響本公司的業務或財務表現及財政狀況的其他內在或外在因素，以及董事會認為合適的其他因素。

本公司將繼續檢討該股息政策，並且保留權利以其全權絕對酌情決定權於任何時間更新、修訂及／或修改該股息政策。該股息政策並不構成本公司作出的具法律約束力的承諾，表示將以任何具體金額支付股息，及／或本公司並無義務於任何時間或不時宣派股息。派付股息亦須遵守開曼群島公司法及任何其他適用法律、規則及法規以及本公司的章程細則（經不時修訂）項下的任何限制條件。

企業管治

本集團的主要企業管治常規載於第58頁。

暫停股份過戶登記手續

為釐定出席本公司股東週年大會並於會上投票的權利，本公司將於二零二一年五月十四日（星期五）至二零二一年五月二十一日（星期五）（包括首尾兩日）暫停辦理股份過戶登記手續，於該期間將不會辦理股份過戶。為釐定出席本公司應屆股東週年大會並於會上投票的權利，本公司股份的未登記持有人應確保所有過戶文件連同相關股票必須不遲於二零二一年五月十三日（星期四）下午四時三十分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），以辦理登記手續。

Report of the Directors 董事會報告

AUDITORS

Ernst & Young will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting. The Company has not changed its auditors in the preceding three years.

On behalf of the Board

Ren Weiming

Chairman

Haiyan County, the PRC, 19 March 2021

* For identification purpose only

核數師

安永會計師事務所將於應屆股東週年大會上退任，而會上將提呈續聘安永會計師事務所為本公司核數師的決議案。在過去三年內，本公司未有更換核數師。

代表董事會

主席

任維明

中國海鹽縣，二零二一年三月十九日





Corporate Governance Report

企業管治報告

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”) as its own code of corporate governance.

Except for the deviation from code provision A.2.1 of the CG Code as further detailed in the paragraph headed “Chairman and Chief Executive Officer”, the Company’s corporate governance practices have complied with all the code provisions on corporate governance practices during the year ended 31 December 2020. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code regarding securities transactions by Directors and devised its own code of conduct regarding Directors’ dealings in the Company’s securities on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries with all Directors, all the Directors have confirmed that they have complied with the provisions of the Model Code and the Company’s code of conduct regarding Directors’ securities transactions for the year ended 31 December 2020 and up to the date of this annual report.

THE BOARD

The Board consists of eight Directors, four of whom are executive Directors, one of whom is non-executive Director and three of whom are independent non-executive Directors. The functions and duties conferred on the Board include: overseeing the Group’s businesses, strategic decisions and performance, promoting the success of the Company by directing and supervising its affairs, convening Shareholders’ meetings and reporting on the work of the Board to the Shareholders at Shareholders’ meetings as may be required by the applicable laws, implementing resolutions passed at Shareholders’ meetings, determining the Company’s business plans and investment plans, formulating the Company’s annual budget and final accounts, formulating the Company’s proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the Articles and the applicable laws. The senior management is delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group.

本公司認可在本集團管理架構及內部監控程序內引入良好企業管治元素的重要性，藉以達致有效的問責制。本公司已採納上市規則附錄十四所載的企業管治守則（「企業管治守則」）作為其本身的企業管治守則。

除誠如「主席及行政總裁」一段所進一步詳述的偏離企業管治守則守則條文第A.2.1條外，於截至二零二零年十二月三十一日止年度，本公司的企業管治常規已遵守所有企業管治常規的守則條文。本公司將繼續檢討及監察其企業管治常規，以確保遵守企業管治守則。

董事進行證券交易的標準守則

本公司已就董事進行證券交易採納董事進行證券交易的標準守則及就董事進行本公司證券交易制訂其本身的操守守則，其條款不遜於標準守則所載的規定標準。經向全體董事作出特定查詢後，全體董事已確認於截至二零二零年十二月三十一日止年度及直至本年報日期，一直遵守標準守則的條文及本公司有關董事進行證券交易的操守守則。

董事會

董事會成員包括八名董事，其中四名為執行董事、一名為非執行董事及三名為獨立非執行董事。董事會的職能及職責包括：監察本集團的業務、戰略決策及表現、透過帶領及監督本公司事務促進本公司成功、召開股東大會及按適用法例要求於股東大會上向股東匯報董事會的工作、執行於股東大會通過的決議案、釐定本公司的業務計劃及投資計劃、制定本公司的年度預算及期末賬目、制定本公司股息和分紅的建議以及行使細則及適用法律所賦予的其他權力、職能及職責。高級管理層獲董事會授予權力及責任以處理本集團日常管理及營運。

Corporate Governance Report

企業管治報告

The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board and attendance of individual Directors at meetings of the Board, the Remuneration Committee, the Audit Committee and the Nomination Committee during the Year under review are as follows:

董事會定期舉行會議審閱本公司的財務及營運表現，並考慮及批准本公司整體策略及政策。於回顧年內，董事會組成成員及個別董事出席董事會、薪酬委員會、審核委員會及提名委員會會議的情況如下：

		Relevant Meetings Attended/Held 出席／舉行相關會議				Annual General Meeting
		Board 董事會	Remuneration Committee 薪酬委員會	Audit Committee 審核委員會	Nomination Committee 提名委員會	Annual General Meeting 股東週年大會
Directors	董事					
Executive Directors	執行董事					
Mr. Ren Weiming (Chairman of the Board)	任維明先生 (董事會主席)	5/5				
Mr. Shen Yueming	沈躍明先生	5/5			1/1	1/1
Mr. Zhang Hongwen	張鴻文先生	5/5	1/1			1/1
Ms. Shen Hong	沈鴻女士	5/5				1/1
Non-executive Director	非執行董事					
Mr. Ngan Kam Wai Albert	顏金煒先生	5/5				1/1
Independent non-executive Directors	獨立非執行董事					
Mr. Lau Ying Kit (Chairman of the Audit Committee)	劉英傑先生 (審核委員會主席)	5/5		2/2	1/1	1/1
Mr. Lo Kwong Shun Wilson (Chairman of the Nomination Committee)	羅廣信先生 (提名委員會主席)	5/5	1/1	2/2	1/1	1/1
Mr. Yan Jianmiao (Chairman of the Remuneration Committee)	嚴建苗先生 (薪酬委員會主席)	5/5	1/1	2/2		1/1

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

除定期董事會會議外，董事會主席於年內亦與獨立非執行董事舉行並無其他董事出席的會議。

Corporate Governance Report 企業管治報告

The biographical details of the current Board members are set out under the section headed “Directors and Senior Management” on page 28 of this annual report. Save as otherwise disclosed, there is no relationship (including financial, business, family or other material relationship) between any members of the Board or senior management of the Company.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive Directors represented over one-third of the Board.

The Company has received from each of its independent non-executive Directors a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers all of the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

All Board members have separate and independent access to the Company’s senior management to fulfil their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company’s expense. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. An agenda and accompanying Board/committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which records in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the company secretary and are available for inspection by the Directors.

董事會現時成員的履歷詳情載於本年報第28頁的「董事及高級管理層」一節。除另有披露者外，董事會成員或本公司高級管理層之間概無任何關連（包括財務、業務、家族或其他重大關連）。

董事名單（按分類表示）亦於本公司根據上市規則不時刊發的所有公司通訊內披露。獨立非執行董事亦根據上市規則在所有公司通訊中有明確識別。

上市規則規定須委任至少三名獨立非執行董事，其中至少一名獨立非執行董事必須具備適當專業資格，或具備適當會計或相關財務管理專長，且獨立非執行董事必須佔董事會成員人數至少三分之一。年內，董事會於任何時候均符合此項規定。

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出的獨立性確認書，而董事會認為按照上市規則第3.13條，全體獨立非執行董事均為獨立人士。

所有董事會成員有個別及獨立接觸本公司高級管理層的機會，以履行他們的職責，及在適當的情況下根據合理的要求尋求獨立專業的意見，費用由本公司承擔。所有董事亦可接觸公司秘書，彼負責確保董事會程序及所有適用規則及法規皆獲遵守。議程及隨附的董事會／董事委員會文件會在會議舉行前的合理時間內通知發送董事／委員會成員。記錄了董事會考慮及達成決策的事宜詳情（包括任何董事提出的關注問題或反對意見）的董事會會議及董事委員會會議的會議記錄，由公司秘書保存及可由董事查閱。

Corporate Governance Report

企業管治報告

Pursuant to article 87 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement at least once every three years and is eligible for re-election. In accordance with article 87 of the Articles, Ms. Shen Hong, Mr. Lau Ying Kit and Mr. Lo Kwong Shun Wilson shall retire from office by rotation at the forthcoming annual general meeting. All retiring Directors being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting.

Mr. Lau Ying Kit and Mr. Lo Kwong Shun Wilson, being independent non-executive Directors for more than nine years, their re-appointment will be by way of separate resolutions in the forthcoming annual general meeting.

DIRECTORS' RESPONSIBILITY

The following statement, which sets out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with, but be distinguished from, the Independent Auditors' Report on page 80 which states the reporting responsibilities of the Group's auditors.

Annual Report and Accounts

The Directors acknowledge their responsibilities to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group.

Accounting Policies

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

根據細則第87條，於本公司每屆股東週年大會上，當時在任的董事中三分之一（或倘彼等的數目並非三的倍數，則取最接近但不少於三分之一的數目）須輪席退任，惟每名董事須最少每三年退任一次，並可膺選連任。根據細則第87條，沈鴻女士、劉英傑先生及羅廣信先生須於應屆股東週年大會上輪席退任。退任董事全部合資格並願意於應屆股東週年大會上膺選連任為董事。

劉英傑先生及羅廣信先生已擔任獨立非執行董事逾九年，彼等將於應屆股東週年會上以獨立決議案方式續聘。

董事職責

以下聲明列出董事對財務報表的責任，它必須連同第80頁的獨立核數師報告一起閱讀，但兩者又必須區別開來。獨立核數師報告列明本集團核數師的報告責任。

年報及賬目

董事確認其有責任於每個財政年度編製真實而公允地反映本集團事務狀況的財務報表。

會計政策

董事認為在編製財務報表時，本集團持續採用適當的會計政策，並遵從所有適用的會計準則。

Corporate Governance Report

企業管治報告

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the disclosure requirements of the Companies Ordinance (Cap. 622, Laws of Hong Kong) and the applicable accounting standards.

Safeguarding Assets

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not have any officer with the title of “chief executive officer”. Mr. Ren Weiming, who acts as the chairman of the Company, is also responsible for overseeing the general operations of the Group. The Board meets regularly to consider major matters affecting the operations of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership, enabling the Company to operate efficiently.

NON-EXECUTIVE DIRECTORS

Mr. Ngan Kam Wai Albert, a non-executive Director, renewed his service agreement with the Company for a term of three years on 1 January 2019.

Mr. Lo Kwong Shun Wilson and Mr. Lau Ying Kit, independent non-executive Directors, renewed their appointments with the Company with the same terms for another three years on 1 January 2019. Mr. Yan Jianmiao was appointed as an independent non-executive Director at the annual general meeting of the Company held on 30 May 2016. Mr. Yan has renewed his appointment with the Company for a term of three years with similar terms as other independent non-executive Directors with effect on 30 May 2019.

會計記錄

董事負責確保本集團保存的會計記錄能合理準確地披露本集團的財務狀況，從而根據《公司條例》（香港法例第622章）的披露規定及適用的會計準則來編製財務報表。

保障資產

董事負責採取一切合理及所需的步驟以保障本集團的資產，並防止及查察欺詐及其他不當行為。

主席及行政總裁

根據企業管治守則的守則條文A.2.1，主席與行政總裁的角色應有區分，並不應由一人同時兼任。

本公司目前並無任何高級職員擁有「行政總裁」職銜。任維明先生為本公司主席，亦負責監察本集團一般營運。董事會將定期舉行會議，以考慮影響本公司營運的主要事宜。董事會認為此架構將不會損害董事會與本公司管理層之間的權力及職權平衡，且有助於建立有力而穩定的領導層，使本公司能有效營運。

非執行董事

非執行董事顏金煒先生已經與本公司重續服務協議，由二零一九年一月一日起為期三年。

獨立非執行董事羅廣信先生及劉英傑先生已與本公司以相同條款重續任期，由二零一九年一月一日起為期三年。嚴建苗先生已於二零一六年五月三十日舉行的本公司股東週年大會上獲委任為獨立非執行董事。嚴先生已與本公司續訂委任函，條款與其他獨立非執行董事相若，由二零一九年五月三十日起為期三年。

Corporate Governance Report 企業管治報告

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

During the Year, the Directors are provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. During the Year, the Company arranged a training covering topics on latest changes on corporate governance, Listing Rules and case studies with topics covering qualified audit opinion, backdoor listing, sufficient business operation, cash company, disclosure of performance of major investment, etc., for Directors' continuous professional development. All Directors attended the training.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged liability insurance to indemnify its Directors and officers in respect of legal actions against them. During the Year, no claim had been made against the Directors and officers of the Company.

COMPANY SECRETARY

During the Year, Mr. Chan Yan Kwan Andy, the company secretary of the Company, attended relevant professional training for not less than 15 hours.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference and report their findings and recommendations to the Board after each meeting of the Board committees. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

董事持續培訓及發展

年內，董事定期獲知會本公司的最近期表現、狀況及前景，使董事會整體及各董事能履行彼等的職責。此外，本集團鼓勵全體董事參與持續專業發展，發展及增進知識及技能。本公司不時為董事提供有關上市規則及其他適用監管規定的最新發展，確保彼等遵守及知悉良好的企業管治常規。年內，本公司為董事的持續專業發展安排一次內容涉及企業管治、上市規則最新變動及案例研究的培訓，主題涵蓋保留審計意見、借殼上市、充足的業務運營、現金公司、主要投資業績披露等。全體董事均出席該培訓。

董事及高級職員的責任保險及彌償保險

本公司已安排責任保險，以就針對董事及高級職員的法律訴訟向彼等作出彌償。年內並無任何人士向本公司董事及高級職員提出索償。

公司秘書

年內，本公司的公司秘書陳仁君先生已出席不少於15小時的相關專業培訓。

董事委員會

董事會已成立三個委員會，分別為審核委員會、薪酬委員會及提名委員會，以監察本公司各特定範疇的事務。本公司董事會轄下所有委員會均按具體的書面職權範圍成立，並在每次董事會委員會會議後向董事會報告其發現及推薦建議。董事會轄下各委員會的職權範圍已登載於本公司及聯交所的網站，且可應股東要求提供。

各董事委員會成員大部分為獨立非執行董事，各董事委員會的主席及成員名單載於本年報第2頁「公司資料」。

Corporate Governance Report

企業管治報告

REMUNERATION COMMITTEE

The Remuneration Committee has adopted written terms of reference prepared by reference to the requirements under the code provision B.1.2 of the CG Code. The primary functions of the Remuneration Committee are to consider and recommend to the Board the remuneration and other benefits paid by the Company to the Directors and senior management. The remuneration of all Directors and senior management is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Zhang Hongwen, Mr. Yan Jianmiao (chairman of the Remuneration Committee) and Mr. Lo Kwong Shun Wilson.

The Remuneration Committee shall meet at least once every year to review the remuneration policy and structure and determination of the annual remuneration packages of the executive Directors and the senior executives and other related matters. The Remuneration Committee shall make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration.

One Remuneration Committee meeting was held during the Year. At the meeting, the Remuneration Committee reviewed and approved the remuneration of the Directors, after comparing with that of similar textile companies listed on the Stock Exchange. The attendance record of each member of the Remuneration Committee at the said meeting is set out in the table below:

Name of Directors	董事姓名	Attendance/Number of Meetings 出席／會議次數
Mr. Zhang Hongwen	張鴻文先生	1/1
Mr. Yan Jianmiao (Chairman)	嚴建苗先生 (主席)	1/1
Mr. Lo Kwong Shun Wilson	羅廣信先生	1/1

薪酬委員會

薪酬委員會已採納書面職權範圍，此乃參照企業管治守則的守則條文B.1.2的規定編製。薪酬委員會的主要職能為考慮及向董事會建議本公司支付予董事及高級管理層的薪酬及其他福利。薪酬委員會定期監察所有董事及高級管理層的薪酬，以確保彼等的薪酬及補償水平為適合。

薪酬委員會成員包括一名執行董事張鴻文先生以及兩名獨立非執行董事嚴建苗先生（薪酬委員會主席）及羅廣信先生。

薪酬委員會須最少每年舉行一次會議，審閱薪酬政策及架構，並釐定執行董事及高級行政人員的年度薪酬組合及其他有關事宜。薪酬委員會應就本公司全體董事及高級管理層的薪酬政策及架構向董事會提供推薦建議。

薪酬委員會於年內舉行了一次會議。於會議上，薪酬委員會經比較於聯交所上市的類似紡織品公司的董事薪酬後，審閱及批准董事薪酬。各薪酬委員會成員於上述會議的出席記錄載於下表：

Corporate Governance Report 企業管治報告

NOMINATION COMMITTEE

The Nomination Committee (“NC”) has adopted written terms of reference prepared by reference to the requirements under the code provision A.5.2 of the CG Code. The primary functions of the NC are to review the Board’s diversity policy and to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, based on skills, knowledge and experience, to complement the Company’s corporate strategy. The NC also determined the policy for the nomination of Directors and the nomination procedures and the process and criteria adopted by the NC to select and recommend candidates for directorship. The NC comprises one executive Director and two independent non-executive Directors, namely Mr. Shen Yueming, Mr. Lau Ying Kit and Mr. Lo Kwong Shun Wilson (chairman of the Nomination Committee).

One meeting was held during the Year. At the meeting, the NC reviewed the structure, size and composition of the Board and the Board’s diversity policy. The attendance record of each member of the NC at the said meeting is set out in the table below:

Name of Directors	董事姓名	Attendance/Number of Meeting 出席／會議次數
Mr. Shen Yueming	沈躍明先生	1/1
Mr. Lau Ying Kit	劉英傑先生	1/1
Mr. Lo Kwong Shun Wilson (<i>Chairman</i>)	羅廣信先生 (<i>主席</i>)	1/1

Nomination Policy

Objective

The NC shall nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as directors including independent non-executive directors of the Company (“INEDs”) at general meetings or appoint as directors including INEDs to fill casual vacancies.

The NC may, as it considers appropriate, nominate a number of candidates more than the number of directors to be appointed or reappointed at a general meeting, or the number of casual vacancies to be filled.

The ultimate responsibility for selection and appointment of directors rest with the Board.

提名委員會

提名委員會（「提名委員會」）已採納書面職權範圍，此乃參照企業管治守則的守則條文A.5.2的規定編製。提名委員會的主要職能為配合本公司的公司策略而檢視董事會多元化政策，並根據董事的技能、知識及經驗，就委任或續任董事及董事繼任計劃向董事會提供推薦建議。提名委員會亦已制定董事提名政策及提名程序，並採納其甄選及建議董事人選的程序及準則。提名委員會成員包括一名執行董事沈躍明先生以及兩名獨立非執行董事劉英傑先生及羅廣信先生（提名委員會主席）。

於年內舉行了一次會議。於會議上，提名委員會檢討董事會的架構、規模及成員以及董事會多元化政策。各提名委員會成員於上述會議的出席記錄載於下表：

提名政策

目標

提名委員會將向董事會提名適合候選人，以供其考慮及向股東推薦以在股東大會上膺選為董事（包括本公司獨立非執行董事（「獨立非執行董事」）或委任為董事（包括獨立非執行董事）以填補臨時空缺。

提名委員會如認為適當，可在將於股東大會上獲委任或連任的董事人數，或需要填補的臨時空缺數目之外，提名多名候選人。

甄選及委任董事的最終責任由董事會承擔。

Corporate Governance Report

企業管治報告

Selection Criteria

The factors listed below would be used as reference by the NC in assessing the suitability of a proposed candidate.

- Reputation for integrity
- Accomplishment and experience in the textile industry
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

These factors are for reference only, and not meant to be exhaustive and decisive. The NC has the discretion to nominate any person, as it considers appropriate.

Retiring INEDs are eligible for nomination by the Board to stand for re-election at a general meeting. For those who have served as INEDs for a period of 9 consecutive years may be stand for re-election at a general meeting, subject to a separate resolution to be approved by shareholders at the general meeting. For the avoidance of doubt, the 9-year period for determining the independence of an INED for nomination by the Board to stand for election at a general meeting would count from his/her date of first appointment as an INED until the date of the forthcoming annual general meeting.

Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as an INED and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as an INED.

Nomination Procedures

The secretary of the NC shall call a meeting of the NC, and invite nominations of candidates from Board members if any, for consideration by the NC prior to its meeting. The NC may also put forward candidates who are not nominated by Board members.

甄選標準

提名委員會於評估擬任候選人的適當性時將以下列因素作為參考。

- 信譽
- 於紡織行業的成就及經驗
- 就可投入時間及相關事務關注作出的承諾
- 各方面的多元性，包括但不限於性別、年齡（18歲或以上）、文化教育背景、種族、專業經驗、技能、知識及任職時間的長短

該等因素僅供參考，而非詳盡及絕對。提名委員會如認為適當，可酌情提名任何人士。

退任獨立非執行董事合資格獲董事會提名於股東大會上膺選連任。於連續九年期間擔任獨立非執行董事的人士可於股東大會上膺選連任，惟須經股東於股東大會上批准獨立決議案。為免生疑問，用於釐定獨立非執行董事獲董事會提名以於股東大會上膺選的獨立性的九年期間從其首次獲委任為獨立非執行董事日期起計直至應屆股東週年大會日期。

擬任候選人須按規定格式提交必要個人資料，連同彼等書面同意書，同意獲委任為獨立非執行董事及就彼等膺選獨立非執行董事或相關事宜於任何文件或相關網站公開披露彼等的個人數據。

提名程序

提名委員會秘書將召開提名委員會會議，並邀請董事會成員提名候選人（如有）以供提名委員會於其會議前考慮。提名委員會亦可推薦並非由董事會成員提名的候選人。

Corporate Governance Report 企業管治報告

For filling a casual vacancy, the NC shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the NC shall make nominations to the Board for its consideration and recommendation.

Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to Shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to Shareholders.

A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the Company Secretary.

The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

As there may be more candidates than the vacancies available, and the "highest number of votes" method will be used to determine who shall be elected as an INED.

The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

Board Diversity Review and Policy

Selection of candidates will be based on a range of diversity perspectives, including but not limited to, textile industry experience, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

就填補臨時空缺而言，提名委員會將作出推薦建議以供董事會考慮及批准。就推薦候選人以於股東大會上膺選而言，提名委員會向董事會提名候選人以供其考慮及推薦。

於發出股東通函前，獲提名人士不得假設其已獲董事會推薦以於股東大會上膺選。

為提供有關獲董事會提名以於股東大會上膺選的候選人資料，本公司將向股東寄發通函。向股東發出的通函將根據適用法律、規則及法規規定載列擬任候選人的姓名、簡要履歷（包括資格及相關經驗）獨立性、建議薪酬以及任何其他資料。

准許候選人於股東大會前透過向公司秘書送達書面通知撤銷其候選資格。

董事會對於有關其推薦候選人以於任何股東大會膺選的所有事項擁有最終決定權。

由於候選人人數可能大於空缺數量，將採用「最高票數」法決定獨立非執行董事人選。

提名委員會如認為有必要，可要求候選人提供其他資料及文件。

董事會多元性審核及政策

甄選候選人時將會以不同的多元性角度為基準，包括但不限於在紡織行業的經驗、性別、年齡、文化及教育背景、道德水平、專業經驗、技能、知識及服務年期。最終決定將會以獲選的候選人為董事會帶來的裨益及貢獻為依歸。

Corporate Governance Report

企業管治報告

During the Year, the NC had reviewed and compared the diversity of the Board with all the listed companies in Hong Kong, in terms of number of all directors, number of INEDs, gender and average age. The NC also reviewed the professional qualification and expertise of all the Directors. The Board's composition (together with details on textile industry experience, age, gender and holding of office in textile association) are as follows:

年內，提名委員會已審核董事會的多元性，並就所有董事人數、獨立非執行董事人數、性別及平均年齡方面與香港所有上市公司比較。提名委員會亦已審核本公司所有董事的專業資格及專業知識。董事會的組成（包括有關紡織行業的經驗、年齡、性別及有否於紡織業協會擔任職務的詳情）如下：

Name 姓名	Textile Industry experience 紡織行業經驗	Age 年齡	Gender 性別	Hold office in Textile Association 有否於紡織業協會擔任職務
REN Weiming 任維明	Yes 有	61	Male 男	Yes 有
SHEN Yueming 沈躍明	Yes 有	59	Male 男	No 否
ZHANG Hongwen 張鴻文	Yes 有	54	Male 男	No 否
SHEN Hong 沈鴻	Yes 有	54	Female 女	No 否
NGAN Kam Wai Albert 顏金煒	Yes 有	71	Male 男	Yes 有
LAU Ying Kit 劉英傑	No 否	47	Male 男	No 否
LO Kwong Shun Wilson 羅廣信	No 否	47	Male 男	No 否
YAN Jianmiao 嚴建苗	No 否	55	Male 男	No 否

Measurable objectives

The Company's measurable objectives of the Board diversity policy are as follows:

- 1) At least half of the members of the Board should have textile industry experience.
- 2) At least one Director should hold office/honorary title in the textile association in order to ensure the Company to receive first-hand information about the development and challenges of the industry.
- 3) Gender is not the key consideration. It will be based on merit and contribution that the selected candidates will bring to the Board.

可計量目標

本公司的董事會多元性政策的可計量目標如下：

- 1) 最少一半董事會成員具紡織行業經驗。
- 2) 最少一名董事於紡織業協會擔任職務／擁有榮譽職銜，以確保本公司取得行業發展及挑戰的第一手資料。
- 3) 性別並非主要考慮因素。獲選的候選人對董事會帶來的裨益及貢獻將為考慮的依歸。

Corporate Governance Report 企業管治報告

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group as well as the Group's internal audit function and to provide advice and comments to the Board.

The Audit Committee is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

The Audit Committee consists of three members, namely Mr. Lau Ying Kit, Mr. Lo Kwong Shun Wilson and Mr. Yan Jianmiao, all of whom are independent non-executive Directors. Mr. Lau Ying Kit, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the Audit Committee.

審核委員會

審核委員會遵照上市規則第3.21及3.22條成立，並訂出符合企業管治守則的書面職權範圍。審核委員會的主要職責為檢討及監察本集團財務申報程序、風險管理及內部監控制度以及本集團的內部審核職能，並向董事會提供意見及評議。

審核委員會負責釐定本公司的企業管治政策，並履行下列企業管治職責：

- 制訂及檢討本集團有關企業管治的政策及常規，並提出推薦建議；
- 檢討及監察董事及高級管理層的培訓及持續專業發展；
- 檢討及監察本集團遵守所有法律及監管規定(如適用)的政策及常規；
- 制訂、檢討及監察適用於本集團僱員及董事的行為守則及遵例手冊(如有)；及
- 檢討本集團遵守守則及於企業管治報告內披露規定的情況。

審核委員會由三名成員組成，分別為劉英傑先生、羅廣信先生及嚴建苗先生，全屬獨立非執行董事。於會計事宜擁有適當專業資格及經驗的劉英傑先生獲委任為審核委員會主席。

Corporate Governance Report

企業管治報告

The attendance record of each member of the Audit Committee at the said meetings is set out in the table below:

各審核委員會成員於上述會議的出席記錄載於下表：

Name of Directors	董事姓名	Attendance/Number of Meetings 出席／會議次數
Mr. Lau Ying Kit (<i>Chairman</i>)	劉英傑先生 (<i>主席</i>)	2/2
Mr. Lo Kwong Shun Wilson	羅廣信先生	2/2
Mr. Yan Jianmiao	嚴建苗先生	2/2

During the Year, the Audit Committee held two meetings. At the meetings, the Audit Committee reviewed the Company's relationship with the external auditor, discussed with the Company's external auditor on the tasks performed by them including the nature and scope of their audit and reporting obligations, and reviewed the terms of engagement and their remuneration, reviewed the Company's final results for the year ended 31 December 2019, interim results for the six months ended 30 June 2020 and the continuing connected transactions with the external auditors, and communicated with the external auditors twice without the presence of the management in 2020. The Audit Committee also reviewed and approved the internal audit report and considered the effectiveness of the Group's internal audit function.

年內，審核委員會共舉行兩次會議。於會議上，審核委員會已審閱本公司與外部核數師的關係，與本公司外部核數師討論彼等執行的任務，包括審核的性質及範圍及報告責任，並審閱委聘條款及其薪酬，與外部核數師審閱本公司截至二零一九年十二月三十一日止年度的末期業績、截至二零二零年六月三十日止六個月的中期業績及持續關連交易，並於二零二零年在並無管理層出席的情況下與外部核數師進行兩次溝通。審核委員會亦審閱及批准內部審核報告及審議本集團內部審核職能的有效性。

During the Year, the Audit Committee also reviewed the Company's corporate governance policies and practices, the Group's internal control functions, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, internal control and risk management, the compliance with the Model Code, and the Company's compliance with the CG Code and disclosures in this Corporate Governance Report.

年內，審核委員會亦已檢討本公司的企業管治政策及常規、本集團內部監控職能、董事及高級管理層的培訓及持續專業發展、本公司遵守法律及監管規定的政策及常規、內部監控及風險管理、遵守標準守則的情況，以及本公司遵守企業管治守則的情況以及本企業管治報告中的披露。

The Directors are collectively responsible for preparing the consolidated financial statements of the Group which have been prepared on a going concern basis, and complies with the requirements of the Listing Rules. There has been no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

董事共同負責按持續經營基準，並遵照上市規則的規定編製本集團的合併財務報表。就遴選及委任外部核數師一事，董事及審核委員會之間並無分歧。

Corporate Governance Report 企業管治報告

INTERNAL CONTROL AND RISK MANAGEMENT

The Company has in place a sound and effective internal control to safeguard Shareholders' investment and assets of the Company and its subsidiaries. The Audit Committee is entrusted by the Board to monitor the effectiveness of the Group's internal control and risk management systems on an ongoing basis so as to ensure that the internal control and risk management systems in place, including the resources, staff qualifications and experience, training programmes, accounting, internal audit, compliance and financial reporting functions of the Company are adequate.

The Company has established written policies and procedures applicable to all operating units to ensure the effectiveness of internal controls. The Company also has a process for identifying, evaluating and managing significant risks associated with the achievement of its operational objective. The day-to-day operation of the Company is entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board/Audit Committee. The Company carries out reviews on the effectiveness of the internal control systems from time to time in order to ensure that they are able to meet and deal with the dynamic and ever changing business environment.

The Company has established an optimized risk management and internal control system consisting of the Board, Audit Committee, management team, internal control and all departments of the Company. In respect of risk management and internal control, all departments of the Company are the first line of defence, the internal control and management team are the second line of defence and the Audit Committee under the Board are the third line of defence. The Board is ultimately responsible for the development of a sound risk management and internal control system of the Company and the effective implementation of risk management, and is the highest decision-making authority for risk management and internal control of the Company.

內部監控及風險管理

本公司採納良好及有效的內部監控，保障股東投資以及本公司及其附屬公司的資產。審核委員會受董事會之託，持續監察本集團內部監控及風險管理系統的成效，從而確保本公司施行內部監控及風險管理系統，包括足夠的資源、員工資格及經驗、培訓計劃、會計、內部審計、合規及財務申報職能。

本公司已制定適用於所有營運單位的書面政策及程序，確保內部監控的成效。本公司亦有識別、評估及管理與達成營運目標有關的重大風險的程序。本公司的日常營運則委託個別部門，對其本身部門的行為及表現進行問責，並須嚴格遵守董事會／審核委員會制定的政策。本公司不時檢討內部監控系統成效，確保其能夠符合及應對靈活及不時轉變的經營環境。

本公司已設立經優化的風險管理及內部監控系統，當中包括董事會、審核委員會、管理團隊，內部監控及本公司所有部門。至於風險管理及內部監控，本公司所有部門為第一道防線，內部監控及管理團隊為第二道防線，而董事會轄下的審核委員會則為最後一道防線。董事會最終負責發展一個全面的風險管理及內部監控系統以及有效實行風險管理，並為本公司風險管理及內部監控的最高決策權力。

Corporate Governance Report 企業管治報告

The primary objective of risk management is to have all the business risks effectively identified, measured, analysed and controlled, such as having them measured against defined limits, monitored, reported and managed (including mitigation of risks), followed by the pursuit of business development on the premise of keeping risks in check. Such 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 conducted review and assessment of the effectiveness of the Company's internal control systems twice during the Year including financial, operational and compliance controls and risk management.

During the Year, the Company scrutinized and identified potential risks associated with its corporate structure and business operation by executing basic risk management procedures in all key operations. A risk register of the Company was established to gain substantial information on its overall risk characteristics, providing a solid foundation for risk management and internal control.

The Company conducted an analysis and assessment on the identified risks based on their possibility and influence, so as to determine the risk levels and identify the significant risks faced by the Company. A summary of key risks identified from the perspective of global economy, industry and company level was reviewed and discussed by the Audit Committee and the Board.

Based on review of the results of risk management and internal control, no material failure or weakness was found in respect of risk monitoring during the Year. The management procedures of financial reports and information disclosure of the Company is in compliance with the Listing Rules. The Board considered that the risk management and internal control of the Company is effective during the Year and up to date of this annual report.

風險管理的主要目的為有效識別、計量、分析及監控所有業務風險，例如按界定上限計量、監察、匯報及管理（包括減低）該等風險，繼而在風險監察得當的情況下發展業務。該等系統旨在管理而非消除無法達成業務目標的風險，並僅能為重大錯誤陳述或損失提供合理而非絕對的保證。

年內，審核委員會已對本公司的內部監控系統成效進行兩次檢討及評估，包括財務、經營、合規監控及風險管理。

年內，本公司透過於所有主要營運執行基本風險管理程序，審視並識別與公司架構及業務營運有關的潛在風險。本公司已設立風險登記冊以獲取有關其整體風險特性的重要資料，為風險管理及內部監控提供堅實基礎。

本公司依照所識別風險出現的可能性及造成的影響對該等風險進行分析及評估，以釐定本公司的風險水平及識別本公司所面對的重大風險。審核委員會及董事會已審閱及討論從全球經濟、行業及公司層面識別的主要風險概要。

經審閱風險管理及內部監控的結果，年內並無發現有關風險監控的重大缺失或不足。本公司財務報告及資料披露的管理程序符合上市規則。董事會認為，本公司的風險管理及內部監控在年內及直至本年報日期行之有效。

Corporate Governance Report 企業管治報告

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its obligations under Chapter 13 of the Listing Rules and the SFO and the overriding principle that any inside information of the Company should be announced as soon as practicable. The Company reviews from time to time its internal guidelines on inside information or potentially price sensitive information with reference to its own and industry circumstances and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission.

The Company's policy contains a strict prohibition on unauthorized use of confidential or inside information. The Chairman and the chief financial officer of the Company are the key spokespersons of the Company in all external media communications.

The purpose of streamlining the communications of the Group with the media is to regulate all media communication activities, protect the interests of the Company and keep inside information strictly confidential prior to its disclosure.

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2020 is as follows:

Remuneration bands (RMB)

RMB1,000,001 – RMB1,500,000

薪酬範圍 (人民幣)

人民幣1,000,001元—人民幣1,500,000元

Number
of individuals
人數

1

AUDITORS' REMUNERATION

During the Year, the remuneration paid to the Company's external auditors, Ernst & Young, is set out as follows:

Service rendered

Audit Services
Tax services

提供的服務

審核服務
稅項服務

Fee paid
已付費用
RMB'000
人民幣千元

1,950
84

內幕消息

就處理及發佈內幕消息的程序及內部監控而言，本公司察悉其於上市規則第十三章及證券及期貨條例下的責任，亦察悉應在切實可行範圍內盡快公佈任何內幕消息的凌駕性原則。本公司不時參照其本身及行業情況以及證券及期貨事務監察委員會發出的《內幕消息披露指引》，檢討其有關內幕消息或潛在股價敏感資料的內部指引。

本公司的政策嚴格禁止未經授權使用機密資料或內幕消息。本公司主席及財務總監為本公司所有對外媒體通訊的主要發言人。

精簡本集團與媒體通訊旨在監管所有媒體通訊活動、保障本公司利益及確保內幕消息於披露前保持機密。

應付高級管理層成員的年度薪酬

截至二零二零年十二月三十一日止年度，高級管理層成員的年度薪酬範圍如下：

核數師薪酬

於年內支付予本公司外部核數師安永會計師事務所的薪酬載列如下：

Corporate Governance Report

企業管治報告

The responsibilities of the external auditors with respect to the 2020 financial statements are set out in the section headed “Independent Auditors’ Report” on page 80. Save as disclosed above and in the section headed “Independent Auditors’ Report”, the Company did not engage Ernst & Young for any non-audit services during the Year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2020, which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the Year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group’s ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the Independent Auditor’s Report on page 80 of this annual report.

SHAREHOLDERS’ RIGHTS

(i) **Procedures for Shareholders to convene an extraordinary general meeting (the “EGM”) (including making proposals/moving a resolution at the EGM to be called by the Board)**

- 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 (the “**Eligible Shareholder(s)**”) shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the “**Company Secretary**”), to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including putting forward proposals or moving a resolution at the EGM.

外部核數師就二零二零年財務報表的責任載於第80頁的「獨立核數師報告」一節。除以上及「獨立核數師報告」一節所披露者外，本公司於年內並無委任安永會計師事務所提供任何其他非審核服務。

問責及審核

董事知悉彼等有責任編製本集團截至二零二零年十二月三十一日止年度的財務報表所載的一切資料及陳述，並真實公平地反映本集團業務狀況以及年內的經營業績及現金流量情況。董事認為財務報表已遵照所有適用會計準則及規定而編製，並反映根據董事會及管理層的最佳估計、合理知情及審慎判斷後所得的數額。就董事所知，並無有關任何事件或情況的重大不明朗因素可能對本集團持續經營的能力產生重大質疑。因此，董事已按照持續經營基準編製本集團的合併財務報表。

本集團核數師就其對本集團合併財務報表的呈報責任的聲明載於本年報第80頁的「獨立核數師報告」。

股東權利

(i) **股東召開股東特別大會的程序 (包括於董事會召開的股東特別大會提呈建議／動議決議案)**

- 任何一位或以上於遞呈要求日期持有不少於本公司實繳股本 (附有本公司股東大會上投票權) 十分之一的股東 (「**合資格股東**」) 於任何時候均有權透過向本公司董事會或公司秘書 (「**公司秘書**」) 發出書面要求，要求董事會召開股東特別大會，以處理有關要求中指明的任何事項，包括於股東特別大會上提呈建議或動議決議案。

Corporate Governance Report 企業管治報告

- Eligible Shareholders who wish to require an EGM to be called by the Board for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for the attention of the Company Secretary. The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda of the EGM including the details of the business(es) proposed to be transacted at the EGM, signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder will be verified with the Company’s branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within two months and/or include the proposal or the resolution proposed by the Eligible Shareholder at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not convene an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder at the EGM.
- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Articles, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.
- 有意要求董事會召開股東特別大會以於會上提呈建議或動議決議案的合資格股東，必須將經由合資格股東簽署的書面要求(「**要求**」)遞呈至本公司的香港主要營業地點香港皇后大道東183號合和中心54樓，收件人應註明為公司秘書。要求必須清楚列明合資格股東的姓名、其於本公司的股權、召開股東特別大會的理由、股東特別大會的議程(包括建議於股東特別大會上處理的事項詳情)，並經由合資格股東簽署。
- 本公司將檢視要求，並向本公司的股份過戶登記分處驗證合資格股東的身份及股權。倘要求被認定為恰當及完整，則公司秘書將要求董事會於遞呈要求後兩個月內召開股東特別大會及／或於股東特別大會中載列合資格股東提呈的建議或決議案。與之相反，倘要求被驗證為不完整，則合資格股東將獲告知有關結論，而董事會據此不會召開股東特別大會及／或於股東特別大會中載列合資格股東提呈的建議或決議案。
- 倘遞呈要求後21日內，董事會未有將任何否定的結論告知合資格股東，亦未有安排召開股東特別大會，則合資格股東可自行根據細則召開股東特別大會，而有關合資格股東因董事會未有召開大會而合理產生的所有開支應由本公司向有關合資格股東作出償付。

Corporate Governance Report

企業管治報告

(ii) Procedures for sending enquiries to the Board

Shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by post or email to ir@kingdom-china.com for the attention of the investors relation department of the Company.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2020, there was no change in the constitutional documents of the Company.

INVESTOR RELATIONS

The Group firmly believes the importance of communicating with the investment community and the Shareholders in attaining a high level of transparency. Since its listing, the Group has maintained various communication channels with analysts and fund managers such as one-to-one meetings, telephone communications, and press releases. The general meetings of the Company provide a platform for communication between the Shareholders and the Board. The Chairman of the Board as well as Chairmen of the Remuneration Committee, Nomination Committee and Audit Committee or if, in their absence, other members of the respective committees, and where applicable, the independent board committee, are available to answer questions at the Shareholders' meetings. The Company endeavours to provide timely and accurate information to the investors to enhance the understanding of the investors about the linen industry, as well as the business development strategy and direction of the Group.

The Group will continue to maintain a close relationship with investors and develop greater understanding about the Group for international investors, to enhance investors' confidence in the Group.

(ii) 向董事會提問的程序

本公司股東可將向董事會作出的提問及疑問以郵遞方式遞呈至本公司的香港主要營業地點香港皇后大道東183號合和中心54樓，收件人應註明為董事會，或電郵至ir@kingdom-china.com，收件人應註明為本公司投資者關係部。

章程文件變動

截至二零二零年十二月三十一日止年度，本公司章程文件並無變動。

投資者關係

本集團深信與投資者及股東保持有效的溝通，有助於保持本集團高度透明。本集團自上市以來，以多種渠道與分析員及基金經理聯繫，如透過一對一會議、電話交流及發放新聞稿。本公司的股東大會提供一個股東與董事會之間溝通的平台。董事會主席、薪酬委員會主席、提名委員會主席及審核委員會主席，或（如上述人士未克出席）各相關委員會的其他成員，以及獨立董事委員會（如適用）的成員，將可於股東大會上回答問題。本公司致力為投資者提供準確、及時訊息，以進一步提升投資者對亞麻行業、本集團業務發展策略和動向的了解。

本集團將繼續維持與投資者緊密的關係，及加強國際投資者對本集團的認識，以增強投資者對本集團的信心。

Corporate Governance Report 企業管治報告

There is no change in the Articles during the Year. An up-to-date version of the Company's Articles is also available on the websites of the Company and that of the Stock Exchange.

As at 31 December 2020, the market capitalisation of the Company was approximately HK\$812,284,620 based on 629,678,000 Shares outstanding at the closing price of HK\$1.29 per share.

The details of the substantial shareholders can be found on page 41 of this annual report.

CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Kingdom Holdings Limited
Level 54 Hopewell Centre,
183 Queen's Road East, Hong Kong
(For the attention of the Board of Directors)
Fax: +852 3628 2284
Email: ir@kingdom-china.com

DISCLAIMER

The contents of the section headed "Shareholders' Rights" are for reference and disclosure compliance purposes only. The information does not represent and should not be regarded as legal or other professional advice from the Company to the shareholders. Shareholders should seek their own independent legal or other professional advice as to their rights as shareholders of the Company. The Company disclaims all liabilities and losses incurred by its shareholders in reliance on any contents of this section headed "Shareholders' Rights".

細則於年內並無任何變動。本公司細則的最新版本亦已登載於本公司及聯交所網站。

於二零二零年十二月三十一日，本公司市值約為812,284,620港元，乃基於629,678,000股發行在外股份按收市價每股1.29港元計算。

主要股東的詳情可參閱本年報第41頁。

聯絡資料

股東可透過以下途徑發出上述提問或要求：

地址：金達控股有限公司
香港皇后大道東183號
合和中心54樓
(收件人：董事會)
傳真：+852 3628 2284
電郵：ir@kingdom-china.com

免責聲明

「股東權利」一節所載內容僅供參考，並僅為遵守披露規定而提供。有關資料並不表示且不應被視為本公司給予股東的法律或其他專業意見。股東務請就彼等作為本公司股東享有的權利尋求獨立法律或其他專業意見。本公司概不就其股東因倚賴本節「股東權利」任何內容而產生的任何責任及損失承擔責任。





Independent Auditor's Report

獨立核數師報告



To the shareholders of Kingdom Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kingdom Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 87 to 212, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

致金達控股有限公司股東
(於開曼群島註冊成立的有限公司)

意見

我們已審計列載於第87至212頁的金達控股有限公司(以下簡稱「貴公司」)及其附屬公司(統稱「貴集團」)的合併財務報表，此合併財務報表包括於二零二零年十二月三十一日的合併財務狀況表與截至該日止年度的合併損益表、合併全面收益表、合併權益變動表和合併現金流量表，以及合併財務報表附註，包括主要會計政策概要。

我們認為，該等合併財務報表已根據國際會計準則理事會(「國際會計準則理事會」)頒佈的《國際財務報告準則》(「國際財務報告準則」)真實而中肯地反映了貴集團於二零二零年十二月三十一日的合併財務狀況及截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會(「香港會計師公會」)頒佈的《香港審計準則》(「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「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(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。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。

Independent Auditor's Report 獨立核數師報告

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期合併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合併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。我們對下述每一事項在審計中是如何應對的描述也以此為背景。

我們已經履行了本報告「核數師就審計合併財務報表承擔的責任」部分闡述的責任，包括與這些事項相關的責任。相應地，我們的審計工作包括執行為應對評估合併財務報表的重大錯誤陳述風險而設計的程序。我們執行審計程序的結果，包括應對下述事項所執行的程序，為對隨附的合併財務報表發表審計意見提供了基礎。

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 該事項在審計中是如何應對的
<i>Assessment on impairment for non-current assets</i> 非流動資產的減值評估	
<p>As at 31 December 2020, the carrying amount of property, plant and equipment, right-of-use asset and other intangible assets was RMB1,127 million which represented 43% of the Group's total assets. As the carrying amount of the Group's net assets was higher than the Company's market capitalisation, management performed an impairment test on its non-current assets. This assessment requires management to make certain key assumptions, such as cash flow projections covering a five-year period, the future growth rate and the discount rate which are highly judgemental.</p> <p>於二零二零年十二月三十一日，物業、廠房及設備、使用權資產及其他無形資產的賬面金額為人民幣1,127,000,000元，佔貴集團資產總值的43%。由於貴集團資產淨值的賬面金額高於貴公司的市值，故管理層已對非流動資產進行減值測試。此舉要求管理層作出若干關鍵假設，如五年期現金流量預測、未來增長率及貼現率，非常主觀。</p>	

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 該事項在審計中是如何應對的
<i>Assessment on impairment for non-current assets</i> 非流動資產的減值評估	
The Company provided detailed information of impairment for non-current assets in note 3 to the financial statements. 貴公司於財務報表附註3提供有關非流動資產減值的詳情。	We also reviewed the historical financial performance of the business units and compared it with the original forecasts when evaluating management's budgeting process. 我們亦已檢討業務單位的歷史財務表現，並與其原有預測比較，從而評估管理層制定預算的過程。 We have also reviewed the relevant disclosures in the financial statements. 我們亦審查財務報表的相關披露。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises Chairman's Statement, Management Discussion and Analysis, Report of the Directors and Corporate Governance Report included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to report that fact.

年報內的其他信息

貴公司董事需對其他信息負責。其他信息包括刊載於年報內的主席報告書、管理層討論及分析、董事會報告及企業管治報告，但不包括合併財務報表及我們的核數師報告。預期我們於本核數師報告日期之後可查閱年報。

我們對合併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。

結合我們對合併財務報表的審計，我們的責任是閱讀上文指出可供查閱的其他信息，在此過程中，考慮其他信息是否與合併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。我們閱讀年報時，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。

Independent Auditor's Report 獨立核數師報告

RESPONSIBILITIES OF THE DIRECTORS 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 IFRSs issued by the IASB 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

董事就合併財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的《國際財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的合併財務報表，並對其認為為使合併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。

在擬備合併財務報表時，貴公司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，除非貴公司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。

審核委員會協助貴公司董事履行職責，監督貴集團的財務報告過程。

核數師就審計合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不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。我們僅對全體股東作出報告，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。

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匯總起來可能影響合併財務報表使用者依賴合併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

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

(continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement 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.

核數師就審計合併財務報表承擔的責任 (續)

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合併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監控，以設計適當的審計程序，但目的並非對 貴集團內部監控的有效性發表意見。
- 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合併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。

Independent Auditor's Report 獨立核數師報告

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

(continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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 matter. 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.

核數師就審計合併財務報表承擔的責任 (續)

- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 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，以便對合併財務報表發表意見。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，我們與審核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監控的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們就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進行溝通，以及在適用的情況下，為消除威脅採取行動或應用防範措施。

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併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。

Independent Auditor's Report 獨立核數師報告

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

(continued)

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

19 March 2021

核數師就審計合併財務報表承擔的責任 (續)

出具本獨立核數師報告的審計項目合夥人是孫龍偉。

安永會計師事務所
執業會計師
香港中環
添美道1號
中信大廈22樓

二零二一年三月十九日

Consolidated Statement of Profit or Loss 合併損益表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
REVENUE	收入	5	1,057,426	1,499,560
Cost of sales	銷售成本		(950,129)	(1,136,293)
Gross profit	毛利		107,297	363,267
Other income and gains	其他收益及得益	5	23,208	17,364
Selling and distribution expenses	銷售及分銷開支		(38,879)	(49,453)
Administrative expenses	行政開支		(76,062)	(82,061)
Other expenses	其他開支		(16,847)	(10,327)
Finance costs	財務成本	6	(36,583)	(22,148)
Gain on disposal of a subsidiary	出售一家附屬公司的得益	31	11,123	235
(LOSS)/PROFIT BEFORE TAX	除稅前(虧損)/溢利	7	(26,743)	216,877
Income tax credit/(expense)	所得稅抵免/(開支)	10	15,602	(61,112)
(LOSS)/PROFIT FOR THE YEAR	年內(虧損)/溢利		(11,141)	155,765
Attributable to:	由下列項目應佔:			
Owners of the parent	母公司擁有人		(9,947)	151,468
Non-controlling interests	非控制性權益		(1,194)	4,297
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通股權益持有人 應佔每股(虧損)/盈利			
Basic	基本	12	RMB人民幣(0.02)元	RMB人民幣0.25元
Diluted	攤薄	12	RMB人民幣(0.02)元	RMB人民幣0.24元

Consolidated Statement of Comprehensive Income

合併全面收益表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
(LOSS)/PROFIT FOR THE YEAR	年內(虧損)/溢利	<u>(11,141)</u>	<u>155,765</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:	將於往後期間可能重新分類至損益的其他全面收益：		
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	<u>334</u>	<u>(61)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內全面收益總額	<u>(10,807)</u>	<u>155,704</u>
Attributable to:	由下列項目應佔：		
Owners of the parent	母公司擁有人	<u>(9,613)</u>	151,407
Non-controlling interests	非控制性權益	<u>(1,194)</u>	4,297
		<u>(10,807)</u>	<u>155,704</u>

Consolidated Statement of Financial Position

合併財務狀況表

31 December 2020 二零二零年十二月三十一日

			2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	1,050,539	1,054,148
Investment properties	投資物業	14	5,729	6,329
Right-of-use assets	使用權資產	15	72,084	76,109
Other intangible assets	其他無形資產	16	4,158	4,703
Prepayments for equipment	設備預付款項		22,570	5,602
Deferred tax assets	遞延稅項資產	17	23,277	5,680
Other non-current assets	其他非流動資產	18	407	48,407
Total non-current assets	非流動資產總值		1,178,764	1,200,978
CURRENT ASSETS	流動資產			
Inventories	存貨	19	793,825	795,592
Trade and notes receivables	應收貿易賬款及應收票據	20	375,836	345,813
Prepayments, deposits and other receivables	預付款、押金及其他應收款項	21	85,947	92,238
Derivative financial instruments	衍生金融工具	22	-	198
Pledged deposits	已抵押存款	23	32,889	146,168
Cash and cash equivalents	現金及現金等價物	23	166,761	144,798
Total current assets	流動資產總值		1,455,258	1,524,807
CURRENT LIABILITIES	流動負債			
Trade and notes payables	應付貿易賬款及應付票據	24	198,863	358,817
Other payables and accruals	其他應付款項及預提費用	25	159,501	131,457
Interest-bearing bank and other borrowings	計息銀行及其他借貸	26	962,399	823,482
Dividend payable	應付股息		188	17
Tax payable	應付稅項		12,762	32,096
Total current liabilities	流動負債總額		1,333,713	1,345,869
NET CURRENT ASSETS	流動資產淨值		121,545	178,938
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		1,300,309	1,379,916

Consolidated Statement of Financial Position

合併財務狀況表

31 December 2020 二零二零年十二月三十一日

		Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		1,300,309	1,379,916
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債	17	19,870	20,152
Interest-bearing bank and other borrowings	計息銀行及其他借貸	26	53,204	78,869
Total non-current liabilities	非流動負債總額		73,074	99,021
Net assets	資產淨值		1,227,235	1,280,895
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Share capital	股本	27	6,329	6,329
Treasury shares	庫存股份	28	(13,305)	(18,493)
Reserves	儲備	30	1,192,320	1,249,974
			1,185,344	1,237,810
Non-controlling interests	非控制性權益		41,891	43,085
Total equity	權益總額		1,227,235	1,280,895

Ren Weiming
任維明
Director
董事

Shen Yueming
沈躍明
Director
董事

Consolidated Statement of Changes In Equity 合併權益變動表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		Attributable to owners of the parent 母公司擁有人應佔								Non-controlling interests 非控制性權益		Total equity 權益總額
		Issued capital 已發行股本	Share premium 股份溢價	Treasury shares 庫存股份	Merger reserve 合併儲備	Statutory reserve 法定儲備	Share award reserve 股份獎勵儲備	Exchange reserve 匯兌儲備	Retained profits 保留溢利	Total		
		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	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 31 December 2019	於二零一九年十二月三十一日	6,329	270,308	(18,493)	196,816	144,757	8,401	(2,996)	632,688	1,237,810	43,085	1,280,895
Loss for the year	年內虧損	-	-	-	-	-	-	-	(9,947)	(9,947)	(1,194)	(11,141)
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	-	-	334	-	334	-	334
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	334	(9,947)	(9,613)	(1,194)	(10,807)
Transfer from retained profits	轉撥自保留溢利	-	-	-	-	356	-	-	(356)	-	-	-
Equity-settled share award plan	以權益結算股份獎勵計劃	-	-	-	-	-	(4,295)	-	-	(4,295)	-	(4,295)
Transfer of share award reserve upon the vesting	於歸屬時轉撥股份獎勵儲備	-	(1,082)	5,188	-	-	(4,106)	-	-	-	-	-
Final 2019 dividend declared	已宣派二零一九年末期股息	-	-	-	-	-	-	-	(38,558)	(38,558)	-	(38,558)
At 31 December 2020	於二零二零年十二月三十一日	<u>6,329</u>	<u>269,226*</u>	<u>(13,305)</u>	<u>196,816*</u>	<u>145,113*</u>	<u>-</u>	<u>(2,662)*</u>	<u>583,827*</u>	<u>1,185,344</u>	<u>41,891</u>	<u>1,227,235</u>

* These reserve accounts comprise the consolidated reserves of RMB1,192,320,000 (2019: RMB1,249,974,000) in the consolidated statement of financial position.

* 該等儲備賬包括合併財務狀況表的合併儲備人民幣1,192,320,000元(二零一九年: 人民幣1,249,974,000元)。

Consolidated Statement of Changes In Equity

合併權益變動表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		Attributable to owners of the parent 母公司擁有人應佔											
		Issued capital	Share premium	Treasury shares	Merger reserve	Statutory reserve	Share option reserve	Share award reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		已發行股本	股份溢價	庫存股份	合併儲備	法定儲備	購股權儲備	股份獎勵儲備	匯兌儲備	保留溢利	總計	非控制性權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	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	人民幣千元	人民幣千元
At 31 December 2018	於二零一八年十二月三十一日	6,329	268,319	(19,508)	196,816	127,734	2,207	3,567	(2,935)	530,360	1,112,889	40,620	1,153,509
Effect of adoption of IFRS 16	採納《國際財務報告準則》第16號的影響	-	-	-	-	-	-	-	-	(117)	(117)	-	(117)
At 1 January 2019	於二零一九年一月一日	6,329	268,319	(19,508)	196,816	127,734	2,207	3,567	(2,935)	530,243	1,112,772	40,620	1,153,392
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	151,468	151,468	4,297	155,765
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	-	-	-	(61)	-	(61)	-	(61)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	-	(61)	151,468	151,407	4,297	155,704
Disposal of a subsidiary	出售一家附屬公司	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)
Transfer from retained profits	轉撥自保留溢利	-	-	-	-	17,023	-	-	-	(17,023)	-	-	-
Equity-settled share award plan	以權益結算股份獎勵計劃	-	-	-	-	-	-	5,631	-	-	5,631	-	5,631
Transfer of share award reserve upon the vesting	於歸屬時轉撥股份獎勵儲備	-	(218)	1,015	-	-	-	(797)	-	-	-	-	-
Transfer of share option reserve upon the forfeiture	於沒收時轉撥購股權儲備	-	2,207	-	-	-	(2,207)	-	-	-	-	-	-
Final 2018 dividend declared	已宣派二零一八年末期股息	-	-	-	-	-	-	-	-	(32,000)	(32,000)	-	(32,000)
At 31 December 2019	於二零一九年十二月三十一日	6,329	270,308	(18,493)	196,816	144,757	-	8,401	(2,996)	632,688	1,237,810	43,085	1,280,895

Consolidated Statement of Cash Flows

合併現金流量表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

	Notes 附註	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動的現金流量		
(Loss)/Profit before tax	除稅前(虧損)/溢利	(26,743)	216,877
Adjustments for:	就下列各項作出的調整：		
Fair value losses on derivative instruments	衍生工具的公允價值虧損		
– transactions not qualifying as hedges	– 不合格作對沖的交易	5	(198)
Equity-settled share award expense	以權益結算股份獎勵開支	29	5,631
Depreciation	折舊	13,14	70,667
Depreciation of right-of-use assets	使用權資產折舊	15	3,612
Amortisation of other intangible assets	其他無形資產攤銷	16	545
(Reversal of provision)/provision for impairment of inventories	存貨減值(撥備轉回)/撥備	(5,602)	17,069
(Gains)/loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目(得益)/虧損	(2,755)	1,374
Provision for impairment of trade receivables	應收貿易賬款減值撥備	20	2,014
(Write-off of)/provision for impairment of property, plant and equipment	物業、廠房及設備(撇銷)/減值撥備	13	6,173
Gain on disposal of a subsidiary	出售一家附屬公司的得益	31	(235)
Finance costs	財務成本	6	22,148
Bank interest income	銀行利息收入	5	(1,051)
		58,074	344,626
Increase in inventories	存貨增加	(13,693)	(255,574)
Increase in trade and notes receivable	應收貿易賬款及應收票據增加	(30,082)	(53,360)
Decrease/(increase) in prepayments, deposits and other receivables	預付款、押金及其他應收款項減少/(增加)	20,976	(35,858)
Proceeds from pledged deposits	已抵押存款的所得款項	131,524	176,545
New pledged deposits	新造已抵押存款	(92,133)	(193,673)
Decrease in derivative financial assets	衍生金融資產減少	198	–
Decrease in derivative financial liabilities	衍生金融負債減少	–	(3,438)
(Decrease)/increase in trade and notes payables	應付貿易賬款及應付票據(減少)/增加	(158,063)	113,142
Increase in other payables and accruals	其他應付款項及預提費用增加	60,444	10,468
Cash (used in)/generated from operations	經營(所用)/產生的現金	(22,755)	102,878
Interest received	已收利息	875	1,051
Income tax paid	已付所得稅	(22,391)	(51,823)
Net cash flows (used in)/generated from operating activities	經營活動(所用)/產生的現金流量淨額	(44,271)	52,106

Consolidated Statement of Cash Flows

合併現金流量表

Year ended 31 December 2020 截至二零二零年十二月三十一日止年度

		Notes	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
		附註		
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動的現金流量			
Purchases of items of property, plant and equipment and intangible assets	購置物業、廠房及設備項目以及無形資產		(72,979)	(305,413)
Prepayments for equipment	設備預付款項		(22,570)	(5,602)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目的所得款項		13,837	2,450
Decrease/(increase) in prepayments for a building and a land use right	樓宇及土地使用權預付款項減少／(增加)		48,000	(48,000)
Disposal of a subsidiary	出售一家附屬公司	31	(229)	5,505
Net cash flows used in investing activities	投資活動所用的現金流量淨額		(33,941)	(351,060)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動的現金流量			
New bank loans	新造銀行貸款		1,519,808	1,182,946
Repayment of bank loans	償還銀行貸款		(1,406,032)	(851,691)
Proceeds from pledged deposits	已抵押存款的所得款項		167,278	124,200
New pledged deposits	新造已抵押存款		(93,390)	(184,383)
Interest paid	已付利息		(47,351)	(35,211)
Principal portion of lease payments	租賃款項的本金部分	32(b)	(2,081)	(1,890)
Dividends paid	已付股息		(38,387)	(31,984)
Net cash flows generated from financing activities	融資活動產生的現金流量淨額		99,845	201,987
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加／(減少)淨額		21,633	(96,967)
Cash and cash equivalents at beginning of year	年初現金及現金等價物		144,798	241,826
Effect of foreign exchange rate changes, net	匯率變動影響淨額		330	(61)
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物		166,761	144,798

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

1. CORPORATE AND GROUP INFORMATION

Kingdom Holdings Limited was incorporated in the Cayman Islands as an exempted company with limited liability on 21 July 2006. The Company's shares were listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 December 2006.

The Group is principally engaged in the manufacture and sale of linen yarn.

The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman KY1-1111, Cayman Islands; and the principal place of business is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name of company 公司名稱	Place and date of establishment and nature of legal entity 成立地點及日期及合法實體的性質	Nominal value of issued ordinary/registered share capital 已發行普通股面值/註冊股本	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Overseas Kingdom Limited	British Virgin Islands ("BVI") 26 July 2006 英屬處女群島 (「英屬處女群島」) 二零零六年七月二十六日	HK\$0.01/HK\$500 0.01港元/500港元	100%	–	Investment holding 投資控股
Kingdom Group Holdings Limited ("Hong Kong Kingdom") 金達集團控股有限公司 (「香港金達」)	Hong Kong, China 10 September 2004 中國香港 二零零四年九月十日	HK\$1,250,000 1,250,000港元	–	100%	Investment holding and trading 投資控股及貿易
Zhejiang Jinyuan Flax Co., Ltd. 浙江金元亞麻有限公司	PRC 18 March 2003 Wholly foreign owned enterprise 中國 二零零三年三月十八日, 外商獨資企業	US\$60,000,000 60,000,000美元	–	100%	Manufacture and sale of linen yarns 生產及銷售亞麻紗

1. 公司及集團資料

金達控股有限公司於二零零六年七月二十一日在開曼群島註冊成立為獲豁免有限公司。本公司股份於二零零六年十二月十二日在香港聯合交易所有限公司(「聯交所」)上市。

本集團主要從事生產及銷售亞麻紗。

本公司的註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman KY1-1111, Cayman Islands; 其主要營業地點則位於香港皇后大道東183號合和中心54樓。

有關附屬公司的資料

本公司附屬公司詳情如下：

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

1. CORPORATE AND GROUP INFORMATION

(continued)

Name of company 公司名稱	Place and date of establishment and nature of legal entity 成立地點及日期及合法實體的性質	Nominal value of issued ordinary/registered share capital 已發行普通股面值/註冊股本	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Jiangsu Jinyuan Flax Co., Ltd. 江蘇金元亞麻有限公司	PRC 17 October 2003 Limited liability company 中國 二零零三年十月十七日，有限公司	US\$18,500,000 18,500,000美元	–	100%	Manufacture and sale of linen yarns 生產及銷售亞麻紗
Zhejiang Jinda Flax Co., Ltd. 浙江金達亞麻有限公司	PRC 28 May 2012 Limited liability company 中國 二零一二年五月二十八日，有限公司	RMB100,000,000 人民幣100,000,000元	–	100%	Manufacture and sale of linen yarns 生產及銷售亞麻紗
Kingdom Europe S.R.L.	Italy 7 September 2007 意大利 二零零七年九月七日	EUR502,646 502,646歐元	–	100%	Trading 貿易
Kingdom (Ethiopia) Linen PLC (「Kingdom (Ethiopia)」)	Ethiopia 16 July 2014 埃塞俄比亞 二零一四年七月十六日	US\$21,864,959 RMB88,253,711 21,864,959美元 人民幣88,253,711元	–	100%	Manufacture and sale of linen yarns 生產及銷售亞麻紗
Heilongjiang Jinda Flax Hemp Co., Ltd. 黑龍江金達麻業有限公司	PRC 11 March 2016 Limited liability company 中國 二零一六年三月十一日，有限公司	RMB110,000,000 人民幣110,000,000元	–	73%	Manufacture and sale of linen yarns 生產及銷售亞麻紗

1. 公司及集團資料 (續)

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

1. CORPORATE AND GROUP INFORMATION

(continued)

1. 公司及集團資料 (續)

Name of company 公司名稱	Place and date of establishment and nature of legal entity 成立地點及日期及合法實體的性質	Nominal value of issued ordinary/registered share capital 已發行普通股面值/註冊股本	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Kingdom Tiansheng (Shanghai) Trading Co., Ltd. 金達天晟(上海)商貿有限公司	PRC 11 October 2019 Limited liability company 中國 二零一九年十月十一日, 有限公司	RMB10,000,000 人民幣10,000,000元	–	100%	Trading 貿易
Zhejiang Kingdom REEL Textile Co. Ltd. 浙江金達瑞優紡織有限公司	PRC 15 June 2020 Limited liability company 中國 二零二零年六月十五日, 有限公司	RMB20,000,000 人民幣20,000,000元	–	100%	Trading 貿易
Heilongjiang Industrial Hemp Supply Chain Management Co., Ltd 黑龍江金達工業大麻供應鏈管理有限公司	PRC 12 June 2020 Limited liability company 中國 二零二零年六月十二日, 有限公司	RMB50,000,000 人民幣50,000,000元	–	100%	Sales of industrial hemp 銷售工業大麻

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000), except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 編製基準

本財務報表乃按照國際會計準則委員會頒佈的《國際財務報告準則》(包括所有《國際財務報告準則》、《國際會計準則》及詮釋)及香港《公司條例》的披露規定編製。除衍生金融工具採用公允價值計量外，本財務報表乃根據歷史成本慣例編製。除非另有標明，否則本財務報表以人民幣呈列而所有價值已四捨五入至最接近的千位數(人民幣千元)。

合併基準

合併財務報表包括本公司及其附屬公司(統稱「本集團」)，截至二零二零年十二月三十一日止年度的財務報表。附屬公司為由本公司直接或間接控制的實體(包括結構性實體)。倘本集團參與投資對象業務可獲得或有權獲得可變回報以及能透過對投資對象行使其權力(即本集團獲賦予現有能以主導投資對象相關活動的既存權利)影響該等回報，即代表本集團取得控制權。

倘本公司直接或間接擁有的投資對象表決權或類似權利不足大多數，本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的表決權及潛在表決權。

附屬公司與本公司的財務報表的報告期間相同，並採用一致會計政策編製。附屬公司的業績由本集團取得控制權的日期起合併入賬，並繼續合併入賬直至該等控制權終止日期為止。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 編製基準(續)

合併基準(續)

所有集團內公司間資產及負債、權益、收入、開支及與本集團成員公司間交易有關的現金流量均於合併賬目時全數抵銷。

倘有事實或情況顯示上文所述的三項控制權元素其中一項或多項出現改變，則本集團會重新評估其是否控制投資對象。附屬公司擁有權權益的變動(並無失去控制權)按權益交易入賬。

倘本集團失去對附屬公司的控制權，則會終止確認(i)該附屬公司的資產(包括商譽)及負債、(ii)任何非控制性權益的賬面金額及(iii)於權益內記錄的累計換算差額；及確認(i)所收代價的公允價值、(ii)任何保留投資的公允價值及(iii)損益中任何因此產生的盈餘或虧絀。過往於其他全面收益內確認的本集團應佔部分按與猶如本集團直接出售有關資產或負債時所規定的相同基準重新分類至損益或保留溢利(如適用)。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework")

The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

2.2 會計政策及披露的變動

本集團已於本年度財務報表內首次採納二零一八年財務報告概念框架以及下列經修訂《國際財務報告準則》。

《國際財務報告準則》第3號的修訂本	業務的定義
《國際財務報告準則》第9號、《國際會計準則》第39號及《國際財務報告準則》第7號的修訂本	利率基準改革
《國際財務報告準則》第16號的修訂本	Covid-19有關租金寬減 (提前採納)
《國際會計準則》第1號及《國際會計準則》第8號的修訂本	重大的定義

下文列出二零一八年財務報告概念框架及經修訂《國際財務報告準則》的性質及影響：

二零一八年財務報告概念框架(「概念框架」)

概念框架就財務報告和準則制定提供了一整套概念，並為財務報告編製者制定一致的會計政策提供指引，協助所有人理解和解讀準則。概念框架包括有關計量和報告財務績效的新章節，有關資產和負債終止確認的新指引，以及更新了有關資產和負債定義和確認的標準。該等框架亦闡明瞭管理，審慎和衡量不確定性在財務報告中的作用。概念框架並非準則，其中包含的任何概念都不會凌駕於任何準則中的概念或要求之上。概念框架對本集團的財務狀況及業績並無造成任何重大影響。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendments to IFRS 3 *Definition of a Business*

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments did not have any impact on the financial position and performance of the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*

Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

2.2 會計政策及披露的變動 (續)

《國際財務報告準則》第3號的修訂本業務的定義

《國際財務報告準則》第3號的修訂本對業務的定義澄清及提供額外指引。該修訂訂明一項完整活動及資產組合可視為一個業務，必須至少包括一項資源投入及一項實質過程，而兩者必須對創造產出的能力有重大貢獻。業務的存在毋須包括創造產出所需的所有資源投入及過程。該修訂移除對市場參與者是否有能力收購業務並能持續創造產出的評估，轉為重點關注所取得的資源投入及實質過程共同對形成產出的能力有否重大貢獻。該修訂亦已收窄產出的定義範圍，重點關注為客戶提供的商品或服務、投資收入或日常活動產生的其他收入。此外，該修訂亦提供有關評估所取得的過程是否重大的指引，並新增公平價值集中度測試選項，允許對所取得的一項活動和資產組合是否不屬於業務進行簡化評估。該修訂對本集團的財務狀況及業績並無造成任何影響。

《國際財務報告準則》第9號、《國際會計準則》第39號及《國際財務報告準則》第7號的修訂本利率基準改革

《國際財務報告準則》第9號、《國際會計準則》第39號及《國際財務報告準則》第7號的修訂本旨在解決以替代無風險利率（「無風險利率」）取代現有利率基準之前期間的財務報告問題。該等修訂提供可在引入替代無風險利率之前不確定期限內繼續進行對沖會計處理的暫時性補救措施。此外，該等修訂規定公司須向投資者提供有關直接受該等不確定因素影響的對沖關係的額外資料。由於本集團並無任何利率對沖關係，該等修訂對本集團的財務狀況及業績並無造成任何影響。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendment to IFRS 16 Covid-19-Related Rent Concessions (early adopted)

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, there are no monthly lease payments for the leases of the Group's plant and machinery have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic or other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for any rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. The amendment did not have any significant impact on the financial position and performance of the Group.

Amendments to IAS 1 and IAS 8 Definition of Material

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.2 會計政策及披露的變動 (續)

《國際財務報告準則》第16號的修訂本 Covid-19有關租金寬減 (提前採納)

《國際財務報告準則》第16號的修訂本為承租人提供可行權宜方法，可選擇不就 Covid-19 疫情直接導致的租金優惠應用租賃修訂會計處理。該可行權宜方法僅適用於疫情直接導致的租金優惠，並僅在以下情況下適用：(i) 租賃付款變動所導致的經修訂租賃代價與緊接該變動前的租賃代價大致相同或低於有關代價；(ii) 租賃付款的任何減幅僅影響原到期日為二零二一年六月三十日或之前的付款；及(iii) 其他租賃條款及條件並無實質變動。該等修訂本於二零二零年六月一日或之後開始的年度期間生效，允許提早應用，並須追溯應用。

截至二零二零年十二月三十一日止年度，本集團廠房及機器的租賃並無月度租賃付款因疫情而削減生產規模獲出租人寬減或豁免，而有關租賃的條款亦無其他變動。本集團已於二零二零年一月一日提早採納該修訂本，並選擇不對截至二零二零年十二月三十一日止年度由於疫情而獲出租人授予的任何租金優惠應用租賃修訂會計處理。該修訂對本集團的財務狀況及業績並無產生重大影響。

《國際會計準則》第1號及《國際會計準則》第8號的修訂本重大的定義

《國際會計準則》第1號及《國際會計準則》第8號的修訂本為重大性提供了新的定義。新定義指出，如果可合理預計漏報、錯報或掩蓋某信息會影響通用目的財務報表的主要使用者，基於該等財務報表作出的決策，則該信息具有重大性。該修訂本澄清，重大性將取決於信息的性質或規模，或兩者。該等修訂本對本集團的財務狀況及業績並無產生任何重大影響。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3 Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Reference to the Conceptual Framework²</i>
IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
IFRS 17	<i>Insurance Contracts³</i>
Amendments to IFRS 17	<i>Insurance Contracts^{3, 5}</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current³</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract²</i>
Annual Improvements to IFRSs 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41²</i>

2.3 已頒佈但尚未生效的《國際財務報告準則》

本集團並無於本財務報表應用以下已頒佈但尚未生效的新訂及經修訂《國際財務報告準則》。

《國際財務報告準則》 第3號的修訂本、《國際 財務報告準則》第9號、 《國際會計準則》第39 號及《國際財務報告準 則》第7號的修訂本	對概念框架的提述 ²
《國際財務報告準則》 第4號及《國際財務報 告準則》第16號	利率基準改革—第二階段 ¹
《國際財務報告準則》 第10號及《國際會計 準則》第28號的修訂本	投資者與其聯營公司或 合營公司之間出售或 注入資產 ⁴
《國際財務報告準則》 第17號	保險合約 ³
《國際財務報告準則》 第17號的修訂本	保險合約 ^{3, 5}
《國際會計準則》第1號 的修訂本	將負債分類為流動或 非流動 ³
《國際會計準則》第16號 的修訂本	物業、廠房及設備： 擬定用途前的 所得款項 ²
《國際會計準則》 第37號的修訂本	虧損性合約—履行合約的 成本 ²
《國際財務報告準則》 二零一八年至 二零二零年的 年度改進	《國際財務報告準則》 第1號、《國際財務報告 準則》第9號、《國際 財務報告準則》第16號 隨附的範例及 《國際會計準則》 第41號的修訂本 ²

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- 1 Effective for annual periods beginning on or after 1 January 2021
- 2 Effective for annual periods beginning on or after 1 January 2022
- 3 Effective for annual periods beginning on or after 1 January 2023
- 4 No mandatory effective date yet determined but available for adoption
- 5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 *Reference to the Conceptual Framework*

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 已頒佈但尚未生效的《國際財務報告準則》(續)

- 1 於二零二一年一月一日或之後開始的年度期間生效
- 2 於二零二二年一月一日或之後開始的年度期間生效
- 3 於二零二三年一月一日或之後開始的年度期間生效
- 4 尚未釐定強制生效日期，惟可供採納
- 5 由於二零二零年六月頒佈《國際財務報告準則》第17號的修訂本，《國際財務報告準則》第4號已修訂以延長臨時豁免，允許保險人於二零二三年一月一日前開始的年度期間採用《國際會計準則》第39號而非《國際財務報告準則》第9號

有關預期適用於本集團的《國際財務報告準則》的進一步資料描述如下。

《國際財務報告準則》第3號的修訂本對概念框架的提述

《國際財務報告準則》第3號的修訂本旨在以二零一八年三月頒佈的引用財務報告概念框架取代引用先前財務報表編製及呈列框架，而毋須大幅度改變其規定。該等修訂亦就《國際財務報告準則》第3號就實體引用概念框架以釐定構成資產或負債之內容之確認原則增設一項例外情況。該例外情況規定，對於可能屬於《國際會計準則》第37號或《國際財務報告詮釋委員會》詮釋第21號範圍內的負債及或然負債而言，倘該等負債屬單獨產生而非於企業合併中產生，則應用《國際財務報告準則》第3號的實體應分別參考《國際會計準則》第37號或《國際財務報告詮釋委員會》詮釋第21號，而非概念框架。此外，該等修訂本澄清或然資產於收購日期不符合確認條件。本集團預計自二零二二年一月一日起提前採納該等修訂。由於該等修訂提前適用於收購日期為首次應用日期或之後的業務合併，因此本集團於過渡日期將不會受該等修訂的影響。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

2.3 已頒佈但尚未生效的《國際財務報告準則》(續)

《國際財務報告準則》第9號、《國際會計準則》第39號、《國際財務報告準則》第7號、《國際財務報告準則》第4號及《國際財務報告準則》第16號的修訂本利率基準改革 – 第二階段

當現有利率基準被可替代無風險利率替代方案替代時，《國際財務報告準則》第9號、《國際會計準則》第39號、《國際財務報告準則》第7號、《國際財務報告準則》第4號及《國際財務報告準則》第16號的修訂本解決先前影響財務報告的修訂本未處理的問題。第二階段修訂本提供對於釐定金融資產及負債的合約現金流量的基準的變動進行會計處理時無需調整賬面值而更新實際利率的可行權宜方法，前提為該變動為利率基準改革的直接後果且釐定合約現金流量的新基準於經濟上等同於緊接變動前的先前基準。此外，該等修訂本允許利率基準改革所規定對沖指定及對沖文件進行更改，而不會中斷對沖關係。過渡期間可能產生的任何損益均通過《國際財務報告準則》第9號的正常規定進行處理，以衡量及確認對沖無效性。倘無風險利率被指定為風險組成部分時，該等修訂本亦暫時減輕了實體必須滿足可單獨識別的要求的風險。倘實體合理地預期無風險利率風險組成部分於未來24個月內將變得可單獨識別，則該減免允許實體於指定對沖後假定已滿足可單獨識別的規定。此外，該等修訂亦規定實體須披露額外資料，以使財務報表的使用者能夠了解利率基準改革對實體的金融工具及風險管理策略的影響。該等修訂本於二零二一年一月一日或之後開始的年度期間生效，並應追溯應用，但實體毋須重述比較資料。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* (continued)

The Group had no interest-bearing bank borrowings denominated in various Interbank Offered Rates as at 31 December 2020. The Group expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但尚未生效的《國際財務報告準則》(續)

《國際財務報告準則》第9號、《國際會計準則》第39號、《國際財務報告準則》第7號、《國際財務報告準則》第4號及《國際財務報告準則》第16號的修訂本*利率基準改革 – 第二階段* (續)

於二零二零年十二月三十一日，本集團並無以多個銀行同業拆息利率計值的計息銀行借款。本集團預期不會因採用該等變動修訂而產生重大修改損益。

《國際會計準則》第1號的修訂本將負債分類為流動或非流動

《國際會計準則》第1號的修訂本澄清將負債分類為流動或非流動的規定。該等修訂指明，倘實體延遲償還負債的權利受限於實體符合特定條件，則倘該實體符合當日之條件，其有權於報告期末延遲償還負債。負債的分類不受該實體行使其延遲償還負債權利的可能性的影響。該等修訂亦澄清被視為償還負債的情況。該等修訂於二零二三年一月一日或之後開始的年度期間生效，並應追溯應用。允許提早應用。該等修訂本預期不會對本集團的財務報表造成任何重大影響。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但尚未生效的《國際財務報告準則》(續)

《國際會計準則》第16號的修訂本物業、廠房及設備：擬定用途前的所得款項

《國際會計準則》第16號的修訂本禁止實體從物業、廠房及設備項目的成本中扣除資產達到管理層預定的可使用狀態(包括位置與條件)過程中產生的全部出售所得款項。實體將出售任何該等項目的所得款項及該等項目的成本計入當期損益。該等修訂本於二零二二年一月一日或之後開始的年度期間生效，並僅追溯應用實體於首次採用該等修訂本的財務報表所呈列的最早期間的期初或之後可供使用的物業、廠房及設備項目。允許提早應用。該等修訂本預期不會對本集團的財務報表造成任何重大影響。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 已頒佈但尚未生效的《國際財務報告準則》(續)

《國際會計準則》第37號的修訂本*虧損性合約—履行合約的成本*

《國際會計準則》第37號的修訂本澄清，就根據《國際會計準則》第37號評估合約是否屬虧損性而言，履行合約的成本包括與合約直接相關的成本。與合約直接相關的成本包括履行該合約的增量成本（例如直接勞工及材料）及與履行合約直接相關的其他成本分配（例如分配履行合約所用物業、廠房及設備項目的折舊開支以及合約管理及監管成本）。一般及行政成本與合約並無直接關連，除非根據合約明確向對手方收取費用，否則不包括在內。該等修訂本於二零二二年一月一日或之後開始的年度期間生效，並適用於實體於其首次應用修訂本的年度報告期初尚未履行其所有責任的合約。允許提早應用。初步應用該等修訂本的任何累積影響將確認為首次應用日期的期初權益的調整，而毋須重列比較資料。該等修訂本預期不會對本集團的財務報表造成任何重大影響。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Annual Improvements to IFRSs 2018-2020 Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

IFRS 16 *Leases*

IFRS 16 *Leases* removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.3 已頒佈但尚未生效的《國際財務報告準則》(續)

《國際財務報告準則》二零一八年至二零二零年的年度改進《國際財務報告準則》第1號、《國際財務報告準則》第9號、《國際財務報告準則》第16號隨附的範例及《國際會計準則》第41號的修訂本

《國際財務報告準則》二零一八年至二零二零年的年度改進載列《國際財務報告準則》第1號、《國際財務報告準則》第9號、《國際財務報告準則》第16號隨附的範例及《國際會計準則》第41號的修訂本。預計適用於本集團的該等修訂本詳情如下：

《國際財務報告準則》第9號金融工具

《國際財務報告準則》第9號金融工具澄清於實體評估是否新訂或經修改金融負債的條款與原金融負債的條款存在實質差異時所包含的費用。該等費用僅包括借款人與貸款人之間已支付或收取的費用，包括借款人或貸款人代表其他方支付或收取的費用。實體將有關修訂本應用於實體首次應用有關修訂本的年度報告期開始或之後修改或交換的金融負債。該等修訂本自二零二二年一月一日或之後開始的年度期間生效。允許提早應用。該等修訂本預期不會對本集團的財務報表造成重大影響。

《國際財務報告準則》第16號租賃

《國際財務報告準則》第16號租賃刪除《國際財務報告準則》第16號隨附的範例13中有關租賃物業裝修的出租人付款說明。此舉消除於採用《國際財務報告準則》第16號有關租賃激勵措施處理方面的潛在困惑。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 主要會計政策概要

公允價值計量

本集團於每個報告期末按公允價值計量其衍生金融工具。所謂公允價值，乃指市場參與者之間於計量日期進行的有序交易中，就出售資產所收取或轉讓負債所支付的價格。公允價值計量乃基於假設出售資產或轉讓負債的交易於資產或負債的主要市場或（在未有主要市場的情況下）於資產或負債的最有利市場進行。主要或最有利市場須為本集團可參與的市場。資產或負債的公允價值乃使用市場參與者為資產或負債定價所用的假設計量（假設市場參與者按彼等的最佳經濟利益行事）。

非金融資產的公允價值計量計及市場參與者可從使用該資產得到最高及最佳效用，或把該資產售予另一名可從使用該資產得到最高及最佳效用的市場參與者中產生經濟利益的能力。

本集團使用適用於不同情況且具備充分數據計量公允價值的估值技巧，以盡量利用相關可觀察輸入值及盡量減少使用不可觀察輸入值。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 主要會計政策概要 (續)

公允價值計量 (續)

所有於財務報表計量或披露公允價值的資產及負債，均按就公允價值計量整體而言屬重要的最低層輸入值在下述的公允價值等級架構進行分類：

- 第一層 – 按同等資產或負債於活躍市場上的報價 (未經調整) 計算
- 第二層 – 按估值技巧計算，而該等估值技巧中就公允價值計量而言屬重要的最低層輸入值為可直接或間接觀察的數據
- 第三層 – 按估值技巧計算，而該等估值技巧中就公允價值計量而言屬重要的最低層輸入值為不可觀察的數據

就按經常性基準於財務報表內確認的資產及負債而言，本集團於每個報告期末藉由重新評估分類 (基於就公允價值計量整體而言屬重大的最低層輸入值) 以決定等級架構內各層之間是否出現轉移。

非金融資產減值

倘若一項資產 (存貨、遞延稅項資產及金融資產除外) 存在減值跡象，或需要進行年度減值測試，則估計資產的可收回金額。一項資產的可收回金額是指資產或現金產出單元的使用價值與其公允價值扣除出售成本兩者之中的較高者。除非該資產因主要依附於其他資產或一組資產產生現金流入而按該資產所屬現金產出單元釐定可收回金額，否則可收回金額以個別資產釐定。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 主要會計政策概要 (續)

非金融資產減值 (續)

僅當資產的賬面金額超過其可收回金額時，才確認減值虧損。對使用價值進行評估時，預期未來現金流量以反映當前市場評定的貨幣時間價值以及資產特有風險的稅前折現率折現至現值。減值虧損於產生期內自損益表與減值資產職能一致的開支類別扣除。

在每個報告期末需評估是否有跡象表明以往確認的減值虧損可能不復存在或有所減少。若有此跡象存在，則估計可收回金額。僅當釐定該項資產的可收回金額的估計有所改變時，以往就該項資產(除商譽外)已確認的減值虧損才可轉回，惟轉回後的數額不能高於該項資產以前年度沒有確認減值虧損時的賬面金額(減去折舊／攤銷後)。該等減值虧損轉回應於產生期內計入損益表，除非該項資產是以重估值入賬，則該等減值虧損轉回應按重估資產的相關會計政策入賬。

關連方

在下列情況下，一方將被視為與本集團有關：

- (a) 該方或其直系親屬：(i)控制或共同控制本集團；(ii)可對本集團發揮重大影響力；或(iii)為本集團或其母公司的主要管理層成員；

或

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

- (b) the party is an entity where any of the following conditions applies;
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third party;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 主要會計政策概要 (續)

關連方 (續)

- (b) 該方為符合下列任何一項條件的實體：
- (i) 該實體與本集團為同一集團的成員；
 - (ii) 某一實體為另一實體（或其母公司、附屬公司或同系附屬公司）的聯營公司或合營公司；
 - (iii) 該實體與本集團為同一名第三方的合營公司；
 - (iv) 某一實體為一名第三方的合營公司，而另一實體為該名第三方的聯營公司；
 - (v) 該實體乃為本集團或與其有關連的任何實體的僱員福利而設的離職後福利計劃；
 - (vi) 該實體受(a)項所指人士控制或共同控制；
 - (vii) (a)(i)項所指人士可對該實體發揮重大影響力或為該實體（或該實體的母公司）的主要管理層成員；及
 - (viii) 該實體或其所構成集團任何成員公司向本集團或本集團母公司提供主要管理層成員服務。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and buildings	4.5%
Machinery	9.0%
Office equipment	18.0%
Motor vehicles	22.5%
Leasehold improvements	Over the lease terms

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 主要會計政策概要 (續)

物業、廠房及設備及折舊

物業、廠房及設備(在建工程除外)乃以成本減累計折舊及任何減值虧損列示。當一項物業、廠房及設備分類為持作出售或當其為組成分類為持作出售的處置組合一部分時,無須折舊並根據《國際財務報告準則》第5號入賬。一項物業、廠房及設備的成本包括其購買價格及將資產運抵指定地點並使其達到預定可使用狀態的任何直接可歸屬成本。

物業、廠房及設備項目投入運作後產生的支出,如維修保養等,一般於產生期間的損益表內扣除。如符合確認條件,則主要檢查開支作為重置項目於資產賬面金額資本化。當物業、廠房及設備的重大部分每隔一段期間需要替換時,本集團確認該部分為有個別可使用年期的個別資產並將之折舊。

折舊乃按物業、廠房及設備各項目的估計可使用年期以直線法計算,將其成本撇銷至其剩餘價值。用作此用途的主要年折舊率如下:

廠房及樓宇	4.5%
機器	9.0%
辦公室設備	18.0%
汽車	22.5%
租賃物業裝修	租賃期內

倘物業、廠房及設備項目的不同部分的可使用年期有別,該項目的成本乃按合理基準分配至不同部分且個別進行折舊。至少須於各財政年度結束時檢討及調整(如適用)剩餘價值、可使用年期及折舊方法。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

The Group's investment properties are accounted for using the cost model. The initial recognition and subsequent measurement of land and buildings that are leased out are accounted for using the same measurement and depreciation methods as those of plant and buildings.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The useful life of the intangible assets of the Group is 20 years.

2.4 主要會計政策概要 (續)

物業、廠房及設備及折舊 (續)

物業、廠房及設備項目包括初始確認的任何重大部分，於出售時或預期於日後使用或出售該項目將不會產生任何經濟利益時終止確認。於資產終止確認的年度，因出售或報銷而於損益表內確認的任何盈虧，乃有關資產的出售所得款項淨額與賬面金額之間的差額。

在建工程指興建中的樓宇，並以成本值減任何減值虧損列賬，且不予折舊。成本包括建築期間的直接建築成本。在建工程於竣工及可投入使用時重新分類為合適的物業、廠房及設備類別。

投資物業

投資物業乃為賺取租金收入及／或資本增值，而非為了生產或供應產品或服務或行政用途或在日常業務過程中出售而持有的樓宇的權益。

本集團的投資物業使用成本模型入賬。已租出的土地及樓宇的初始確認及後續計量使用與廠房及樓宇所用者相同的計量及折舊方法入賬。

無形資產

單獨購買的無形資產初始確認時按成本計量。無形資產的可使用年期評估為有限或無限。年期有限的無形資產隨後於可使用經濟年期內攤銷，並於有跡象顯示無形資產出現減值時進行減值評估。可使用年期有限的無形資產的攤銷年期及攤銷方法至少於各財政年度結束時檢討一次。本集團無形資產的可使用年期為20年。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 主要會計政策概要 (續)

研發成本

所有研究成本均於產生時在損益表內扣除。

開發新產品項目所產生的開支只會在下列情況下資本化並作遞延處理：本集團可顯示完成該項無形資產以作使用或出售用途在技術上為可行；本集團有意完成該項無形資產，並能夠使用或出售該項資產；該項資產日後將如何產生經濟利益；完成該項目的可用資源量及是否有能力可靠地計量在開發過程中所需開支。不符合此等標準的產品開發開支在產生時支銷。

遞延開發成本以成本減任何減值虧損列賬，並以直線法在相關產品的商業年期（自其投入商業生產日期起計，不超過五至七年）內攤銷。

租賃

本集團於合約開始時評估合約是否為或包含租賃。倘合約為換取代價而賦予在一段時間內控制使用已識別資產的權利，則該合約為或包含租賃。

本集團作為承租人

本集團對所有租賃（惟短期租賃除外）採取單一確認及計量方法。本集團確認租賃負債以作出租賃款項，而使用權資產指使用相關資產的權利。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Plant and buildings	2 to 12 years
Motor vehicles	10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 主要會計政策概要 (續)

租賃 (續)

本集團作為承租人 (續)

(a) 使用權資產

本集團於租賃開始日期 (即相關資產可供使用當日) 確認使用權資產。使用權資產按成本減任何累計折舊及減值虧損計量, 並就任何重新計量租賃負債作出調整。使用權資產成本包括已確認租賃負債的金額、已產生初始直接成本及於開始日期或之前作出的租賃款項減任何已收租賃優惠。使用權資產於租期及資產的估計可使用年期 (以較短者為準) 按直線法折舊, 如下:

租賃土地	50年
廠房及樓宇	2至12年
汽車	10年

倘於租期結束時, 租賃資產的擁有權轉讓至本集團或成本反映購買權的行使, 折舊則根據資產的估計可使用年期計算。

(b) 租賃負債

於租賃開始日期, 租賃負債按租賃期內作出的租賃款項現值確認。租賃款項包括固定付款 (含實質定額款項) 減任何應收租賃優惠款項、取決於指數或利率的可變租賃款項以及預期根據剩餘價值擔保支付的金額。租賃款項亦包括本集團合理確定行使的購買選擇權的行使價及倘在租賃期內反映本集團正行使終止租賃的選擇權時, 有關終止租賃支付的罰款。不取決於指數或利率的可變租賃款項在出現觸發付款的事件或條件的期間內確認為支出。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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

2.4 主要會計政策概要 (續)

租賃 (續)

本集團作為承租人 (續)

(b) 租賃負債 (續)

於計算租賃款項的現值時，由於租賃內所含利率不易釐定，故本集團應用租賃開始日期的增量借款利率計算。於開始日期後，租賃負債金額的增加反映利息的增加，並因支付租賃款項而減少。此外，倘有任何修改（即租期變更、租賃款項變更（例如指數或比率的變更導致對未來付款發生變化）或購買相關資產的選擇權評估的變更）則重新計量租賃負債的賬面值。

本集團的租賃負債計入計息銀行及其他借貸。

(c) 短期租賃

本集團將短期租賃確認豁免應用於機器及設備的短期租賃（即自租賃開始日期起計租期為十二個月或以下，並且不包含購買選擇權的租賃）。

短期租賃的租賃款項在租期內按直線法確認為支出。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

2.4 主要會計政策概要 (續)

租賃 (續)

本集團作為出租人

當本集團作為出租人，其於租賃開始時（或租賃修訂時）將各租賃分類為經營租賃或融資租賃。

本集團並未轉讓資產擁有權所附帶的絕大部分風險及回報的租賃歸類為經營租賃。當合約包含租賃及非租賃部分時，本集團按相對獨立的售價基準將合約代價分配至各部分。租金收入於租期內按直線法列賬並因其經營性質，而計入損益表之其他收入。於磋商及安排經營租賃時產生的初始直接成本乃計入租賃資產的賬面值，並於租期內按相同方法確認為租金收入。或然租金乃於所賺取的期間內確認為收益。

相關資產擁有權所附帶的絕大部分風險及回報轉讓予承租人的租賃入賬列作融資租賃。

投資及其他金融資產

初始確認及計量

金融資產於初始確認時分類為其後按攤銷成本、按公允價值計入其他全面收益及按公允價值計入損益計量。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.4 主要會計政策概要 (續)

投資及其他金融資產 (續)

初始確認及計量 (續)

於初始確認時，金融資產分類取決於金融資產的合約現金流量特點及本集團管理該等金融資產的業務模式。除並無重大融資成分或本集團已應用可行權宜方法（並不會對重大融資成分的影響作出調整）的應收貿易賬款外，本集團初始按公允價值加上（倘金融資產並非按公允價值計入損益）交易成本計量金融資產。並無重大融資成分或本集團已應用可行權宜方法的應收貿易賬款根據下文就「收入確認」所載之政策按《國際財務報告準則》第15號釐定的交易價格計量。

為使金融資產按攤銷成本或按公允價值計入其他全面收益進行分類及計量，需產生純粹為支付本金及未償還本金利息（「純粹為支付本金及利息」）的現金流量。不論業務模式，現金流量純粹為支付本金及利息的金融資產按公允價值計入損益進行分類及計量。

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產，或兩者兼有。按攤銷成本分類及計量的金融資產於旨在持有金融資產以收集合約現金流量的業務模式內持有，而按公允價值計入其他全面收益分類及計量的金融資產則於旨在持有以收集合約現金流量及出售的業務模式內持有。並無於上述業務模式內持有的金融資產則按公允價值計入損益分類及計量。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2.4 主要會計政策概要 (續)

投資及其他金融資產 (續)

初始確認及計量 (續)

所有以一般方式購買及出售的金融資產於交易日 (即本集團承諾購買或出售資產當日) 予以確認入賬。一般方式購買及出售為須在市場規例或慣例一般規定的期間內將資產交付的金融資產購買或出售。

後續計量

金融資產視乎其分類進行後續計量如下：

按攤銷成本列賬之金融資產 (債務工具)

按攤銷成本列賬之金融資產其後使用實際利率法計量，並可能受減值影響。當資產終止確認、修訂或減值時，於損益表內確認盈虧。

按公允價值計入其他全面收益的金融資產 (債務工具)

就按公允價值計入其他全面收益的債務投資而言，利息收入、外匯重估及減值虧損或撥回於損益表中確認，並按與按攤銷成本列賬之金融資產相同的方式計量。其餘公允價值變動於其他全面收益中確認。終止確認時，於其他全面收益中確認的累計公允價值變動將重新計入損益表。

指定按公允價值計入其他全面收益的金融資產 (股權投資)

於初始確認時，本集團可選擇於股權投資符合《國際會計準則》第32號金融工具：呈報項下的股權定義且並非持作買賣時，將其股權投資不可撤回地分類為指定按公允價值計入其他全面收益的股權工具。分類乃按個別工具基準釐定。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through other comprehensive income (equity investments) (continued)
Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 主要會計政策概要 (續)

投資及其他金融資產 (續)

後續計量 (續)

指定按公允價值計入其他全面收益的金融資產 (股權投資) (續)
該等金融資產的盈虧概不會被重新計入損益表。當確立支付權時，與股息相關的經濟利益很可能流入本集團且股息的金額能夠可靠計量時將股息於損益表中確認為其他收益，惟當本集團於作為收回金融資產一部分成本的所得款項中獲益時則除外，於此等情況下，該等得益於其他全面收益入賬。指定按公允價值計入其他全面收益的股權投資不受減值評估影響。

按公允價值計入損益的金融資產
按公允價值計入損益的金融資產於財務狀況表按公允價值入賬，而淨公允價值變動於損益表內確認。

該類別包括本集團並無不可撤銷地選擇按公允價值計入其他全面收益進行分類的衍生工具及權益工具。分類為按公允價值計入損益之金融資產之股權投資之股息於支付權確立時亦於損益表中確認為其他收入，且股息相關的經濟利益將流向本集團及股息金額能可靠計量。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 主要會計政策概要 (續)

投資及其他金融資產 (續)

後續計量 (續)

按公允價值計入損益的金融資產 (續)

當嵌入混合合約 (包含金融負債及非金融主體) 的衍生工具當經濟特徵及風險與主體不緊密相關; 具備與嵌入式衍生工具相同條款的單獨工具符合衍生工具的定義; 且混合合約並非按公允價值計入損益計量時, 則該衍生工具與主體分開並作為單獨衍生工具列賬。嵌入式衍生工具按公允價值計量, 且其變動於損益表內確認。僅當合約條款出現變動, 大幅改變其他情況下所需現金流量時; 或當原分類至按公允價值計入損益的金融資產獲重新分類時, 方進行重新評估。

嵌入混合合約 (包含金融資產主體) 的衍生工具不得單獨列賬。金融資產主體連同嵌入式衍生工具須整體分類為按公允價值計入損益的金融資產。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 主要會計政策概要 (續)

終止確認金融資產

一項金融資產(或(如適用)一項金融資產的一部分或一組類似金融資產的一部分)主要在以下情形被終止確認(即從本集團的合併財務狀況表移除):

- 從資產取得現金流量的權利已過期;或
- 本集團已轉移其從資產取得現金流量的權利或已根據「轉付」安排承擔將取得的現金流量全部向第三方支付義務,且不得有重大延誤;及(a)本集團已轉移該資產的絕大部分風險及回報;或(b)本集團既沒有轉移也沒有保留該資產的絕大部分風險及回報,但是已轉移該資產的控制權。

倘本集團已轉移其從資產取得現金流量的權利或已訂立轉付安排,則會評估保留資產擁有權風險與回報的情況。倘沒有轉移也沒有保留資產的絕大部分風險與回報,也沒有轉移資產的控制權,則本集團按其於被轉移資產的持續參與程度確認該資產。在此情況下,本集團亦確認相關債務。被轉移資產及相關債務乃基於反映本集團保留的權利與義務的基礎計量。

本集團以擔保形式持續涉及轉讓資產,該已轉讓資產乃以該項資產的原賬面金額與本集團可能須支付的最高代價兩者中的較低者計量。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 主要會計政策概要 (續)

金融資產減值

本集團確認對並非按公允價值計入損益的所有債務工具預期信貸虧損（「預期信貸虧損」）的撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取的所有現金流量之間的差額而釐定，並以原實際利率的近似值貼現。預期現金流量將包括出售所持抵押的現金流量或組成合約條款的其他信貸提升措施。

一般方式

預期信貸虧損分兩個階段進行確認。就自初始確認起未有顯著增加的信貸風險而言，預期信貸虧損提供予由未來十二個月內可能發生違約事件而導致的信貸虧損（十二個月預期信貸虧損）。就自初始確認起已經顯著增加的信貸風險而言，不論何時發生違約，於餘下風險年期內的預期信貸虧損均須計提虧損撥備（全期預期信貸虧損）。

於各報告日期，本集團評估金融工具之信貸風險自初始確認以來是否顯著增加。於作出此項評估時，本集團會將金融工具於報告日期發生違約的風險與金融工具於初始確認日期發生違約的風險進行比較，並考慮合理可靠的資料，包括過往經驗及無需付出不必要成本或精力即可獲得的前瞻性資料。

倘合約付款逾期90日，則本集團認為金融資產違約。然而，在若干情況下，倘內部或外部資料反映，在計及本集團持有的任何信貸提升措施前，本集團不大可能悉數收到未償還合約款項，則本集團亦可認為金融資產違約。倘無合理預期收回合約現金流量，則會撇銷該金融資產。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and notes receivables that do not contain a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 主要會計政策概要 (續)

金融資產減值 (續)

一般方式 (續)

按公允價值計入其他全面收益的債務投資及按攤銷成本列賬的金融資產於一般方式下會產生減值，除採用簡化方式計量的應收貿易賬款及合約資產外，該等債務投資及金融資產將按以下階段分類以計量預期信貸虧損，詳情如下。

- 第1階段 – 自初始確認以來信貸風險並無顯著增加且虧損撥備乃按相當於十二個月預期信貸虧損計量的金融工具
- 第2階段 – 自初始確認以來信貸風險顯著增加但並無信貸減值金融資產且虧損撥備乃按相當於全期預期信貸虧損計量的金融工具
- 第3階段 – 於報告日期已發生信貸減值（但並非購買或源生信貸減值）且虧損撥備乃按相當於全期預期信貸虧損計量的金融資產

簡化方式

就並無重大融資成分的應收貿易賬款及應收票據，本集團採用簡化方式計算預期信貸虧損。根據簡化方式，本集團將不追蹤信貸風險的變化，而是於各報告日期根據全期預期信貸虧損確認虧損撥備。本集團已設立根據其過往信貸虧損經驗計算的撥備矩陣，並按與債務人相關之前瞻性因素及經濟環境調整。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 主要會計政策概要 (續)

金融負債

初始確認及計量

金融負債在初始確認時乃歸類為按公允價值計入損益的金融負債、貸款及借貸或應付款項 (如適用)。

所有金融負債初始時均按公允價值確認，如屬貸款及借貸及應付款項，則減去直接應佔交易成本。

本集團的金融負債包括應付貿易賬款及其他應付款項、衍生金融工具及計息銀行借貸及其他借貸。

後續計量

金融負債視乎其分類進行後續計量如下：

按攤銷成本計量的金融負債 (貸款及借貸)

初始確認後，計息銀行借貸其後使用實際利率法按攤銷成本計量，惟倘折現的影響不重要，則按成本列賬。當終止確認負債及於使用實際利率法進行攤銷時，於損益表內確認盈虧。

攤銷成本的計算已考慮任何收購折讓或溢價，及構成實際利率整體一部分的費用或成本。實際利率攤銷列入損益表內的財務成本。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and cross-currency swaps, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2.4 主要會計政策概要 (續)

終止確認金融負債

當金融負債的責任被解除或取消或屆滿時，金融負債將被終止確認。

倘現有金融負債由同一放債人以條款極為不同的負債所取代，或現有負債的條款作出重大修訂，該等交換或修訂乃視為終止確認原負債及確認新負債處理，有關賬面金額的差額於損益表內確認。

對銷金融工具

如有現行可強制執行的法律權利對銷已確認的數額且有意向以淨值為基礎結算，或變賣資產與解除負債同時進行的情況下，金融資產與金融負債方會相互對銷，而淨值列入財務狀況表。

衍生金融工具

初始確認及後續計量

本集團使用衍生金融工具（如遠期貨幣合約及換匯換利掉期）對沖其外幣風險。該等衍生金融工具於初始確認時按訂立衍生合約當日的公允價值確認，其後再按公允價值重新計量。衍生工具在公允價值為正數時以資產列賬，而於公允價值為負數時則按負債列賬。

衍生工具公允價值變動產生的任何盈虧乃直接計入損益表，惟現金流量對沖的實際部分於其他全面收益內確認，其後如對沖項目影響損益，則重新分類至損益。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

2.4 主要會計政策概要 (續)

庫存股份

本公司或本集團購回及持有的自身股本工具(庫存股份)直接於權益按成本確認。購買、出售、發行或註銷本集團自身股本工具時，並無於損益表中確認任何收益或虧損。

存貨

存貨以其成本與可變現淨值兩者中的較低者列賬。成本按加權平均計算法釐定，而在製品及製成品則包括直接物料、直接勞工及適當比例的間接成本。可變現淨值按估計售價減去估計完工及出售將予產生的成本釐定。

現金及現金等價物

就合併現金流量表而言，現金及現金等價物包括手頭現金、活期存款及可隨時轉換為已知數額現金並於購入後一般在三個月內到期，且沒有重大價值變動風險的短期高流通量投資，再扣除在催繳時須償還及構成本集團現金管理整體一部分的銀行透支。

就合併財務狀況表而言，現金及現金等價物包括手頭及銀行現金(包括定期存款)，以及近似現金性質而其用途不受限制的資產。

所得稅

所得稅包括即期及遞延稅項。有關於損益外確認的項目的所得稅於損益以外的其他全面收益或直接於權益內確認。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 主要會計政策概要 (續)

所得稅 (續)

即期稅項資產及負債乃於計及本集團經營所在國家的當前詮釋及慣例後，根據於報告期末已頒佈或實質上已頒佈的稅率（及稅務法例），按預期可向稅務機關收回或支付予稅務機關數額計算。

遞延稅項就於報告期末資產及負債的稅項基準及其於財務報告內的賬面金額的所有暫時性差額以負債法撥備。

所有應課稅暫時性差額均被確認為遞延稅項負債，惟下列情況除外：

- 倘若遞延稅項負債的起因，是由於在一宗非屬業務合併的交易中初始確認資產或負債，而且在交易時，對會計溢利或應課稅溢利或虧損均無影響；及
- 就於附屬公司的投資的應課稅暫時性差額而言，倘若撥回暫時性差額的時間可以控制，以及暫時性差額不大可能在可見將來撥回。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2.4 主要會計政策概要 (續)

所得稅 (續)

對於所有可扣減暫時性差額、結轉的未動用稅項抵免及未動用稅項虧損，若日後有可能出現應課稅溢利，可用以抵扣該等可扣減暫時性差額、結轉的未動用稅項抵免及未動用稅項虧損，則遞延稅項資產一律確認入賬，惟下列情況除外：

- 倘若有關可扣減暫時性差額的遞延稅項資產的起因，是由於在一宗非屬業務合併的交易中初始確認資產或負債，而且在交易時，對會計溢利或應課稅溢利或虧損均無影響；及
- 就於附屬公司的投資的可扣減暫時性差額而言，只有在暫時性差額有可能在可見將來撥回，而且日後有可能出現應課稅溢利，可用以抵扣該等暫時性差額時，方會確認遞延稅項資產。

遞延稅項資產的賬面金額在每個報告期末予以檢討。若不再可能有足夠應課稅溢利用以抵扣全部或部分遞延稅項資產，則扣減遞延稅項資產賬面金額。過往未確認的遞延稅項資產於每個報告期末重新評估，並於有充足應課稅溢利有可能用以抵扣將收回的全部或部分遞延稅項資產時確認。

遞延稅項資產及負債乃根據於報告期末已頒佈或實質上已頒佈的稅率（及稅務法例），以資產被變現或負債被清還期間預期的適用稅率計算。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Sale of linen yarn, hemp yarn and scraps

Revenue from the sale of linen yarn, hemp yarn and scraps is recognised at the point in time when control of the goods is transferred to the customers, generally upon delivery of the goods.

2.4 主要會計政策概要 (續)

所得稅 (續)

僅若本集團擁有合法可執行權利將即期稅項資產及即期稅項負債抵銷，及遞延稅項資產與遞延稅項負債是關於同一稅務機關就同一應課稅實體或計劃於各未來期間（預期於相關期間內清償或收回大額的遞延稅項負債或資產）按淨額結算即期稅項負債及資產或同時變現資產及結算負債之不同應課稅實體所徵收的所得稅，則遞延稅項資產與遞延稅項負債可相互抵銷。

政府補助

如能就收取政府補助及將可符合該補助所有附帶條件作出合理保證，該補助乃按公允價值予以確認。若有關補助涉及某一開支項目，則須按有系統方式於其擬補償的成本支銷期間確認為收入。

若有關補助與某一資產有關，則公允價值計入遞延收入賬，並在有關資產的預計可使用年期內逐年按等額分期撥入損益表，或自資產的賬面金額扣減並以扣減折舊開支的方式撥入損益表。

收入確認

客戶合約收入

當貨物的控制權轉移至客戶時，客戶合約收入按能反映本集團預期有權就該等貨物而換取的代價金額確認。

銷售亞麻紗、工業大麻紗及廢料

銷售亞麻紗、工業大麻紗及廢料的收入於貨物的控制權轉移至客戶的時間點確認，通常於交付貨物時確認。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms.

Share-based payments

The Company operates a share award plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Further details are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 主要會計政策概要 (續)

收入確認 (續)

其他收入

利息收入按應計基準以實際利率法使用可在金融工具預計年期或更短期間(如適用)將估計未來現金收入準確折現至金融資產賬面淨值的利率確認。

租金收入於租賃期內按時間比例基準確認。

以股份付款

本公司設有一項股份獎勵計劃，為所有對本集團業務成功作出貢獻的合資格參與人提供激勵及獎賞。本集團的僱員會以股份付款形式收取薪酬，而僱員會提供服務作為權益工具的代價(「以權益結算交易」)。

與僱員進行以權益結算交易的成本，乃參照授出日期的公允價值計量。進一步詳情載於財務報表附註29。

以權益結算交易的成本連同權益相應增加部分在表現及／或服務條件獲履行的期間於僱員福利開支內確認。在歸屬日期前的每個報告期末就以權益結算交易所確認的累計開支，乃反映歸屬期屆滿的程度及本集團對將最終歸屬的權益工具數目的最佳估計。某一期間內在損益表內的扣除或進賬，乃反映已確認累計開支於該期初與該期終時的變動。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 主要會計政策概要 (續)

以股份付款 (續)

釐訂獎勵獲授當日的公允價值時，並無計及服務及非市場表現條件，惟已評估達成該等條件的可能性，作為本集團對將最終歸屬的權益工具數目的最佳估計。市場表現條件已於權益獲授當日的公允價值反映。倘獎勵隨附任何其他條件，而毋須提供相關服務，則視該等條件為非歸屬條件。除非有提供服務及／或存在有關表現條件，否則非歸屬條件會於獎勵的公允價值反映，從而引致即時支銷獎勵。

對於因未達成非市場表現及／或服務條件而最終未歸屬的獎勵，不會確認任何開支。倘獎勵包括一項市場或非歸屬條件，只要所有其他表現及／或服務條件已獲達成，則交易仍會被視為已歸屬，而不論該市場或非歸屬條件是否獲達成。

倘以權益結算的獎勵的條款有所變更，惟已符合獎勵的原先條款，則所確認的開支最少須達到猶如條款並無任何變更的水平。此外，倘按變更日期的計量，任何變更導致以股份支付的款項的總公允價值有所增加，或對僱員帶來其他利益，則應就該等變更確認開支。

倘以權益結算的獎勵被註銷，應被視為已於註銷日期歸屬，而任何尚未確認的獎勵開支會立刻確認。此包括未符合屬本集團或僱員控制範圍內的非歸屬條件的任何獎勵。然而，若新獎勵代替已註銷的獎勵，並於授出日期指定為替代獎勵，則已註銷的獎勵及新獎勵均應被視為原獎勵的變更，一如前段所述。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Pension scheme

Pursuant to the relevant regulations, the Group has participated in a local municipal government pension scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the statement of profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

2.4 主要會計政策概要 (續)

以股份付款 (續)

未行使購股權的攤薄影響已於計算每股盈利時反映為額外股份攤薄。

退休金計劃

根據有關規例，本集團已參與地方市政府的退休金計劃（「計劃」），為撥支提供僱員的退休福利，本集團須將僱員的基本薪金的若干百分比作為計劃供款。地方政府承擔本集團現在及未來全部退休僱員的退休福利責任。如上所述，根據計劃，本集團唯一責任為持續作出所需供款。計劃供款於產生時自損益表扣除。計劃並無規定沒收供款可用作減少未來供款。

借貸成本

如借貸成本直接歸屬於收購、興建或生產合資格資產（即須經一段相當長時間作準備方可作擬定用途或銷售的資產），則撥充資本作為該等資產成本的一部分。當有關資產大致可作擬定用途或銷售時，即終止將該等借貸成本撥充資本。將待用於合資格資產開支的指定借貸進行臨時投資所賺取的投資收入，則從資本化借貸成本扣除。所有其他借貸成本均於其產生期間支銷。借貸成本包括利息及與公司因借取資金而產生的其他成本。

股息

末期股息於股東大會上獲股東批准時，獲確認為一項負債。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item measured at fair value (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

2.4 主要會計政策概要 (續)

外幣

本財務報表以人民幣呈列，即本公司的功能貨幣。本集團內的實體各自決定其功能貨幣，各實體的財務報表項目均以所定功能貨幣計量。本集團內的實體的外幣交易初始按有關功能貨幣於交易當日的匯率換算入賬。以外幣計值的貨幣資產及負債，按有關功能貨幣於報告期末的匯率換算。因結算或換算貨幣項目而產生的差額於損益表內確認。

按歷史成本列賬、以外幣計量的非貨幣項目，採用初始交易日期的匯率換算。按公允價值列賬、以外幣計量的非貨幣項目，採用計量公允價值日期的匯率換算。重新換算非貨幣項目所產生的盈虧的處理方法與確認按公允價值計量的項目公允價值變動的盈虧者一致（換言之，於其他全面收益或損益內確認公允價值盈虧的項目的匯兌差額，亦分別於其他全面收益或損益內確認）。

若干海外附屬公司使用人民幣以外貨幣作為功能貨幣。於報告期末，該等實體的資產與負債按報告期末的匯率換算為人民幣，其損益表則按年內的加權平均匯率換算為人民幣。

因此而產生的匯兌差額於其他全面收益內確認並於匯兌儲備內累計。出售海外業務時，有關該項海外業務的其他全面收益部分在損益表內確認。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

There is no significant effect on the amounts recognised in the consolidated financial statements arising from the judgements, apart from those involving estimations, made by management in the process of applying the Group's accounting policies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

2.4 主要會計政策概要 (續)

外幣 (續)

就合併現金流量表而言，海外附屬公司的現金流量按現金流動當日的匯率換算為人民幣。海外附屬公司在整個年度內經常產生的現金流量按年內的加權平均匯率換算為人民幣。

3. 重大會計判斷及估計

管理層在編製本集團合併財務報表時須作出判斷、估計及假設，而有關判斷、估計及假設會對收入、開支、資產及負債所申報的金額及其隨附披露以及對或有負債的披露造成影響。該等假設及估計的不確定性或引致須對在未來受影響的資產及負債的賬面金額進行重大調整。

判斷

除涉及估計的判斷外，管理層於應用本集團的會計政策的過程中所作出的判斷對合併財務報表所確認的金額並無重大影響。

估計不確定性

於報告期末，存在對下一個財政年度資產及負債的賬面金額作出重大調整的重大風險且關於未來的主要假設及估計不確定性的其他主要來源如下。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(a) Impairment of non-current assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amount of the non-current assets of the Group has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The assumption that has the most significant impact on the determination of the recoverable amount of its assets is the discount rate. The pre-tax discount rate applied to the cash flow projections as at 31 December 2020 was 22%.

(b) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.4 主要會計政策概要 (續)

估計不確定性 (續)

(a) 非流動資產 (商譽除外) 減值

本集團於每個報告期末評估所有非金融資產是否有任何減值跡象。於有跡象顯示未必可收回賬面金額時，非金融資產會接受減值測試。當資產或現金產生單位的賬面值超過其可收回金額 (指其公允價值扣除出售成本與其使用價值兩者之中的較高者)，即存在減值。公允價值扣除出售成本乃根據類似資產的具約束力公平磋商銷售交易所獲得的數據或可觀察市場價格減出售資產的遞增成本計算。於計算使用價值時，管理層須估計預期該項資產或現金產生單位的未來現金流量，並選擇合適折現率計算該等現金流量的現值。

本集團的非流動資產的可收回金額已根據使用價值計算法釐定，並以經管理層批准的五年期財政預算所預測的現金流量為基準。對釐定其資產可收回金額構成最大影響的假設為折現率。於二零二零年十二月三十一日，用作預測現金流量的稅前折現率為22%。

(b) 遞延稅項資產

遞延稅項資產僅在有可能出現應課稅溢利可用以抵扣未動用稅項虧損時，方會就該等虧損獲得確認。在釐定可確認的遞延稅項資產金額時，管理層須根據未來應課稅溢利可能的時間及水平連同未來稅項規劃策略，作出重要判斷。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(c) Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the age and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate. The carrying amount of inventories at 31 December 2020 was RMB793,825,000 (2019: RMB795,592,000). Further details are contained in note 19 to the financial statements.

(d) Provision for expected credit losses on trade and notes receivables

The Group uses a provision matrix to calculate ECLs for trade and notes receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating, coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2.4 主要會計政策概要 (續)

估計不確定性 (續)

(c) 存貨撇減

本集團的存貨以其成本與可變現淨值兩者中的較低者列賬。本集團經參考存貨貨齡及存貨狀況以及考慮影響有關存貨銷路的經濟情況後按所估計的可變現價值撇減其存貨。存貨將每年進行檢討，並於適當情況下予以撇減。於二零二零年十二月三十一日，存貨的賬面金額為人民幣793,825,000元（二零一九年：人民幣795,592,000元）。其他詳情載於財務報表附註19。

(d) 應收貿易賬款及應收票據預期信貸虧損撥備

本集團使用撥備矩陣計算應收貿易賬款及應收票據的預期信貸虧損。撥備率乃基於因就擁有類似虧損模式的多個客戶分部進行分組（即地理位置、客戶類別及評級、信用證及其他信貸保險形式的保障範圍）而逾期的日數計算。

撥備矩陣最終基於本集團的歷史觀察違約率。本集團將通過調整矩陣以調整歷史信貸虧損經驗及前瞻性資料。例如，若預測經濟狀況（如國內生產總值）於未來一年內惡化，從而導致製造行業的違約數量增加，歷史違約率將得到調整。於各報告日期，歷史觀察違約率將會予以更新，並分析前瞻性估計的變化。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(d) *Provision for expected credit losses on trade and notes receivables (continued)*

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and notes receivables is disclosed in note 20 to the financial statements.

(e) *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. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives or management will write off or write down technically obsolete or non-strategic assets that have been abandoned. The carrying amount of property, plant and equipment at 31 December 2020 was RMB1,050,539,000 (2019: RMB1,054,148,000). Further details are contained in note 13 to the financial statements.

2.4 主要會計政策概要 (續)

估計不確定性 (續)

(d) *應收貿易賬款及應收票據預期信貸虧損撥備 (續)*

對歷史觀察違約率、預測經濟狀況及預期信貸虧損之間的相關性評估乃一項重要的估計。預期信貸虧損的金額對環境及預測經濟狀況敏感。本集團的歷史信貸虧損經驗及對經濟狀況的預測亦可能無法表示客戶於日後的實際違約情況。有關本集團應收貿易賬款及應收票據的預期信貸虧損資料於財務報表附註20披露。

(e) *物業、廠房及設備的可使用年期*

本集團管理層釐定其物業、廠房及設備的估計可使用年期及相關折舊費用。該項估計乃根據類似性質及功能的物業、廠房及設備的實際可使用年期的過往經驗而釐定。並可能因技術創新及競爭者對嚴峻行業週期的反應而有重大改變。當可使用年期較之前估計年期短，管理層將增加折舊費用，或將撇銷或撇減技術上過時或非策略性的已報廢資產。於二零二零年十二月三十一日，物業、廠房及設備的賬面金額為人民幣1,050,539,000元（二零一九年：人民幣1,054,148,000元）。進一步詳情載於財務報表附註13。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is primarily the manufacture and sale of linen yarns. Management reviews the consolidated results when making decisions about allocating resources and assessing the performance of the Group. Accordingly, no segment analysis is presented.

Geographical information

- (a) Revenue from external customers
An analysis of the Group's geographical information on revenue attributed to the regions on the basis of customer locations for the year ended 31 December 2020 is set out in the following table:

Mainland China	中國大陸
European Union	歐盟國
Non-European Union countries	非歐盟國

- (b) Non-current assets

Mainland China	中國大陸
Ethiopia	埃塞俄比亞

4. 經營分部資料

為方便管理，本集團已組織成一個單一業務單位，即生產及銷售亞麻紗。管理層於就分配本集團資源作出決定及評估本集團表現時會審閱合併業績。因此，本集團並無呈列分部分析。

地理資料

- (a) 來自外部客戶收入
下表載列本集團於截至二零二零年十二月三十一日止年度按客戶所在地劃分的地區應佔收入的地理資料分析：

Revenue from external customers 來自外部客戶收入	
2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
476,377	650,576
302,630	349,183
278,419	499,801
1,057,426	1,499,560

- (b) 非流動資產

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
800,801	869,898
354,686	325,400
1,155,487	1,195,298

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue amounting to 10 percent or more of the Group's total revenue was derived from sales to a single customer for the year ended 31 December 2020 (2019: Nil).

5. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers, which is also the Group's turnover, represents the sales value of linen yarn, hemp yarn and scraps, net of sales tax and deduction of any sales discounts and returns. The performance obligation is satisfied upon delivery of linen yarn, hemp yarn and scraps and payment is generally due within 30 to 150 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of revenue from contracts with customers, other income and gains is as follows:

Type of goods	貨品類型
Sales of linen yarn, hemp yarn and scraps	銷售亞麻紗、大麻紗及廢料
Timing of revenue recognition	收入確認時間
Goods transferred at a point in time	於某一時點轉讓的貨品

Revenue recognised that was included in contract liabilities at the beginning of the reporting period was RMB14,935,000 (2019: RMB24,036,000).

4. 經營分部資料(續)

地理資料(續)

上文所載的非流動資產資料乃基於資產(金融工具及遞延稅項資產除外)所處的位置。

有關主要客戶的資料

於截至二零二零年十二月三十一日止年度，並無向單一客戶進行的銷售收入佔本集團總收入10%或以上(二零一九年：無)。

5. 收入、其他收益及得益

客戶合約收入(亦即本集團營業額)指亞麻紗、大麻紗及廢料的銷售價值，經扣除銷售稅及扣減任何銷售折扣及退還。履約責任於交付麻紗、大麻紗及廢料時完成，且款項通常應自交付後30至150日內支付，惟新客戶通常須預付款項。

客戶合約收入、其他收益及得益的分析如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<u>1,057,426</u>	<u>1,499,560</u>
<u>1,057,426</u>	<u>1,499,560</u>

所確認的計入報告期初合約負債的收入為人民幣14,935,000元(二零一九年：人民幣24,036,000元)。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

5. REVENUE, OTHER INCOME AND GAINS (continued)

5. 收入、其他收益及得益 (續)

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Other income	其他收益		
Bank interest income	銀行利息收入	875	1,051
Government grants	政府補助	16,598	8,161
Others	其他	2,980	2,768
		<u>20,453</u>	<u>11,980</u>
Gains	得益		
Gain from disposal of property, plant and equipment	出售物業、廠房及設備得益	2,755	–
Foreign exchange gains, net	匯兌得益淨額	–	5,186
Fair value gains on derivative financial instruments, net	衍生金融工具公允價值得益淨額	–	198
		<u>23,208</u>	<u>17,364</u>

6. FINANCE COSTS

6. 財務成本

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Interest on bank loans	銀行貸款的利息	46,881	35,003
Interest on lease liabilities	租賃負債的利息	470	208
Total interest expense on financial liabilities not at fair value through profit or loss	未按公允價值計入損益的金融負債的利息開支總額	<u>47,351</u>	<u>35,211</u>
Less: Interest capitalised	減：資本化利息	(10,768)	(13,063)
		<u>36,583</u>	<u>22,148</u>

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

7. LOSS/(PROFIT) BEFORE TAX

The Group's loss/(profit) before tax is arrived at after charging/(crediting):

7. 除稅前虧損／(溢利)

本集團除稅前虧損／(溢利)於扣除／(計入)下列各項後得出：

			2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Cost of inventories sold	出售存貨成本		950,129	1,136,293
Depreciation	折舊	13, 14	74,376	70,667
Depreciation of right-of-use asset	使用權資產折舊	15(a)	4,077	3,612
Amortisation of other intangible assets	其他無形資產攤銷	16	545	545
Research and development ("R&D") expenses	研究及開發(「研發」)開支		16,780	14,998
Lease payment not included in the measurement of lease liabilities	未計入租賃負債計量的租賃款項	15(c)	604	737
Auditors' remuneration	核數師酬金		1,950	1,950
Employee benefit expense (including directors' and chief executive's remuneration):	僱員福利開支(包括董事及最高行政人員薪酬)：			
Wages, salaries and other benefits	工資、薪金及其他福利		175,025	184,237
Pension scheme contributions	退休金計劃供款		13,494	14,204
(Reversal of)/accrual of equity-settled share award expense	以權益結算股份獎勵開支(轉回)／計提	29	(4,295)	5,631
			184,224	204,072
Foreign exchange differences, net	外匯差額，淨額		14,700	(5,186)
Fair value gain on derivative instruments	衍生工具的公允價值得益			
– transactions not qualifying as hedges	– 不合資格作對沖的交易		–	(198)
(Gain)/loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目(得益)／虧損		(2,755)	1,374
(Reversal of provision)/provision for impairment of inventories	存貨減值(撥備轉回)／撥備		(5,602)	17,069
Provision for impairment of trade receivables	應收貿易賬款減值撥備	20	59	2,014
(Write-off of)/provision for impairment of property, plant and equipment	物業、廠房及設備減值(撇銷)／撥備	13	(6,173)	6,173
Finance costs	財務成本		36,583	22,148
Bank interest income	銀行利息收入		(875)	(1,051)
Gain on disposal of a subsidiary	出售一家附屬公司的得益	31	(11,123)	235

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Fees	袍金
Other emoluments:	其他酬金：
Salaries, allowances and benefits in kind	薪金、津貼及實物利益
Pension scheme contributions	退休金計劃供款

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

Mr. Lau Ying Kit	劉英傑先生
Mr. Yan Jianmiao	嚴建苗先生
Mr. Lo Kwong Shun Wilson	羅廣信先生

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

8. 董事及最高行政人員薪酬

年內，根據上市規則、香港《公司條例》第383(1)(a)、(b)、(c)及(f)條以及《公司(披露董事利益資料)規例》第2部披露的董事及最高行政人員薪酬如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
437	437
3,480	3,600
90	135
4,007	4,172

(a) 獨立非執行董事

年內向獨立非執行董事支付的袍金如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
125	125
104	104
104	104
333	333

年內並無應付獨立非執行董事的其他酬金(二零一九年：無)。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive director and the chief executive

2020

Executive directors	執行董事
Mr. Ren Weiming*	任維明先生*
Mr. Shen Yueming	沈躍明先生
Mr. Zhang Hongwen	張鴻文先生
Ms. Shen Hong	沈鴻女士
Non-executive director	非執行董事
Mr. Ngan Kam Wai Albert	顏金煒先生

8. 董事及最高行政人員薪酬 (續)

(b) 執行董事、非執行董事及最高行政人員

二零二零年

Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
袍金	薪金、津貼及實物利益	退休金計劃供款	薪酬總額
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
-	1,500	-	1,500
-	750	45	795
-	750	45	795
-	480	-	480
-	3,480	90	3,570
104	-	-	104
104	-	-	104
104	3,480	90	3,674

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive director and the chief executive (continued)

2019

		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		袍金	薪金、津貼 及實物利益	退休金 計劃供款	薪酬總額
		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
Executive directors	執行董事				
Mr. Ren Weiming*	任維明先生*	–	1,500	45	1,545
Mr. Shen Yueming	沈躍明先生	–	750	45	795
Mr. Zhang Hongwen	張鴻文先生	–	750	45	795
Ms. Shen Hong	沈鴻女士	–	600	–	600
		–	3,600	135	3,735
Non-executive director	非執行董事				
Mr. Ngan Kam Wai Albert	顏金煒先生	104	–	–	104
		104	–	–	104
		104	3,600	135	3,839

* Mr. Ren Weiming, who acts as an executive director of the Company, is also the chief executive officer of the Company.

8. 董事及最高行政人員薪酬 (續)

(b) 執行董事、非執行董事及最高行政人員 (續)

二零一九年

		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		袍金	薪金、津貼 及實物利益	退休金 計劃供款	薪酬總額
		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
Executive directors	執行董事				
Mr. Ren Weiming*	任維明先生*	–	1,500	45	1,545
Mr. Shen Yueming	沈躍明先生	–	750	45	795
Mr. Zhang Hongwen	張鴻文先生	–	750	45	795
Ms. Shen Hong	沈鴻女士	–	600	–	600
		–	3,600	135	3,735
Non-executive director	非執行董事				
Mr. Ngan Kam Wai Albert	顏金煒先生	104	–	–	104
		104	–	–	104
		104	3,600	135	3,839

* 身為本公司執行董事的任維明先生，亦兼任本公司行政總裁。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2018: four) directors including the chief executive, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2018: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

Salaries, allowances and benefits in kind	薪金、津貼及實物利益
Share award plan (note 29)	股份獎勵計劃 (附註29)
Pension scheme contributions	退休金計劃供款

The remuneration of the non-director and non-chief executive highest paid employee fell within the following band:

RMB1,000,001 to RMB1,500,000	人民幣1,000,001元至 人民幣1,500,000元
------------------------------	---------------------------------

During the year ended 31 December 2020, none of the directors and chief executive, or any of the non-director and non-chief executive highest paid employees waived or agreed to waive any remuneration (2019: None). None of the directors and the chief executive, or any of the non-director and non-chief executive highest paid employees received any payment from the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2019: None).

9. 五名最高薪酬僱員

年內，五名最高薪酬僱員包括四名（二零一八年：四名）董事，當中包括最高行政人員，其薪酬詳情載於上文附註8。年內，餘下一名（二零一八年：一名）非本公司董事或最高行政人員的最高薪酬僱員的薪酬詳情如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
1,303	1,329
(82)	101
16	16
1,237	1,446

非董事及非最高行政人員的最高薪酬僱員的薪酬處於以下範圍：

Number of employees 僱員人數	
2020 二零二零年	2019 二零一九年
1	1

於截至二零二零年十二月三十一日止年度，概無董事及最高行政人員或任何非董事及非最高行政人員的最高薪酬僱員放棄或同意放棄任何薪酬（二零一九年：無）。概無董事及最高行政人員或任何非董事及非最高行政人員的最高薪酬僱員從本集團收取任何款項以吸引其加入本集團或於加入本集團時作為獎勵或作為離職補償（二零一九年：無）。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

10. INCOME TAX

Major components of the Group's income tax (credit)/expense for the year are as follows:

Current – Mainland China	即期－中國大陸
– Charge for the year	一年內支出
– Overprovision in respect of prior years	－過往年度超額撥備
Current – Hong Kong	即期－香港
– Charge for the year	一年內支出
– (Overprovision)/underprovision in respect of prior years	－過往年度(超額撥備)／撥備不足
Current – Italy	即期－意大利
– Charge for the year	一年內支出
Deferred (note 17)	遞延(附註17)
Total tax (credit)/charge for the year	年內稅項(抵免)／支出總額

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.
- (ii) In accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, the provision for current income tax of Mainland China has been based on a statutory rate of 25% of the assessable profits of the Company for the year, except for Zhejiang Jinda Flax Co., Ltd. ("Zhejiang Jinda"), an indirectly wholly-owned subsidiary of the Group. Zhejiang Jinda obtained the High-new Technology Certificate for the years from 2019 to 2022 and was entitled to a tax rate of 15%.

10. 所得稅

本集團於年內的所得稅(抵免)／開支主要項目如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
19	50,318
(36)	(47)
3,069	3,366
(789)	604
14	1,545
(17,879)	5,326
(15,602)	61,112

- (i) 根據開曼群島及英屬處女群島規則及法規，本集團毋須繳納開曼群島或英屬處女群島任何所得稅。
- (ii) 根據已通過並於二零零八年一月一日生效的《中國企業所得稅法》，中國大陸即期所得稅撥備已根據年內本公司的應課稅溢利按25%法定稅率計算，惟本集團的一間間接全資附屬公司浙江金達亞麻有限公司(「浙江金達」)除外。浙江金達取得於二零一九年至二零二二年各個年度的高新技術認證，可享有15%稅率。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

10. INCOME TAX (continued)

- (iii) Hong Kong profits tax has been provided at the rate of 8.25% on the estimated assessable profits arising in Hong Kong up to HK\$2 million. Assessable profits over HK\$2 million are subject to a tax rate of 16.5%.
- (iv) Pursuant to the rules and regulations of Italy, the Group is subject to tax at an income tax rate of 28.82%, which comprises the Italy Corporate Income Tax at 24% and the Italy Regional Income Tax at 4.82%.

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

10. 所得稅 (續)

- (iii) 香港利得稅按於香港產生的至多2百萬港元估計應課稅溢利以8.25%稅率計提撥備。超逾2百萬港元的應課稅溢利須按16.5%的稅率繳稅。
- (iv) 根據意大利規則及法規，本集團須按28.82%稅率繳納所得稅，當中包括按24%稅率計算的意大利企業所得稅及按4.82%稅率計算的意大利地區所得稅。

按本公司及其大部份附屬公司位處的司法管轄權區的法定稅率計算適用於除稅前溢利的稅項開支，與按實際稅率計算的稅項開支的對賬如下：

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
(Loss)/profit before tax	除稅前(虧損)/溢利	<u>(26,743)</u>	<u>216,877</u>
Tax at an applicable tax rate of 25%	按適用的25%稅率計算的稅項	(6,685)	54,219
Effect of different/beneficial tax rates (Overprovision)/underprovision in respect of prior years	不同/優惠稅率影響 過往年度(超額撥備)/撥備不足	(2,864)	(1,163)
Income not subject to tax	不需課稅的收益	(825)	557
Tax losses not recognised	未確認的稅項虧損	(4,233)	(1,705)
Expenses not deductible for tax	不可扣稅的開支	1,160	-
Tax credit arising from additional deduction of R&D expenditures of Mainland China subsidiaries	中國大陸附屬公司研發開支加計扣 除產生的稅項抵免	2,218	2,509
(Reversal of)/Accrual of withholding tax liability	預扣稅負債(轉回)/計提	(2,498)	(2,065)
Total tax (credit)/charge for the year	年內稅項(抵免)/支出總額	<u>(1,875)</u>	<u>8,760</u>
		<u>(15,602)</u>	<u>61,112</u>

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

11. DIVIDEND

11. 股息

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Proposed final – Nil (2019: HK7.0 cents) per ordinary share	–	39,484
建議末期股息—每股普通股無 (二零一九年：7.0港仙)		

At the meeting of the board of directors of the Company held on 19 March 2021, no payment of final dividend was recommended for the year ended 31 December 2020.

於二零二一年三月十九日舉行的本公司董事會會議上，不建議就截至二零二零年十二月三十一日止年度派付任何末期股息。

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 614,569,000 (2019: 610,881,000) in issue during the year, as adjusted to reflect the treasury shares vested during the year.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

12. 母公司普通股權益持有人應佔每股(虧損)/盈利

每股基本虧損乃根據母公司普通股權益持有人應佔年內虧損及年內已發行普通股加權平均數614,569,000股(二零一九年：610,881,000股)計算，並已作出調整以反映年內歸屬的庫存股份。

每股攤薄虧損乃根據母公司普通股權益持有人應佔年內虧損計算。計算時使用的普通股加權平均數乃年內已發行普通股數目(與計算每股基本虧損所使用者相同)，以及假設全部攤薄潛在普通股被視為獲行使或兌換為普通股後無償發行的普通股加權平均數。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(continued)

The calculations of basic and diluted loss/earnings per share amounts are based on:

(Loss)/Earnings attributable to ordinary equity holders of the parent used in the basic loss/earnings per share calculation

用作計算每股基本虧損／盈利的
母公司普通股權益持有人應佔
(虧損)／盈利

Shares

Weighted average number of ordinary shares in issue during the year used in the basic loss/earnings per share calculation

股份

用作計算每股基本虧損／盈利的
年內已發行普通股加權平均數

Effect of dilution – weighted average number of ordinary shares:

Share options

Share award plan

攤薄影響－普通股加權平均數：

購股權

股份獎勵計劃

12. 母公司普通股權益持有人應佔每股 (虧損)／盈利 (續)

每股基本及攤薄虧損／盈利的計算方式如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
<u>(9,947)</u>	<u>151,468</u>

Number of shares 股份數目

2020 二零二零年 '000 千股	2019 二零一九年 '000 千股
614,569	610,881
–	10,608
<u>15,079</u>	<u>18,767</u>
<u>629,648</u>	<u>640,256</u>

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2020

13. 物業、廠房及設備

二零二零年十二月三十一日

	Plant and buildings	Machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	廠房及樓宇	機器	辦公室設備	汽車	租賃物業裝修	在建工程	總計
	RMB'000	RMB'000	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	人民幣千元	人民幣千元
At 31 December 2019 and at 1 January 2020:	於二零一九年十二月三十一日及二零二零年一月一日:						
Cost	405,042	719,870	117,883	11,480	18,005	431,948	1,704,228
Accumulated depreciation and impairment	(135,080)	(441,987)	(52,514)	(8,914)	(11,585)	-	(650,080)
Net carrying amount	<u>269,962</u>	<u>277,883</u>	<u>65,369</u>	<u>2,566</u>	<u>6,420</u>	<u>431,948</u>	<u>1,054,148</u>
At 1 January 2020, net of accumulated depreciation	於二零二零年一月一日，扣除累計折舊						
Additions	13,994	15,862	2,780	738	4,520	51,455	89,349
Depreciation provided during the year	(20,623)	(39,070)	(10,676)	(549)	(2,858)	-	(73,776)
Transfers	31,740	51,953	8,595	-	-	(92,288)	-
Disposals	-	(9,435)	(855)	(43)	-	(749)	(11,082)
Disposal of a subsidiary	(9,452)	(4,247)	(111)	(458)	(9)	-	(14,277)
Impairment written off	-	6,173	-	-	-	-	6,173
Exchange realignment	-	3	1	-	-	-	4
At 31 December 2020, net of accumulated depreciation	於二零二零年十二月三十一日，扣除累計折舊						
	<u>285,621</u>	<u>299,122</u>	<u>65,103</u>	<u>2,254</u>	<u>8,073</u>	<u>390,366</u>	<u>1,050,539</u>
At 31 December 2020:	於二零二零年十二月三十一日:						
Cost	431,088	711,207	120,631	10,367	22,373	390,366	1,686,032
Accumulated depreciation	(145,467)	(412,085)	(55,528)	(8,113)	(14,300)	-	(635,493)
Net carrying amount	<u>285,621</u>	<u>299,122</u>	<u>65,103</u>	<u>2,254</u>	<u>8,073</u>	<u>390,366</u>	<u>1,050,539</u>

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

13. PROPERTY, PLANT AND EQUIPMENT (continued)

13. 物業、廠房及設備 (續)

31 December 2019

二零一九年十二月三十一日

		Plant and buildings	Machinery	Office equipment	Motor vehicles	Leasehold improvements 租賃物業 裝修	Construction in progress 在建工程	Total
		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 31 December 2018 and at 1 January 2019:	於二零一八年 十二月三十一日及 二零一九年一月一日：							
Cost	成本	391,982	703,113	119,345	10,847	24,385	153,822	1,403,494
Accumulated depreciation	累計折舊	(116,281)	(408,823)	(47,836)	(10,172)	(16,604)	-	(599,716)
Net carrying amount	賬面淨額	<u>275,701</u>	<u>294,290</u>	<u>71,509</u>	<u>675</u>	<u>7,781</u>	<u>153,822</u>	<u>803,778</u>
At 1 January 2019, net of accumulated depreciation	於二零一九年一月一日， 扣除累計折舊	275,701	294,290	71,509	675	7,781	153,822	803,778
Additions	添置	14,662	11,345	3,075	2,158	2,690	301,685	335,615
Depreciation provided during the year	年內折舊撥備	(19,324)	(35,985)	(10,399)	(318)	(4,041)	-	(70,067)
Transfers	轉撥	3,400	15,459	2,495	91	-	(21,445)	-
Disposals	出售	(742)	(1,055)	(1,188)	(40)	(10)	(789)	(3,824)
Disposal of a subsidiary	出售一家附屬公司	(3,735)	-	(121)	-	-	(1,325)	(5,181)
Impairment provision	減值撥備	-	(6,173)	-	-	-	-	(6,173)
Exchange realignment	匯兌調整	-	2	(2)	-	-	-	-
At 31 December 2019, net of accumulated depreciation	於二零一九年 十二月三十一日， 扣除累計折舊	<u>269,962</u>	<u>277,883</u>	<u>65,369</u>	<u>2,566</u>	<u>6,420</u>	<u>431,948</u>	<u>1,054,148</u>
At 31 December 2019:	於二零一九年 十二月三十一日：							
Cost	成本	405,042	719,870	117,883	11,480	18,005	431,948	1,704,228
Accumulated depreciation	累計折舊	(135,080)	(435,814)	(52,514)	(8,914)	(11,585)	-	(643,907)
Impairment provision	減值撥備	-	(6,173)	-	-	-	-	(6,173)
Net carrying amount	賬面淨額	<u>269,962</u>	<u>277,883</u>	<u>65,369</u>	<u>2,566</u>	<u>6,420</u>	<u>431,948</u>	<u>1,054,148</u>

As at 31 December 2020, the Group's property, plant and equipment with a net carrying amount of approximately RMB252,403,000 (2019: RMB194,209,000) were pledged to secure bank loans granted to the Group as set out in notes 26(i) and 26(ii).

誠如附註26(i)及26(ii)所載，於二零二零年十二月三十一日，本集團賬面淨額約人民幣252,403,000元(二零一九年：人民幣194,209,000元)的物業、廠房及設備已予質押，作為本集團獲授銀行貸款的擔保。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

14. INVESTMENT PROPERTIES

14. 投資物業

		2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面金額	6,329	6,929
Depreciation provided during the year	年內折舊撥備	(600)	(600)
Carrying amount at 31 December	於十二月三十一日的賬面金額	<u>5,729</u>	<u>6,329</u>

The Group's investment properties are commercial properties in Shanghai and Jiaying, the PRC. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of the property. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Haiyan Zhonglian Asset Assessment Limited Corporation and Jiaying Dongxing Asset Assessment Firm (LLP), independent professionally qualified valuers, at RMB19,551,000. Each year, the Group's property manager and the chief financial officer decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group's investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the consolidated financial statements.

本集團的投資物業乃位於中國上海及嘉興的商用物業。本公司董事根據投資物業的性質、特性及風險，確定投資物業由一類資產組成，即商用類別。於二零二零年十二月三十一日，本集團根據獨立專業合資格估值師海鹽中聯資產評估有限公司及嘉興東興資產評估事務所（普通合夥）所進行的估值工作，將本集團的投資物業重新估值為人民幣19,551,000元。每年，本集團的物業經理及財務總監在取得審核委員會的批准後，選定並委任一名外聘估值師負責對本集團的投資物業進行外部估值。甄選標準包括市場知識、聲譽、獨立性及是否維持專業水準。

投資物業按經營租賃出租予第三方，其進一步詳情於合併財務報表附註15概述。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Recurring fair value measurement for: 經常性公允價值計量：
Commercial properties 商用物業

14. 投資物業(續)

公允價值等級架構

下表顯示本集團投資物業的公允價值計量等級架構：

Fair value measurement as at 31 December 2020 using 採用以下項目於二零二零年十二月三十一日 進行的公允價值計量			
Quoted prices in active markets 於活躍市場 的報價 (Level 1) (第一層) RMB'000 人民幣千元	Significant observable inputs 重大可觀察 輸入值 (Level 2) (第二層) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入值 (Level 3) (第三層) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
-	-	19,551	19,551

Fair value measurement as at 31 December 2019 using 採用以下項目於二零一九年十二月三十一日 進行的公允價值計量			
Quoted prices in active markets 於活躍市場 的報價 (Level 1) (第一層) RMB'000 人民幣千元	Significant observable inputs 重大可觀察 輸入值 (Level 2) (第二層) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察 輸入值 (Level 3) (第三層) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
-	-	20,545	20,545

Recurring fair value measurement for: 經常性公允價值計量：
Commercial properties 商用物業

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

14. 投資物業 (續)

公允價值等級架構 (續)

年內，公允價值計量在第一層及第二層之間概無轉移，亦無轉入第三層或自第三層轉出 (二零一九年：無)。

以下為投資物業估值所用的估值方法及主要輸入值的概要：

	Valuation techniques 估值方法	Significant unobservable inputs 重大不可觀察輸入值	Range or weighted average 範圍或加權平均數	
			2020 二零二零年	2019 二零一九年
Shanghai Commercial Property I 上海商用物業I	Discounted cash flow method 現金流量折現法	Estimated rental value (per sq. m. and per month) 估計租金價值 (每平方米及每月)	RMB192 人民幣192元	RMB192 人民幣192元
		Rent growth (p.a.) 租金增長 (每年)	3%-5%	3%-5%
		Long term vacancy rate 長期空置率	Nil 無	Nil 無
		Discount rate 折現率	3.24%	3.28%

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

14. 投資物業(續)

公允價值等級架構(續)

	Valuation techniques 估值方法	Significant unobservable inputs 重大不可觀察輸入值	Range or weighted average 範圍或加權平均數	
			2020 二零二零年	2019 二零一九年
Shanghai Commercial Property II 上海商用物業II	Discounted cash flow method 現金流量折現法	Estimated rental value (per sq. m. and per month) 估計租金價值 (每平方米及每月)	RMB217	RMB217
			人民幣217元	人民幣217元
			3%-5%	3%-5%
			Nil 無	Nil 無
		Discount rate 折現率	3.24%	3.28%
Jiaxing Commercial Property 嘉興商用物業	Discounted cash flow method 現金流量折現法	Estimated rental value (per sq. m. and per month) 估計租金價值 (每平方米及每月)	RMB62	RMB64
			人民幣62元	人民幣64元
			Nil 無	Nil 無
			Nil 無	Nil 無
		Discount rate 折現率	6.90%	6.90%

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

14. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

14. 投資物業 (續)

公允價值等級架構 (續)

根據現金流量折現法，公允價值乃採用資產的壽命期內有關擁有權的利益及負債（包括退出價值或終端價值）的假設進行估計。該方法涉及對物業權益的一連串現金流量的預測。市場衍生的折現率應用於預測現金流量以便確立與資產有關的收益流的現值。退出收益通常是單獨決定且不同於折現率。

現金流量的持續時間及流入和流出的具體時間乃由諸如租金檢討、租約續租及相關轉租、重建或翻新等事件決定。適當的持續時間受市場行為（即物業類別的特性）影響。定期現金流量按總收益扣除空置、不可收回開支、收賬損失、租賃獎勵、維修費用、代理和佣金費用及其他經營和管理費用估算。該一連串定期經營收益淨額，連同預計於預測期終結時的終端價值估計金額，會進行折現。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and buildings, motor vehicles and leased land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and buildings generally have lease terms between 2 and 12 years, while motor vehicles generally have lease terms of 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

As at 1 January 2019	於二零一九年一月一日
Additions	添置
Depreciation charge	折舊開支
As at 31 December 2019 and 1 January 2020	於二零一九年十二月三十一日及二零二零年一月一日
Additions	添置
Decrease	減少
Depreciation charge	折舊開支
Disposal of a subsidiary	出售一家附屬公司
As at 31 December 2020	於二零二零年十二月三十一日

15. 租賃

本集團作為承租人

本集團就多項廠房及樓宇、汽車及租賃土地訂立租賃合約。已提前作出一次性付款以向業主收購租賃土地，租期為50年至70年，而根據該等土地租賃的條款，將不會繼續支付任何款項。廠房及樓宇的租期通常介乎2至12年，而汽車的租期通常為10年。一般而言，本集團不可向本集團以外人士轉讓及分租租賃資產。

(a) 使用權資產

本集團年內使用權資產的賬面值及變動如下：

Leasehold land 租賃土地 RMB'000 人民幣千元	Plant and buildings 廠房及樓宇 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
64,695	1,776	1,448	67,919
1,541	10,261	-	11,802
(1,863)	(1,560)	(189)	(3,612)
64,373	10,477	1,259	76,109
1,056	1,557	-	2,613
(1,548)	-	-	(1,548)
(1,877)	(2,011)	(189)	(4,077)
(1,013)	-	-	(1,013)
60,991	10,023	1,070	72,084

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

15. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

Carrying amount at 1 January	於一月一日的賬面金額
New leases	新租賃
Accretion of interest recognised during the year	年內已確認利息增幅
Payments	付款
Carrying amount at 31 December	於十二月三十一日的賬面金額
Analysed into:	分析為：
Current portion	流動部分
Non-current portion	非流動部分

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

15. 租賃(續)

本集團作為承租人(續)

(b) 租賃負債

年內租賃負債(計入計息銀行及其他借貸項下)的賬面值及變動如下：

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
Carrying amount at 1 January	11,712	3,341
New leases	1,557	10,261
Accretion of interest recognised during the year	482	208
Payments	(2,562)	(2,098)
Carrying amount at 31 December	<u>11,189</u>	<u>11,712</u>
Analysed into:		
Current portion	(1,985)	(2,043)
Non-current portion	<u>(9,204)</u>	<u>(9,669)</u>

租賃負債之到期分析於財務報表附註37披露。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

15. LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

Interest on lease liabilities	租賃負債利息
Depreciation charge of right-of-use assets	使用權資產折舊開支
Expense relating to short-term leases (included in administrative expenses)	與短期租賃有關的開支 (計入行政開支)
Total amount recognised in profit or loss	於損益中確認的總金額

(d) The total cash outflow for leases is disclosed in note 32(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of three commercial properties in Shanghai and Jiaying under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB606,000 (2019: RMB611,000).

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

Within one year	一年內
After one year but within two years	一年以上但兩年以內

15. 租賃(續)

本集團作為承租人(續)

(c) 於損益中確認的租賃相關款項如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
482	208
4,077	3,612
604	737
5,163	4,557

(d) 租賃現金流出總額於財務報表附註 32(c)披露。

本集團作為出租人

本集團根據經營租賃安排租賃其投資物業(附註14)(包括上海及嘉興的三處商用物業)。此等租賃的條款一般亦規定租戶支付保證金及訂明可根據當時的市況定期對租金作出調整。本集團年內確認的租金收入為人民幣606,000元(二零一九年：人民幣611,000元)。

於二零二零年十二月三十一日，本集團根據與租戶訂立的不可撤銷經營租賃於未來期間的未折現租賃應收款項如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
422	606
-	62
422	668

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

16. OTHER INTANGIBLE ASSETS

31 December 2020

16. 其他無形資產

二零二零年十二月三十一日

		Certified emission rights 認證排放權 RMB'000 人民幣千元
At 1 January 2020, net of accumulated amortisation	於二零二零年一月一日， 扣除累計攤銷	4,703
Amortisation provided during the year	年內攤銷撥備	(545)
At 31 December 2020, net of accumulated amortisation	於二零二零年十二月三十一日， 扣除累計攤銷	<u>4,158</u>
At 31 December 2020:	於二零二零年十二月三十一日：	
Cost	成本	9,852
Accumulated amortisation	累計攤銷	(5,694)
Net carrying amount	賬面淨額	<u>4,158</u>

31 December 2019

二零一九年十二月三十一日

		Patents and licences 專利及 特許權 RMB'000 人民幣千元	Certified emission rights 認證排放權 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019, net of accumulated amortisation	於二零一九年一月一日， 扣除累計攤銷	2,000	5,248	7,248
Disposal of a subsidiary	出售一家附屬公司	(2,000)	-	(2,000)
Amortisation provided during the year	年內攤銷撥備	-	(545)	(545)
At 31 December 2019, net of accumulated amortisation	於二零一九年 十二月三十一日， 扣除累計攤銷	<u>-</u>	<u>4,703</u>	<u>4,703</u>
At 31 December 2019:	於二零一九年十二月三十一 日：			
Cost	成本	-	9,852	9,852
Accumulated amortisation	累計攤銷	-	(5,149)	(5,149)
Net carrying amount	賬面淨額	<u>-</u>	<u>4,703</u>	<u>4,703</u>

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

17. DEFERRED TAX

The movements in deferred tax assets and liabilities of the Group during the year are as follows:

Deferred tax assets:

	Accrual	Allowance for doubtful debts	Provision for inventories	Elimination of unrealised profits	Depreciation in excess of related depreciation allowance	Loss available for offsetting against future taxable profits	Fair value loss on derivative financial instruments	Deductible donation expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	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	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2019									
Disposal of a subsidiary	-	-	-	-	(434)	-	-	-	(434)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	(33)	(353)	4,313	(162)	1,322	-	(860)	-	4,227
At 31 December 2019 and 1 January 2020	<u>1,808</u>	<u>39</u>	<u>5,119</u>	<u>1,665</u>	<u>5,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,218</u>
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	(491)	53	(1,487)	(503)	(1,277)	28,701	-	286	25,282
At 31 December 2020	<u>1,317</u>	<u>92</u>	<u>3,632</u>	<u>1,162</u>	<u>4,310</u>	<u>28,701</u>	<u>-</u>	<u>286</u>	<u>39,500</u>

17. 遞延稅項

本集團遞延稅項資產及負債於年內的變動如下：

遞延稅項資產：

	Accrual	Allowance for doubtful debts	Provision for inventories	Elimination of unrealised profits	Depreciation in excess of related depreciation allowance	Loss available for offsetting against future taxable profits	Fair value loss on derivative financial instruments	Deductible donation expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	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	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2019									
Disposal of a subsidiary	-	-	-	-	(434)	-	-	-	(434)
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	(33)	(353)	4,313	(162)	1,322	-	(860)	-	4,227
At 31 December 2019 and 1 January 2020	<u>1,808</u>	<u>39</u>	<u>5,119</u>	<u>1,665</u>	<u>5,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,218</u>
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	(491)	53	(1,487)	(503)	(1,277)	28,701	-	286	25,282
At 31 December 2020	<u>1,317</u>	<u>92</u>	<u>3,632</u>	<u>1,162</u>	<u>4,310</u>	<u>28,701</u>	<u>-</u>	<u>286</u>	<u>39,500</u>

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

17. DEFERRED TAX (continued)

Deferred tax liabilities:

		Withholding tax on undistributed profits of the Mainland China subsidiaries 中國大陸 附屬公司 未分派溢利 的預扣稅 RMB'000 人民幣千元	Fair value gains on derivative financial instruments 衍生金融 工具的公允 價值得益 RMB'000 人民幣千元	Unrealised exchange gain in Italy 意大利 未變現 匯兌得益 RMB'000 人民幣千元	Depreciation allowance in excess of related depreciation 折舊撥備 超出有關 折舊的金額 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年一月一日	11,431	–	–	7,706	19,137
Deferred tax charged to the consolidated statement of profit or loss during the year (note 10)	年內自合併損益表扣除的遞延稅項 (附註10)	4,824	50	56	4,623	9,553
At 31 December 2019 and 1 January 2020	於二零一九年十二月三十一日及二零二零年一月一日	16,255	50	56	12,329	28,690
Deferred tax charged/ (credited) to the consolidated statement of profit or loss during the year (note 10)	年內自合併損益表扣除/ (計入合併損益表) 的遞延稅項 (附註10)	(2,526)	(50)	658	9,321	7,403
At 31 December 2020	於二零二零年十二月三十一日	13,729	–	714	21,650	36,093

Pursuant to the Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings generated after 31 December 2007.

根據《企業所得稅法》，在中國大陸境內成立的外商投資企業向外國投資者宣派的股息須徵收10%的預扣稅。該規定自二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後產生的盈利。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

17. DEFERRED TAX (continued)

Deferred tax liabilities: (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

Deferred tax of the Group as at 31 December 2020 and 2019 relates to the following:

Deferred tax assets arising from:

- Allowance for doubtful debts
- Provision for inventories
- Elimination of unrealised profits
- Accrual
- Loss available for offsetting against future taxable profit
- Deductible donation expense
- Depreciation in excess of related depreciation allowance

下列各項產生的遞延稅項資產：

- 呆賬撥備
- 存貨撥備
- 抵銷未變現溢利
- 預提費用
- 用以抵銷日後應課稅溢利的虧損
- 可扣減捐款開支
- 折舊超出有關折舊撥備的金額

17. 遞延稅項 (續)

遞延稅項負債：(續)

為作呈列之用，若干遞延稅項資產及負債已於合併財務狀況表內對銷。為作財務呈報之用，本集團的遞延稅項結餘分析如下：

本集團於二零二零年及二零一九年十二月三十一日的遞延稅項與下列各項有關：

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
92	39
3,632	5,119
1,162	1,665
1,317	1,808
28,701	-
286	-
4,310	5,587
39,500	14,218

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

17. DEFERRED TAX (continued)

Deferred tax liabilities: (continued)

Deferred tax liabilities arising from:	下列各項產生的遞延稅項負債：
– Withholding tax on undistributed profits of Mainland China subsidiaries	– 中國大陸附屬公司未分派溢利的預扣稅
– Depreciation allowance in excess of related depreciation	– 折舊撥備超出有關折舊的金額
– Fair value gains on derivative financial instruments	– 衍生金融工具的公允價值得益
– Unrealised exchange gain in Italy	– 意大利未變現匯兌得益
Deferred tax, net	遞延稅項淨額
Reflected in the consolidated statement of financial position:	於合併財務狀況表內反映：
– Deferred tax assets	– 遞延稅項資產
– Deferred tax liabilities	– 遞延稅項負債

The Group has tax losses arising in Mainland China of RMB112,664,000 (2019: Nil) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have been recognised in respect of these losses as it is considered probable that taxable profits will be available against which the above items can be utilised.

17. 遞延稅項 (續)

遞延稅項負債：(續)

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
(13,729)	(16,255)
(21,650)	(12,329)
–	(50)
(714)	(56)
(36,093)	(28,690)
3,407	(14,472)
23,277	5,680
(19,870)	(20,152)

本集團於中國內地產生的稅項虧損為人民幣112,664,000元(二零一九年：無)，將於五年內到期以抵銷未來應課稅溢利。已就該等虧損確認遞延所得稅資產，乃由於被認為很可能存在可動用上述項目抵銷的應課稅溢利。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

17. DEFERRED TAX (continued)

Deferred tax liabilities: (continued)

The Group has tax losses arising in Mainland China of RMB1,029,000 (2019: Nil) that will expire in five years for offsetting against future taxable profits and has tax losses arising in Ethiopia of RMB3,612,000 (2019: Nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the above items can be utilised.

As at 31 December 2020, other than the amount recognised in the consolidated financial statements, deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB445,249,000 at 31 December 2020 (2019: RMB444,106,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

17. 遞延稅項 (續)

遞延稅項負債：(續)

本集團於中國內地產生的稅項虧損為人民幣1,029,000元(二零一九年：無)，將於五年內到期以抵銷未來應課稅溢利及於埃塞俄比亞的稅項虧損為人民幣3,612,000元(二零一九年：無)，可無限期用於抵銷產生虧損公司的未來應課稅溢利。並無就該等虧損確認遞延所得稅資產，乃由於被認為未必存在可動用上述項目抵銷的應課稅溢利。

於二零二零年十二月三十一日，除合併財務報表內確認的金額外，本集團並無就其在中國大陸成立的附屬公司須繳納預扣稅的未匯出盈利所應付的預扣稅確認遞延稅項。董事認為，該等附屬公司於可預見將來不大可能分派該等未匯出盈利。於二零二零年十二月三十一日，與於中國大陸附屬公司的投資有關而並無就此確認遞延稅項負債的暫時性差額總額合共約為人民幣445,249,000元(二零一九年：人民幣444,106,000元)。

本公司向其股東派付股息並無附帶所得稅稅務後果。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

18. OTHER NON-CURRENT ASSETS

Prepayments for acquisition of
a building and a land use right
Others

收購樓宇及土地使用權的
預付款項
其他

**31 December
2020
二零二零年
十二月三十一日
RMB'000
人民幣千元**

31 December
2019
二零一九年
十二月三十一日
RMB'000
人民幣千元

-	48,000
407	407
407	48,407

19. INVENTORIES

Raw materials
Work in progress
Finished goods

原材料
在製品
製成品

**31 December
2020
二零二零年
十二月三十一日
RMB'000
人民幣千元**

31 December
2019
二零一九年
十二月三十一日
RMB'000
人民幣千元

346,190	443,335
54,503	59,313
393,132	292,944
793,825	795,592

As at 31 December 2020, inventories with a carrying amount of RMB40,000,000 (2019: RMB40,000,000) were pledged to secure bank loans granted to the Group as set out in note 26(i).

於二零二零年十二月三十一日，賬面金額為人民幣40,000,000元（二零一九年：人民幣40,000,000元）的存貨已予質押，作為本集團獲授銀行貸款的擔保，如附註26(i)所載。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

20. TRADE AND NOTES RECEIVABLES

Trade receivables	應收貿易賬款
Notes receivable	應收票據
Impairment	減值

Customers are normally granted credit terms ranging from 30 days to 150 days depending on the creditworthiness of the individual customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The Group's notes receivable were all aged within six months and were neither past due nor impaired.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

Within 1 month	一個月以內
1 to 2 months	一至兩個月
2 to 3 months	兩至三個月
Over 3 months	超過三個月

20. 應收貿易賬款及應收票據

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
232,847	263,102
145,399	85,078
(2,410)	(2,367)
375,836	345,813

客戶一般獲授予信貸期30天至150天，視乎個別客戶的信譽而定。本集團力求持續嚴格控制未收回的應收款項，並設有信貸控制部以將信貸風險減至最低。高級管理層定期審閱逾期結餘。應收貿易賬款並不計息。

本集團的應收票據賬齡均為六個月內，並無逾期亦無減值。

於報告期末，本集團的應收貿易賬款按發票日分類並扣減虧損撥備的賬齡分析如下：

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
127,831	121,065
40,951	45,908
25,872	46,354
35,783	47,408
230,437	260,735

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

20. TRADE AND NOTES RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

At beginning of year	於年初
Impairment losses, net (note 7)	減值虧損淨額 (附註7)
Amount written off as uncollectible	撇減為不可收回的金額

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

20. 應收貿易賬款及應收票據 (續)

應收貿易賬款減值虧損撥備變動如下：

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
2,367	725
59	2,014
(16)	(372)
2,410	2,367

於各報告日期均採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於因就擁有類似虧損模式的多個客戶分部進行分組（即地理位置、客戶類別及評級、信用證及其他信貸保險形式的保障範圍）而逾期的日數計算。該計算反映概率加權結果、貨幣時值及於報告日期可得的有關過往事項、當前條件及未來經濟條件預測的合理及可靠資料。一般而言，倘應收貿易賬款逾期超過一年，則予以撇銷，且不受執行工作規限。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

20. TRADE AND NOTES RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

		Past due 逾期			Total 總計	
		Current 即期	Less than 1 month 少於 一個月	1 to 3 months 一至 三個月		Over 3 months 超過 三個月
Expected credit loss rate	預期信貸虧損率	0.00%	0.26%	2.30%	11.32%	1.04%
Gross carrying amount (RMB'000)	總賬面值 (人民幣千元)	195,043	4,552	15,149	18,103	232,847
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)	-	12	348	2,050	2,410

As at 31 December 2019

		Past due 逾期			Total 總計	
		Current 即期	Less than 1 month 少於 一個月	1 to 3 months 一至 三個月		Over 3 months 超過 三個月
Expected credit loss rate	預期信貸虧損率	0.00%	0.88%	3.26%	9.29%	0.90%
Gross carrying amount (RMB'000)	總賬面值 (人民幣千元)	213,814	9,675	23,202	16,411	263,102
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)	-	85	757	1,525	2,367

20. 應收貿易賬款及應收票據 (續)

下表使用撥備矩陣載列有關本集團應收貿易賬款信貸風險狀況的資料：

於二零二零年十二月三十一日

於二零一九年十二月三十一日

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

20. TRADE AND NOTES RECEIVABLES (continued)

Notes receivable that are not derecognised in their entirety

As at 31 December 2020, the Group endorsed certain notes receivable accepted by banks in the PRC (the “Endorsed Notes”) with a carrying amount of RMB18,474,000 (31 December 2019: RMB29,323,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to these Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the endorsement, the Group does not retain any rights on the use of the Endorsed Notes, including sale, transfer or pledge of the Endorsed Notes to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Notes to which the suppliers have recourse was RMB18,474,000 as at 31 December 2020 (31 December 2019: RMB29,323,000).

20. 應收貿易賬款及應收票據 (續)

並無全數終止確認的應收票據

於二零二零年十二月三十一日，本集團向其若干供應商背書若干由中國的銀行接納的應收票據（「經背書票據」），賬面金額為人民幣18,474,000元（二零一九年十二月三十一日：人民幣29,323,000元），以結清應付該等供應商的應付貿易賬款（「背書」）。本公司董事認為，本集團仍保留重大風險及回報，包括有關該等經背書票據的違約風險，故本集團繼續確認經背書票據及相關已結清應付貿易賬款的全部賬面金額。於背書後，本集團並無保留任何使用經背書票據的權利，包括向任何其他第三方出售、轉讓或質押經背書票據。以供應商具有追索權的經背書票據結清的應付貿易賬款於二零二零年十二月三十一日的賬面總額為人民幣18,474,000元（二零一九年十二月三十一日：人民幣29,323,000元）。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

20. TRADE AND NOTES RECEIVABLES (continued)

Notes receivable that are derecognised in their entirety

As at 31 December 2020, the Group endorsed certain notes receivable accepted by banks in the PRC (the “Derecognised Notes”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB69,290,000 (31 December 2019: RMB54,755,000). The Derecognised Notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the directors of the Company, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

The Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes in 2020 (2019: Nil). No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Endorsement has been made evenly throughout the year.

20. 應收貿易賬款及應收票據 (續)

全數終止確認的應收票據

於二零二零年十二月三十一日，本集團向其若干供應商背書若干由中國的銀行接納的應收票據（「終止確認票據」），賬面總額為人民幣69,290,000元（二零一九年十二月三十一日：人民幣54,755,000元），以結清應付該等供應商的應付貿易賬款。終止確認票據由報告期末起計一至六個月內到期。根據中國票據法，經背書票據的持有人有權於中國的銀行違約時向本集團提出追索（「持續參與」）。本公司董事認為，本集團已轉移有關終止確認票據的絕大部分風險及回報。因此，本集團已終止確認終止確認票據及相關應付貿易賬款的全部賬面金額。本集團持續參與終止確認票據及購回該等終止確認票據的未貼現現金流量的最高損失風險相等於有關賬面金額。本公司董事認為，本集團持續參與終止確認票據的公允價值並不重大。

於二零二零年，本集團並未於轉讓終止確認票據當日確認任何得益或虧損（二零一九年：無）。本集團均無於年內或累計確認持續參與的任何得益或虧損。背書乃於年內平均作出。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Value added tax recoverable	可收回增值稅
Prepayments	預付款
Deposits and other receivables	押金及其他應收款項

The above balances are unsecured and non-interest-bearing and have no fixed terms of repayment.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

The carrying amount of prepayments, deposits and other receivables approximates to their fair value due to their short-term maturity.

21. 預付款、押金及其他應收款項

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
19,772	47,899
32,470	25,398
33,705	18,941
85,947	92,238

上述結餘為無抵押、不計息及無固定還款期。

計入上述結餘的金融資產與近期並無拖欠記錄及逾期的應收款項有關。於二零二零年及二零一九年十二月三十一日，評估虧損撥備微乎其微。

由於短期內到期，故預付款、押金及其他應收款項的賬面金額與其公允價值相若。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

22. DERIVATIVE FINANCIAL INSTRUMENTS

22. 衍生金融工具

		31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
Assets:	資產：		
Foreign currency forward contracts – current	外匯遠期合約 — 即期	(i) <u> — </u>	<u> 198 </u>

(i) The currency forward contracts are not designated as cash flows, fair value or net investment hedges. No change in the fair value of non-hedging currency forward contracts was charged to the statement of profit or loss during the year (2019: RMB198,000).

(i) 該貨幣遠期合約未指定為現金流量、公允價值或淨投資對沖。概無非對沖貨幣遠期合約的公允價值變動計入年內損益表(二零一九年：人民幣198,000元)。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

23. 現金及現金等價物以及已抵押存款

		31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	199,650	290,966
		199,650	290,966
Less: Pledged deposits for letters of credit	減：已就信用證抵押的存款	(30,167)	(75,903)
Pledged deposits for bank loans	已就銀行貸款抵押的存款	(2,722)	(70,265)
		166,761	144,798
Cash and cash equivalents	現金及現金等價物	166,761	144,798
Denominated in RMB	以人民幣計值	87,817	70,333
Denominated in HK\$	以港元計值	3,149	1,812
Denominated in EUR	以歐元計值	10,986	29,734
Denominated in US\$	以美元計值	94,900	117,892
Denominated in other currencies	以其他貨幣計值	2,798	71,195
		199,650	290,966

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

人民幣不可自由兌換為其他貨幣。然而，根據中國大陸的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團獲准透過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行存款按根據每日銀行存款利率計算之浮動利率計息。銀行結餘與已抵押存款存放於近期無違約歷史且信譽良好之銀行。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

24. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at 31 December 2020, based on the payment due date, is as follows:

Due within 1 month or on demand	一個月內到期或於要求時償還
Due after 1 month but within 3 months	一個月以後但三個月內到期
Due after 3 months but within 6 months	三個月以後但六個月內到期

The above balances are unsecured and non-interest-bearing. The carrying amount of trade and notes payables at the end of each reporting period approximates to their fair value due to their short term maturity.

25. OTHER PAYABLES AND ACCRUALS

Contract liabilities	合約負債
Payroll payables	應付薪金
Accruals	預提費用
Other payables	其他應付款項

24. 應付貿易賬款及應付票據

於二零二零年十二月三十一日，按付款到期日分類的應付貿易賬款及應付票據賬齡分析如下：

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
56,991	61,839
141,872	268,978
-	28,000
198,863	358,817

上述結餘為無抵押及不計息。於各報告期末，由於短期內到期，故應付貿易賬款及應付票據的賬面金額與其公允價值相若。

25. 其他應付款項及預提費用

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
19,752	14,935
20,969	27,489
1,759	4,046
117,021	84,987
159,501	131,457

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

25. OTHER PAYABLES AND ACCRUALS (continued)

(i) Details of contract liabilities are as follows:

<i>Short-term advances received from customers</i>	收取客戶的短期墊款
Sale of goods	貨品銷售

The above balances are unsecured and non-interest-bearing. The carrying amount of other payables and accruals at the end of each reporting period approximates to their fair value due to their short term maturity.

25. 其他應付款項及預提費用 (續)

(i) 合約負債的詳情如下：

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
19,752	14,935

上述結餘為無抵押及不計息。於各報告期末，由於短期內到期，故其他應付款項及預提費用的賬面金額與其公允價值相若。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

26. 計息銀行及其他借貸

		31 December 2020 二零二零年 十二月三十一日			31 December 2019 二零一九年 十二月三十一日		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期	RMB'000 人民幣千元	Effective interest rate (%) 實際利率 (%)	Maturity 到期	RMB'000 人民幣千元
Current	即期						
Secured bank loans	有抵押銀行貸款	2.50-4.78	2021	401,682	2.60-4.79	2020	304,284
Unsecured bank loans	無抵押銀行貸款	1.57-5.00	2021	488,832	2.01-5.22	2020	517,155
Other loans – unsecured	其他貸款—無抵押	3.73	2021	69,900	–	–	–
Lease liabilities (note 15)	租賃負債 (附註15)	4.45	2021	1,985	4.41	2020	2,043
				<u>962,399</u>			<u>823,482</u>
Non-current	非即期						
Secured bank loans	有抵押銀行貸款	–	–	–	4.28	2021	25,200
Other loans – unsecured	其他貸款—無抵押	4.91	2024	44,000	4.91	2024	44,000
Lease liabilities (note 15)	租賃負債 (附註15)	4.45	2022-2031	9,204	4.41	2021-2031	9,669
				<u>53,204</u>			<u>78,869</u>
				<u>1,015,603</u>			<u>902,351</u>

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

26. 計息銀行及其他借貸(續)

Analysed into:
Bank loans repayable:
 Within one year
 In the second year

分析：
應償還銀行貸款：
 一年內
 第二年

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
890,514	821,439
-	25,200
890,514	846,639

Other borrowings repayable:
 Within one year
 In the second year
 In the third to fifth years, inclusive

Over five years

應償還其他借款：
 一年內
 第二年
 第三至第五年
 (包括首尾兩年)
 五年以上

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
71,885	2,043
1,680	1,404
46,675	46,691
4,849	5,574
125,089	55,712

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

- (i) As at 31 December 2020, the current interest-bearing bank borrowings with a carrying amount of RMB401,682,000 were secured by certain property, plant and equipment, prepaid land lease payments, and inventories with carrying amounts of RMB252,403,000 (2019: RMB122,816,000), RMB56,029,000 (2019: RMB39,397,000) and RMB40,000,000 (2019: RMB40,000,000), respectively.
- (ii) As at 31 December 2019, the non-current interest-bearing bank borrowings with a carrying amount of RMB25,200,000 were secured by certain property, plant and equipment and prepaid land lease payments of the Group with carrying amounts of RMB71,393,000 and RMB14,783,000, respectively.

The carrying amount of the current interest-bearing bank loans of the Group approximates to their fair value due to their short-term maturity.

The fair values of the non-current interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2020 was assessed to be insignificant. Management has assessed that the carrying amount of the non-current interest-bearing bank loans of the Group approximates to their fair value because the fixed interest rate is close to currently available rate.

26. 計息銀行及其他借貸(續)

附註：

- (i) 於二零二零年十二月三十一日，賬面金額為人民幣401,682,000元的即期計息銀行借貸以賬面金額分別為人民幣252,403,000元(二零一九年：人民幣122,816,000元)、人民幣56,029,000元(二零一九年：人民幣39,397,000元)及人民幣40,000,000元(二零一九年：人民幣40,000,000元)的若干物業、廠房及設備、土地租賃預付款項及存貨作抵押。
- (ii) 於二零一九年十二月三十一日，賬面金額為人民幣25,200,000元的非即期計息銀行借貸以賬面金額分別為人民幣71,393,000元及人民幣14,783,000元的本集團若干物業、廠房及設備及土地租賃預付款項作抵押。

由於短期內到期，故本集團即期計息銀行貸款的賬面金額與其公允價值相若。

非即期計息銀行借貸的公允價值按適用於具有類似條款、信貸風險及剩餘年期的工具的現行利率折現預期未來現金流量計算。於二零二零年十二月三十一日，本集團本身對計息銀行借貸的不履約風險被評定為並不重大。按管理層的評估，本集團的非即期計息銀行貸款的賬面金額與其公允價值相若，原因為固定利率接近目前可用利率。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

27. SHARE CAPITAL

Authorised:

	31 December 2020 二零二零年 十二月三十一日		31 December 2019 二零一九年 十二月三十一日	
	Number of shares 股份數目	Amount 金額 HK\$'000 千港元	Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.01 each 每股0.01港元普通股	<u>3,000,000,000</u>	<u>30,000</u>	<u>3,000,000,000</u>	<u>30,000</u>

27. 股本

法定：

Issued and fully paid:

已發行及繳足：

	31 December 2020 二零二零年十二月三十一日			31 December 2019 二零一九年十二月三十一日		
	Number of shares 股份數目	Amount 金額		Number of shares 股份數目	Amount 金額	
		HK\$'000 千港元	RMB'000 equivalent 人民幣千元 等值		HK\$'000 千港元	RMB'000 equivalent 人民幣千元 等值
At the beginning and the end of the year 於年初及年末	<u>629,678,000</u>	<u>6,297</u>	<u>6,329</u>	<u>629,678,000</u>	<u>6,297</u>	<u>6,329</u>

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

28. TREASURY SHARES

28. 庫存股份

		31 December 2020 二零二零年十二月三十一日			31 December 2019 二零一九年十二月三十一日		
		Number of shares 股份數目	Amount 金額		Number of shares 股份數目	Amount 金額	
			HK\$'000 千港元	RMB'000 equivalent 人民幣千元 等值		HK\$'000 千港元	RMB'000 equivalent 人民幣千元 等值
			(Audited) (經審核)	(Audited) (經審核)		(Audited) (經審核)	(Audited) (經審核)
At the beginning of year	於年初	18,390,000	21,006	18,493	19,400,000	22,160	19,508
Vested shares transferred	已轉讓的歸屬股份	(5,159,250)	(6,374)	(5,188)	(1,010,000)	(1,154)	(1,015)
At the end of year	於年末	<u>13,230,750</u>	<u>14,632</u>	<u>13,305</u>	<u>18,390,000</u>	<u>21,006</u>	<u>18,493</u>

On 26 August 2016, the Company adopted a share award plan, which is not subject to the provisions of Chapter 17 of the Listing Rules (the "Share Award Plan"). The board of directors may, at their discretion, grants shares of the Company to eligible participants. The Company has appointed a trustee for administration of the Share Award Plan (the "Trustee"). The principal activity of the Trustee is administrating and holding the Company's shares for the Share Award Plan for the benefit of the Company's award holders. The Company's shares will be purchased by the Trustee in the market with cash paid by the Company and held in the trust for relevant award holders until such shares are vested in accordance with the provisions of the Share Award Plan. Upon vesting, the Trustee shall either transfer the vested awarded shares at no cost to such award holders or sell the vested awarded shares at the then prevailing market price by way of market order and remit the net proceeds to the award holders in accordance with the direction given by such award holders. The Trustee purchased 19,400,000 shares of the Company at a total consideration of approximately RMB19,508,000 and 19,370,000 shares were granted to award holders. During the year ended 31 December 2020, 5,159,250 vested shares which amounted to RMB5,188,000 were transferred to award holders.

於二零一六年八月二十六日，本公司採納一項股份獎勵計劃（「股份獎勵計劃」），該計劃不受上市規則第十七章條文所規限。董事會可酌情向合資格參與人授出本公司股份。本公司已委聘受託人（「受託人」）管理股份獎勵計劃。受託人的主要活動乃為本公司獎勵持有人的利益就股份獎勵計劃管理及持有本公司股份。本公司的股份將由受託人於市場上使用本公司支付的現金購入並以信託方式為相關獎勵持有人而持有，直至有關股份根據股份獎勵計劃條文予以歸屬為止。於歸屬後，受託人須按照該等獎勵持有人作出的指示，將已歸屬的獎勵股份免費轉讓予該等獎勵持有人，或於市場上按當時現行的市價盤出售已歸屬的獎勵股份並將所得款項淨額匯付予獎勵持有人。受託人以總代價約人民幣19,508,000元購入本公司19,400,000股股份，19,370,000股股份已授予獎勵持有人。截至二零二零年十二月三十一日止年度，金額為人民幣5,188,000元的5,159,250股已歸屬股份已轉讓予獎勵持有人。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

29. SHARE AWARD PLAN

On 25 May 2018, the board of directors (including all independent non-executive directors), based on the recommendation of the remuneration committee, resolved to grant a total of 19,370,000 awarded shares, which have been acquired by the Trustee from the open market by using the Company's internal resources, to 92 employees who were eligible persons ("Grantees").

The 19,370,000 awarded shares to be granted to the Grantees represented (i) nearly 3.08% of the issued share capital of the Company as at the grant date; and (ii) the value of approximately RMB19,508,000 based on the calculation of the share purchase records.

1,010,000 of the 19,370,000 awarded shares were granted to 37 Grantees who were employees and have served the Group for 30 years or more, or each of employee couples who have served the Group for 30 years or more. These awarded shares of approximately 1 million will be vested on the first anniversary upon the grant date.

30% of 18,360,000 of the 19,370,000 awarded shares shall vest on the first anniversary upon the grant date and the other 30% and 40% shares shall vest on the second and third anniversaries upon the grant date, respectively.

Moreover, whether these 18,360,000 awarded shares shall be vested depends on two requirements: the Group's net profit target and personnel annual performance evaluation. As the net profit target, the Group's audited net profit is to reach RMB100 million in 2019, RMB150 million in 2020, and RMB200 million in 2021. If the Group misses the target in year one, the 30% shares awarded cannot vest only if the Group meets the target in the next year. If the Group continuously misses the target in year two, the shares of year one will no longer be vested. As for the personnel evaluation, the Grantees shall receive 100% awarded shares for that year if the evaluation result is "Pass" and receive 75% or 50% awarded shares for "Need Improvements" or "Fail".

29. 股份獎勵計劃

於二零一八年五月二十五日，董事會（包括全體獨立非執行董事）根據薪酬委員會之推薦建議，議決向92名屬合資格人士之僱員（「承授人」）授出合共19,370,000股獎勵股份，該等獎勵股份由受託人使用本公司之內部資源於公開市場上收購。

向承授人授出之該等19,370,000股獎勵股份相當於(i)本公司於授出日期之已發行股本近3.08%；及(ii)價值約人民幣19,508,000元（依據股份購買記錄計算）。

19,370,000股獎勵股份中的1,010,000股授予37名承授人（彼等為僱員並已服務本集團30年或以上，或各自已服務本集團30年或以上並為夫婦關係之僱員）。該等約一百萬之獎勵股份將於授出日期後第一週年歸屬。

19,370,000股獎勵股份中的18,360,000股於授出日期後第一週年歸屬30%，另外30%及40%股份分別於授出日期後第二週年及第三週年歸屬。

此外，該等18,360,000股獎勵股份是否歸屬取決於兩項規定：本集團的純利目標及人員年度業績評估。就純利目標而言，本集團經審核純利於二零一九年達到人民幣100,000,000元、於二零二零年達到人民幣150,000,000元及於二零二一年達到人民幣200,000,000元。倘本集團於第一年未達到目標，則僅當本集團於第二年達到目標時方予以歸屬30%的獎勵股份。倘本集團於第二年持續未達到目標，則第一年的股份將不再歸屬。就人員評估而言，倘承授人之評估結果為「通過」，則可獲得該年度100%的獎勵股份，而倘為「需要改進」及「不及格」將獲得75%或50%的獎勵股份。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

29. SHARE AWARD PLAN (continued)

On 25 May 2018, the Company communicated the awarding of shares with its employees by the Notice of Share Award Plan. By the Notice of Share Award Plan, the Company and the employees shared a full understanding of the terms and conditions of the arrangement. 25 May 2018 was the Grant Date.

The fair value of awarded shares was HK\$0.97 per share, which was the market price of the shares on 25 May 2018.

The Company assumed that the employees' resignation rate would be 1.23% and the employees' evaluation result would be 95% of "Pass" and 5% of "Need improvements". However, the possibility of achieving the net profit target would be 0%.

At the end of the reporting period, 6,169,000 awarded shares were vested to the Grantees and the rest of awarded shares will not be vested in the future considering profit target evaluation. The share award expense of RMB4,295,000 was reversed under the Share Award Plan in 2020 while the expense of RMB5,631,000 was accrued under the Share Award Plan in 2019.

30. RESERVES

The changes in the reserves of the Group during the year have been disclosed in the consolidated statement of changes in equity of the Group.

Merger reserve

Merger reserve represents the difference between the shareholders' total capital contributions to Hong Kong Kingdom over the nominal value of the shares issued by the Company in exchange therefor as at the date of a reorganisation (the "Reorganisation") of the Group to rationalise the group structure in preparation for the listing of the Company's shares on the Stock Exchange. Details of the Reorganisation are set out in the prospectus of the Company dated 30 November 2006.

29. 股份獎勵計劃 (續)

於二零一八年五月二十五日，本公司透過股份獎勵計劃通知與其僱員溝通股份獎勵事宜。透過股份獎勵計劃通知，本公司及僱員充分瞭解安排的條款及條件。二零一八年五月二十五日即授出日期。

獎勵股份的公允價值為每股0.97港元，即股份於二零一八年五月二十五日的市價。

本公司假設僱員辭職率為1.23%，而僱員評估結果為95%「通過」，5%「需要改進」。然而，完成純利目標的可能性為0%。

於報告期末，經考慮溢利目標評估情況，6,169,000股獎勵股份已歸屬於承授人，而剩餘獎勵股份於日後將不會歸屬。於二零二零年，人民幣4,295,000元的股份獎勵開支已根據股份獎勵計劃撥回，而於二零一九年，人民幣5,631,000元的開支已根據股份獎勵計劃應計。

30. 儲備

年內本集團儲備變動已於本集團合併權益變動表內披露。

合併儲備

合併儲備指為籌備本公司股份於聯交所上市，本集團進行重組（「重組」）以精簡集團架構當日，香港金達的股東出資總額與本公司為交換而發行的股份面值的差額。重組詳情載於本公司日期為二零零六年十一月三十日的招股章程內。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

30. RESERVES (continued)

PRC statutory reserve

General reserve fund

The subsidiaries in Mainland China are required to transfer at least 10% of their profit after taxation, as determined under the PRC accounting regulations, to the general reserve fund until the reserve balance reaches 50% of their respective registered capital. The transfer to this reserve must be made before the distribution of dividends to shareholders.

The general reserve fund can be used to make good losses and convert into share capital by the issue of new shares to shareholders in proportion to their existing equity holdings.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries.

Share award reserve

Details of the Company's share award plan and the shares awarded under the plan are included in note 29 to the financial statements.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay its debts as they fall due in the ordinary course of business.

31. 儲備 (續)

中國法定儲備

一般儲備金

中國大陸的附屬公司須提撥其按中國會計規章釐定的除稅後溢利最少10%至一般儲備金，直至儲備結餘達到其各自註冊資本的50%為止。提撥此儲備須於分派股息予股東前進行。

一般儲備金可用作補償虧損及以按股東現有持股比例向其發行新股份的方式轉換為股本。

匯兌儲備

匯兌儲備包括換算海外附屬公司財務報表所產生的所有匯兌差額。

股份獎勵儲備

本公司的股份獎勵計劃及根據該計劃授出的股份的詳情，載於財務報表附註29。

股份溢價

股份溢價賬的應用受開曼群島公司法監管。根據開曼群島公司法，倘緊隨建議分派股息日期後，本公司能夠於日常業務過程中清償到期債務，則股份溢價賬中的資金可分派予本公司股東。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

31. DISPOSAL OF A SUBSIDIARY

31. 出售一家附屬公司

		2020 二零二零年 RMB'000 人民幣千元 (Audited) (經審核)
Net assets disposed of:	出售的淨資產：	
Property, plant and equipment	物業、廠房及設備	14,277
Other intangible assets	其他無形資產	1,013
Cash and bank balances	現金及銀行結餘	229
Prepayments and other receivables	預付款及其他應收款項	1,588
Inventories	存貨	21,062
Trade payables	應付貿易賬款	(1,892)
Accruals and other payables	預提費用及其他應付款項	(32,400)
		3,877
Gain on disposal of a subsidiary	出售一家附屬公司的得益	11,123
		15,000
Satisfied by:	支付方式：	
Cash	現金	15,000

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

出售一家附屬公司的現金及現金等價物流出淨額分析如下：

		2020 二零二零年 RMB'000 人民幣千元 (Audited) (經審核)
Cash consideration	現金代價	_*
Cash and bank balances disposed of	出售的現金及銀行結餘	(229)
		(229)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	出售一家附屬公司的現金及現金等價物流出淨額	(229)

* Cash consideration of RMB15,000,000 was received subsequently in March 2021.

* 現金代價人民幣15,000,000元其後於二零二一年三月收取。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

There were no major non-cash transactions during the current financial year.

(b) Changes in liabilities arising from financing activities

2020

At 31 December 2019	於二零一九年十二月三十一日
Changes from financing cash flows	融資現金流量之變動
New leases	新租賃
Interest expense	利息開支
Interest paid classified as operating cash flows	分類為經營現金流量的已付利息
At 31 December 2020	於二零二零年十二月三十一日

2019

At 31 December 2018	於二零一八年十二月三十一日
Effect of adoption of IFRS 16	採納《國際財務報告準則》第16號的影響
At 1 January 2019 (restated)	於二零一九年一月一日(經重列)
Changes from financing cash flows	融資現金流量之變動
New leases	新租賃
Interest expense	利息開支
Interest paid classified as operating cash flows	分類為經營現金流量的已付利息
At 31 December 2019	於二零一九年十二月三十一日

32. 合併現金流量表附註

(a) 主要非現金交易

於當前財政年度並無主要非現金交易。

(b) 融資活動產生之負債變動

二零二零年

Bank and other loans 銀行及其他貸款 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元
890,639	11,712
113,776	(2,081)
-	1,557
-	482
-	(482)
1,004,415	11,188

二零一九年

Bank and other loans 銀行及其他貸款 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元
559,384	-
-	3,341
559,384	3,341
331,255	(1,890)
-	10,261
-	208
-	(208)
890,639	11,712

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

Within operating activities	經營活動內
Within financing activities	融資活動內

32. 合併現金流量表附註(續)

(c) 租賃現金流出總額

計入現金流量表的租賃現金流出總額如下：

2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
945	945
2,081	1,890
3,026	2,835

33. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

Contracted for property, plant and equipment	就物業、廠房及設備已訂約
--	--------------

33. 承擔

於報告期末，本集團的資本承擔如下：

31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
100,889	41,370

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

34. RELATED PARTY TRANSACTIONS

(a) Transactions with companies controlled by one of the Company's directors

- (i) During the year ended 31 December 2020, the Group leased offices and manufacturing facilities located in Mainland China from Zhejiang Kingdom Creative Co., Ltd. ("Kingdom Creative") and incurred operating lease charges of RMB476,000 (2019: RMB500,000). Mr. Ren Weiming has a controlling equity interest in Kingdom Creative. Rental and other terms for these lease arrangements were negotiated between the parties on arm's length basis with reference to the then prevailing market rates.
- (ii) During the year ended 31 December 2020, the Group purchased electricity from Zhejiang Yuyuan Solar Co., Ltd. with an amount of RMB2,166,000 (2019: RMB2,228,000). Mr. Ren Weiming has a controlling equity interest in this company. The price of electricity was made with a discount rate of approximately 3.5% to the market prices.
- (iii) During the year ended 31 December 2020, the Group purchased chemicals, additives and tools from Zhejiang Jinxiu Jiangnan Silk Co., Ltd. with an amount of RMB8,367,000 (2019: RMB2,595,000). Mr. Ren Weiming has a controlling equity interest in this company. The raw material purchase was made according to published prices and conditions offered by the supplier to its major customers.
- (iv) During the year ended 31 December 2020, the Group sold finished goods to Zhejiang Jinxiu Jiangnan Silk Co., Ltd. with an amount of RMB75,000 (2019: RMB613,000). Mr. Ren Weiming has a controlling equity interest in this company. The sales of finished goods were made according to published prices and conditions offered to the Group's major customers.

34. 關連方交易

(a) 與由本公司一名董事控制的公司進行的交易

- (i) 於截至二零二零年十二月三十一日止年度，本集團向浙江金達創業股份有限公司（「金達創業」）租用多個位於中國大陸的辦公室及製造廠房，所產生的經營租賃費用為人民幣476,000元（二零一九年：人民幣500,000元）。任維明先生擁有金達創業的控股權益。該等租賃安排之租金及其他條款乃由雙方參考當時市價公平協商。
- (ii) 於截至二零二零年十二月三十一日止年度，本集團以人民幣2,166,000元（二零一九年：人民幣2,228,000元）向浙江昱源光伏有限公司購電。任維明先生擁有該公司的控股權益。電價較之市價折讓約3.5%。
- (iii) 於截至二零二零年十二月三十一日止年度，本集團向浙江錦繡江南絲綢有限公司採購金額為人民幣8,367,000元（二零一九年：人民幣2,595,000元）的化學品、添加劑及工具。任維明先生擁有該公司的控股權益。原材料採購乃根據供應商向其主要客戶提供的已公佈價格及條件作出。
- (iv) 於截至二零二零年十二月三十一日止年度，本集團向浙江錦繡江南絲綢有限公司出售金額為人民幣75,000元（二零一九年：人民幣613,000元）的成品。任維明先生擁有該公司的控股權益。銷售成品乃根據向本集團主要客戶提供的已公佈價格及條件作出。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

34. RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with companies controlled by one of the Company's directors (continued)

- (v) During the year ended 31 December 2020, the Group sold electricity to Heilongjiang Kangyuan Seed Industry Co., Ltd. with amounts of RMB42,000 (2019: Nil) and sold finished goods with amount of nil (2019: RMB73,000). Mr. Ren Weiming has a controlling equity interest in this company's parent company, Kingdom Creative. The electricity sold and sales of finished goods were made according to published prices and conditions offered to the Group's major customers.
- (vi) During the year ended 31 December 2020, the Group leased cars from and leased an office to Interconnect Financial Leasing (Shanghai) Co., Ltd., which incurred lease charges of RMB388,000 (2019: RMB406,000) and generated lease income of RMB343,000 (2019: RMB420,000). Mr. Ren Weiming has a controlling equity interest in Interconnect Financial Leasing (Shanghai) Co., Ltd.'s parent company, Kingdom Creative. Rental and other terms for these lease arrangements were negotiated between the parties on arm's length basis with reference to the then prevailing market rates.
- (vii) During the year ended 31 December 2020, the Group and Kingdom Creative agreed to cancel a transaction about acquiring a building and land use right from Kingdom Creative at a consideration of RMB50,000,000. Mr. Ren Weiming has a controlling equity interest in this company. The Group prepaid RMB48,000,000 in 2019, which was refunded back to the Group in 2020.

34. 關連方交易 (續)

(a) 與由本公司一名董事控制的公司進行的交易 (續)

- (v) 於截至二零二零年十二月三十一日止年度，本集團向黑龍江康源種業有限公司出售金額為人民幣42,000元(二零一九年：無)的電力及金額為零(二零一九年：人民幣73,000元)的成品。任維明先生擁有該公司的母公司金達創業的控股權益。銷售電力及成品乃根據向本集團主要客戶提供的已公佈價格及條件作出。
- (vi) 於截至二零二零年十二月三十一日止年度，本集團自滙通融資租賃(上海)有限公司租賃汽車，並向該公司出租辦公室，產生租賃費用人民幣388,000元(二零一九年：人民幣406,000元)及租賃收入人民幣343,000元(二零一九年：人民幣420,000元)。任維明先生擁有滙通融資租賃(上海)有限公司的母公司金達創業的控股權益。該等租賃安排之租金及其他條款乃由雙方參考當時市價公平協商。
- (vii) 於截至二零二零年十二月三十一日止年度，本集團及金達創業同意取消有關以代價人民幣50,000,000元向金達創業收購樓宇及土地使用權的交易。任維明先生擁有該公司的控股權益。本集團於二零一九年預付人民幣48,000,000元，該款項已於二零二零年退還予本集團。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

34. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group

Short term employee benefits	短期僱員福利
Post-employment benefits	離職後福利

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (a)(ii) to (a)(v) above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

34. 關連方交易 (續)

(b) 本集團主要管理人員的補償

	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
	4,783	4,929
	106	151
	4,889	5,080

董事及最高行政人員酬金的進一步詳情載於財務報表附註8。

上文附註第(a)(ii)至(a)(v)項涉及的關連方交易亦構成關連交易(定義見上市規則第14A章)。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2020

Financial assets

Trade and notes receivables
Financial assets included in deposits and other receivables
Pledged deposits
Cash and cash equivalents

Financial liabilities

Interest-bearing bank and other borrowings
Financial liabilities included in other payables
Trade and notes payables

35. 按類別分類的金融工具

於報告期末，各類別金融工具的賬面金額如下：

二零二零年

金融資產

應收貿易賬款及應收票據
計入押金及其他應收款項的
金融資產
已抵押存款
現金及現金等價物

金融負債

計息銀行及其他借貸
計入其他應付款項的金融負債
應付貿易賬款及應付票據

**Financial assets
at amortised cost
按攤銷成本列賬
的金融資產
RMB'000
人民幣千元**

375,836

33,705

32,889

166,761

609,191

**Financial liabilities
at amortised cost
按攤銷成本列賬
的金融負債
RMB'000
人民幣千元**

1,015,603

117,021

198,863

1,331,487

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

35. FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

2019

Financial assets

Trade and notes receivables	應收貿易賬款及應收票據
Financial assets included in deposits and other receivables	計入押金及其他應收款項的金融資產
Derivative financial instruments	衍生金融工具
Pledged deposits	已抵押存款
Cash and cash equivalents	現金及現金等價物

Financial liabilities

Interest-bearing bank and other borrowings	計息銀行及其他借貸
Financial liabilities included in other payables	計入其他應付款項的金融負債
Trade and notes payables	應付貿易賬款及應付票據

35. 按類別分類的金融工具 (續)

二零一九年

金融資產

Financial assets at amortised cost 按攤銷成本列賬的金融資產 RMB'000 人民幣千元	Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
345,813	–	345,813
18,941	–	18,941
–	198	198
146,168	–	146,168
144,798	–	144,798
<u>655,720</u>	<u>198</u>	<u>655,918</u>

金融負債

Financial liabilities at amortised cost
按攤銷成本列賬的金融負債
RMB'000
人民幣千元

902,351
84,987
358,817
<u>1,346,155</u>

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets

Derivative financial instruments

金融資產

衍生金融工具

36. 金融工具的公允價值及公允價值等級架構

本集團金融工具的賬面金額及公允價值（其賬面金額與公允價值合理相若者除外）如下：

Carrying amounts 賬面金額		Fair values 公允價值	
2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2020 二零二零年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元
-	198	-	198

Management has assessed that the fair values of cash and cash equivalents, trade and notes receivables, financial assets included in prepayments, deposits and other receivables, pledged deposits, current interest-bearing bank and other borrowings, trade and notes payables, dividend payable, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. The carrying amount of the non-current interest-bearing bank and other borrowings of the Group approximates to their fair value because the borrowings have a floating interest rate.

按管理層的評估，現金及現金等價物、應收貿易賬款及應收票據、計入預付款、押金及其他應收款項的金融資產、已抵押存款、即期計息銀行及其他借貸、應付貿易賬款及應付票據、應付股息、計入其他應付款項及預提費用的金融負債的公允價值與其賬面金額相若，主要是由於該等工具短期內到期所致。本集團的非即期計息銀行及其他借貸由於按浮動利率計息，故其賬面金額與其公允價值相若。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

As at 31 December 2019, the market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the financial instruments recognised at fair value.

36. 金融工具的公允價值及公允價值等級架構(續)

以本集團財務經理為首的財務部負責釐定金融工具公允價值計量的政策及程序。財務經理直接向財務總監及審核委員會匯報。於各報告日期，財務部分析金融工具的價值變動並釐定估值所採用的主要輸入值。估值由財務總監審閱及批准。審核委員會每年討論估值過程及結果兩次以進行中期及年度財務呈報。

金融資產及負債的公允價值按當前交易(強制或清算出售除外)中雙方自願交換工具的金額入賬。

本集團與多個對手方(主要為具AAA信貸評級的金融機構)訂立衍生金融工具。衍生金融工具(包括遠期貨幣合約)乃採用與遠期定價及掉期模型類似的估值技術計量(採用現值計算)。該等模型納入了多項不同的市場可觀察輸入值,包括對手方的信貸素質、外匯即期及遠期匯率與利率曲線。遠期貨幣合約的賬面金額與其公允價值相同。

於二零一九年十二月三十一日,按市值標價的衍生資產狀況已扣除涉及衍生工具對手方違約風險應佔的信貸評估調整。對手方信貸風險的變動對按公允價值確認的金融工具並無重大影響。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Financial assets at fair value through profit or loss – foreign exchange forward contracts

按公允價值計入損益的金融資產
— 外匯遠期合約

36. 金融工具的公允價值及公允價值等級架構 (續)

公允價值等級架構

下表顯示本集團金融工具的公允價值計量等級架構：

按公允價值計量的資產：

	Fair value measurement using		
	採用以下項目進行的公允價值計量		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
31 December 2019	Level 1	Level 2	Level 3
二零一九年 十二月 三十一日	於活躍市場 的報價 第一層	重大可觀察 輸入值 第二層	重大不可觀察 輸入值 第三層
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
	198	-	198
	-	-	-

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements (2019: Nil).

於截至二零二零年十二月三十一日止年度，公允價值計量在第一層及第二層之間概無轉移，亦無轉入第三層或自第三層轉出（二零一九年：無）。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing bank loans, trade and notes payables, dividend payable and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade and notes receivables, prepayments, deposits and other receivables, pledged deposits and cash and cash equivalents that arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank loans with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

37. 財務風險管理目標及政策

本集團的主要金融負債（衍生工具除外）包括計息銀行貸款、應付貿易賬款及應付票據、應付股息及其他應付款項。該等金融負債主要目的是為本集團提供經營業務所需資金。本集團擁有多種不同的金融資產，如應收貿易賬款及應收票據、預付款、押金及其他應收款項、已抵押存款以及現金及現金等價物，乃直接因經營業務而產生。

本集團亦進行衍生工具交易，主要包括遠期貨幣合約，旨在管理本集團營運及其融資來源產生的貨幣風險。

本集團的金融工具產生的主要風險為利率風險、外幣風險、信貸風險及流動性風險。董事會檢討並協定下文概述管理各風險的政策。本集團有關衍生工具的會計政策載於財務報表附註2.4。

利率風險

本集團的市場利率變動風險主要與本集團按浮動利率計息的銀行貸款有關。本集團並無使用衍生金融工具對沖其利率風險。

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax for the year (through the impact on the floating rate borrowings). The change in the interest rates has no impact on the Group's equity excluding retained profits.

2020	二零二零年
RMB	人民幣
RMB	人民幣
2019	二零一九年
RMB	人民幣
RMB	人民幣

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has foreign currency sales and purchases and certain trade receivables, payables and bank balances that are denominated in US\$, EUR and HK\$, which are currencies other than the functional currencies of the Group, and expose the Group to foreign currency risk.

37. 財務風險管理目標及政策 (續)

利率風險 (續)

下表顯示當所有其他變數不變時，本集團年內除稅前溢利對利率合理可能變動的敏感度 (透過對浮動利率借貸的影響)。利率變動對本集團的權益 (保留溢利除外) 並無影響。

(Decrease)/ increase in interest rate 利率 (下跌) / 上升	Increase/ (decrease) in profit before tax 除稅前溢利 增加 / (減少) RMB'000 人民幣千元
(1%)	366
1%	(366)
(1%)	221
1%	(221)

外幣風險

外幣風險為因外幣匯率變動而導致金融工具的公允價值或未來現金流量波動的風險。本集團的外幣買賣、若干應收貿易賬款、應付款項及銀行結餘並非以本集團的功能貨幣列值，而以美元、歐元及港元列值，使本集團面對外幣風險。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The Group manages its foreign currency risk by entering into foreign currency forward contracts to hedge its exposure to fluctuations on the translation into RMB of its foreign operations of sales in US\$ and EUR, as described in note 22. It is the Group's policy to ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at a fixed rate where necessary to address short term imbalances. Management will continue to monitor foreign exchange exposure and will continue to consider hedging significant foreign currency exposure by using financial instruments such as foreign currency forward contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the US\$, EUR and HK\$ exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives). The change in foreign currency exchange rate has no impact on the equity excluding retained profits.

37. 財務風險管理目標及政策 (續)

外幣風險 (續)

如附註22所述，本集團透過訂立外匯遠期合約對沖其將海外業務以美元及歐元列值的銷售換算為人民幣時波動的風險，從而管理其外幣風險。本集團的政策為於有需要時透過按固定匯率買入或賣出外幣解決短期失衡，以確保風險淨額保持於可接受水平。管理層將繼續監控外匯風險，並繼續考慮透過使用金融工具（如外幣遠期合約）對沖重大外幣風險。

下表顯示當所有其他變數不變時，本集團除稅前溢利對美元、歐元及港元匯率合理可能變動的敏感度（由於貨幣資產及負債（包括外幣衍生工具）的公允價值變動）。外幣匯率變動對權益（保留溢利除外）並無影響。

		Increase/ (decrease) in foreign currency rate 外幣匯率 上升／(下跌) %	Increase/ (decrease) in profit before tax 除稅前溢利 增加／(減少) RMB'000 人民幣千元
Year ended 31 December 2020	截至二零二零年 十二月三十一日止年度		
If RMB weakens against US\$	如人民幣兌美元轉弱	5	14,177
If RMB strengthens against US\$	如人民幣兌美元轉強	(5)	(14,177)

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Year ended 31 December 2019

If RMB weakens against US\$
If RMB strengthens against US\$

截至二零一九年
十二月三十一日止年度
如人民幣兌美元轉弱
如人民幣兌美元轉強

Increase/ (decrease) in foreign currency rate 外幣匯率 上升／(下跌) %	Increase/ (decrease) in profit before tax 除稅前溢利 增加／(減少) RMB'000 人民幣千元
--	--

5
(5)

9,888
(9,888)

Year ended 31 December 2020

If RMB weakens against EUR
If RMB strengthens against EUR

截至二零二零年
十二月三十一日止年度
如人民幣兌歐元轉弱
如人民幣兌歐元轉強

Increase/ (decrease) in foreign currency rate 外幣匯率 上升／(下跌) %	(Decrease)/ increase in profit before tax 除稅前溢利 (減少)／增加 RMB'000 人民幣千元
--	--

5
(5)

(5,269)
5,269

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

		Increase/ (decrease) in foreign currency rate 外幣匯率 上升/(下跌) %	Increase/ (decrease) in profit before tax 除稅前溢利 增加/(減少) 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		
If RMB weakens against EUR	如人民幣兌歐元轉弱	5	(7,105)
If RMB strengthens against EUR	如人民幣兌歐元轉強	(5)	7,105

		Increase/ (decrease) in foreign currency rate 外幣匯率 上升/(下跌) %	(Decrease)/ increase in profit before tax 除稅前溢利 (減少)/增加 RMB'000 人民幣千元
Year ended 31 December 2020	截至二零二零年 十二月三十一日止年度		
If RMB weakens against HK\$	如人民幣兌港元轉弱	5	(3,933)
If RMB strengthens against HK\$	如人民幣兌港元轉強	(5)	3,933

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Year ended 31 December 2019

If RMB weakens against HK\$
If RMB strengthens against HK\$

截至二零一九年
十二月三十一日止年度
如人民幣兌港元轉弱
如人民幣兌港元轉強

Increase/ (decrease) in foreign currency rate 外幣匯率 上升／(下跌) %	Increase/ (decrease) in profit before tax 除稅前溢利 增加／(減少) RMB'000 人民幣千元
--	--

5 (2,353)
(5) 2,353

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is primarily attributable to trade and notes receivables and deposits and other receivables. Management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of customers is assessed through credit verification procedures.

37. 財務風險管理目標及政策 (續)

外幣風險 (續)

信貸風險

信貸風險乃指因對手方將未能履行其於金融工具或客戶合約項下的責任而導致財務損失的風險。本集團的信貸風險主要來自應收貿易賬款及應收票據以及押金及其他應收款項。管理層已制訂信貸政策，並持續監控信貸風險。本集團對要求信貸高於若干金額的所有客戶進行信貸評估。

客戶信貸風險按本集團有關客戶信貸風險管理的既定政策、程序及監控進行管理。客戶的信貸質素透過信用核實程序進行評估。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

37. 財務風險管理目標及政策 (續)

信貸風險 (續)

最高風險及年結階段

下表顯示基於本集團信貸政策的信貸質素及最高信貸風險，該信貸政策主要依據逾期資料(除非其他資料無需付出不必要成本或精力即可獲得)及於十二月三十一日的年結階段分類。所列金額為金融資產賬面總值。

於二零二零年十二月三十一日

	12-month ECLs 十二個月 預期信貸 虧損	Lifetime ECLs			RMB'000 人民幣千元	
		Stage 1 第1階段 RMB'000 人民幣千元	Stage 2 第2階段 RMB'000 人民幣千元	Stage 3 第3階段 RMB'000 人民幣千元		Simplified approach 簡化方法 RMB'000 人民幣千元
Trade and notes receivables*	應收貿易賬款及應收票據*	-	-	-	378,246	378,246
Financial assets included in deposits and other receivables	計入押金及其他應收款項 的金融資產					
- Normal**	- 正常**	33,705	-	-	-	33,705
Pledged deposits	已抵押存款					
- Not yet past due	- 尚未逾期	32,889	-	-	-	32,889
Cash and cash equivalents	現金及現金等價物					
- Not yet past due	- 尚未逾期	166,761	-	-	-	166,761
		233,355	-	-	378,246	611,601

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2019

		12-month ECLs 十二個月 預期信貸 虧損	Lifetime ECLs			
		Stage 1 第1階段 RMB'000 人民幣千元	Stage 2 第2階段 RMB'000 人民幣千元	Stage 3 第3階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元	RMB'000 人民幣千元
Trade and notes receivables*	應收貿易賬款及應收票據*	–	–	–	348,180	348,180
Financial assets included in deposits and other receivables	計入押金及其他應收款項 的金融資產					
– Normal**	– 正常**	18,941	–	–	–	18,941
Pledged deposits	已抵押存款					
– Not yet past due	– 尚未逾期	146,168	–	–	–	146,168
Cash and cash equivalents	現金及現金等價物					
– Not yet past due	– 尚未逾期	144,798	–	–	–	144,798
		<u>309,907</u>	<u>–</u>	<u>–</u>	<u>348,180</u>	<u>658,087</u>

* For trade and notes receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

37. 財務風險管理目標及政策 (續)

信貸風險 (續)

最高風險及年結階段 (續)

於二零一九年十二月三十一日

		12-month ECLs 十二個月 預期信貸 虧損	Lifetime ECLs			
		Stage 1 第1階段 RMB'000 人民幣千元	Stage 2 第2階段 RMB'000 人民幣千元	Stage 3 第3階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元	RMB'000 人民幣千元
Trade and notes receivables*	應收貿易賬款及應收票據*	–	–	–	348,180	348,180
Financial assets included in deposits and other receivables	計入押金及其他應收款項 的金融資產					
– Normal**	– 正常**	18,941	–	–	–	18,941
Pledged deposits	已抵押存款					
– Not yet past due	– 尚未逾期	146,168	–	–	–	146,168
Cash and cash equivalents	現金及現金等價物					
– Not yet past due	– 尚未逾期	144,798	–	–	–	144,798
		<u>309,907</u>	<u>–</u>	<u>–</u>	<u>348,180</u>	<u>658,087</u>

* 就本集團採用簡化方法予以減值的應收貿易賬款及應收票據，基於撥備矩陣的資料披露於財務報表附註20。

** 計入押金及其他應收款項的金融資產的信貸質素於其未逾期時被視為「正常」，且自初始確認以來概無資料表明金融資產的信貸風險顯著增加。否則，金融資產的信貸質素將被視為「呆賬」。

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors.

Liquidity risk

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, was as follows:

37. 財務風險管理目標及政策 (續)

信貸風險 (續)

由於本集團僅與獲認可且信譽良好的第三方進行交易，因此毋須收取抵押品。信貸集中風險乃按客戶／對手方及地區管理。由於本集團應收貿易賬款的客戶基礎廣泛分散於不同分部，故本集團並無重大信貸集中風險。

流動性風險

下列為本集團於報告期末的金融負債到期情況 (按合約未折現付款)：

		As at 31 December 2020 於二零二零年十二月三十一日					
		Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	
		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	
Interest-bearing bank and other borrowings (excluding lease liabilities)	計息銀行及其他借貸 (不包括租賃負債)	-	292,507	689,597	54,000	-	1,036,104
Lease liabilities	租賃負債	-	631	1,806	5,546	5,494	13,477
Trade and notes payables	應付貿易賬款及應付票據	56,990	141,872	-	-	-	198,862
Other payables and accruals	其他應付款項及預提費用	117,021	-	-	-	-	117,021
		174,011	435,010	691,403	59,546	5,494	1,365,464

		As at 31 December 2019 於二零一九年十二月三十一日					
		Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	
		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	
Interest-bearing bank and other borrowings (excluding lease liabilities)	計息銀行及其他借貸 (不包括租賃負債)	-	254,674	584,485	81,251	-	920,410
Lease liabilities	租賃負債	-	640	1,866	5,381	6,430	14,317
Trade and notes payables	應付貿易賬款及應付票據	61,839	268,978	28,000	-	-	358,817
Other payables and accruals	其他應付款項及預提費用	84,987	-	-	-	-	84,987
		146,826	524,292	614,351	86,632	6,430	1,378,531

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the Group's objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade and notes payables and other payables and accruals, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

37. 財務風險管理目標及政策 (續)

資本管理

本集團資本管理的首要目標為保障本集團持續經營的能力，並維持穩健的資本比率，以支持其業務及為股東爭取最大價值。

本集團管理其資本架構，並視乎經濟狀況的變動作出調整。為維持或調整資本架構，本集團可調整向股東派付的股息、向股東退還資本或發行新股份。於截至二零二零年十二月三十一日及二零一九年十二月三十一日止年度，本集團並無對資本管理的目標、政策或程序作出改變。

本集團使用負債比率監控資本，負債比率界定為債務淨額除以資本總額加債務淨額。債務淨額包括計息銀行及其他借貸、應付貿易賬款及應付票據以及其他應付款項及預提費用，減去現金及現金等價物。資本包括母公司擁有人應佔權益。於報告期末的負債比率如下：

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

37. 財務風險管理目標及政策 (續)

資本管理 (續)

		31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
Interest-bearing bank and other borrowings (note 26)	計息銀行及其他借貸 (附註26)	1,015,603	902,351
Trade and notes payables	應付貿易賬款及應付票據	198,863	358,817
Other payables and accruals (note 25)	其他應付款項及預提費用 (附註25)	117,021	84,987
Less: Cash and cash equivalents	減：現金及現金等價物	(166,761)	(144,798)
Net debt	債務淨額	1,164,726	1,201,357
Total equity	權益總額	1,227,235	1,280,895
Capital and net debt	資本及債務淨額	2,391,961	2,482,252
Gearing ratio	負債比率	49%	48%

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

38. 本公司財務狀況表

有關本公司於報告期末的財務狀況表的資料如下：

		31 December 2020 二零二零年 十二月三十一日 RMB'000 人民幣千元	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於附屬公司的投資	373,362	373,362
CURRENT ASSETS	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	336,646	307,514
Other receivables	其他應收款項	4,599	3,812
Cash and cash equivalents	現金及現金等價物	625	405
Total current assets	流動資產總值	341,870	311,731
CURRENT LIABILITIES	流動負債		
Interest-bearing bank borrowings	計息銀行借貸	25,049	26,874
Amounts due to subsidiaries	應付附屬公司款項	35,570	5,853
Dividends payable	應付股息	188	17
Total current liabilities	流動負債總額	60,807	32,744
NET CURRENT ASSETS	流動資產淨值	281,063	278,987
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減 流動負債	654,425	652,349
Net assets	資產淨值	654,425	652,349
EQUITY	權益		
Issued capital	已發行股本	6,329	6,329
Reserves (note)	儲備 (附註)	648,096	646,020
Total equity	權益總額	654,425	652,349

Notes to Financial Statements 財務報表附註

31 December 2020 二零二零年十二月三十一日

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

Note:

A summary of the Company's reserves is as follows:

38. 本公司財務狀況表 (續)

附註：

本公司儲備概述如下：

		Share premium 股份溢價 RMB'000 人民幣千元	Contributed surplus 繳入盈餘 RMB'000 人民幣千元	Treasury shares 庫存股份 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019	於二零一九年一月一日	268,319	370,213	(19,508)	2,207	20,968	642,199
Profit for the year	年內溢利	-	-	-	-	35,821*	35,821
Transfer of share award plan reserve upon the vesting	於歸屬時轉撥股份獎勵計劃儲備	(1,015)	-	1,015	-	-	-
Transfer of share option reserve upon the forfeiture	於沒收時轉撥購股權儲備	2,207	-	-	(2,207)	-	-
Final 2018 dividend declared	已宣派二零一八年末期股息	-	-	-	-	(32,000)	(32,000)
At 31 December 2019 and 1 January 2020	於二零一九年十二月三十一日及二零二零年一月一日	269,511	370,213	(18,493)	-	24,789	646,020
Profit for the year	年內溢利	-	-	-	-	40,634*	40,634
Transfer of share award plan reserve upon the vesting	於歸屬時轉撥股份獎勵計劃儲備	(5,188)	-	5,188	-	-	-
Final 2019 dividend declared	已宣派二零一九年末期股息	-	-	-	-	(38,558)	(38,558)
At 31 December 2020	於二零二零年十二月三十一日	264,323	370,213	(13,305)	-	26,865	648,096

Notes to Financial Statements

財務報表附註

31 December 2020 二零二零年十二月三十一日

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

Note:

Contributed surplus

Contributed surplus represents the excess of the fair value of the shares of Hong Kong Kingdom at the date of the Reorganisation over the nominal value of the shares issued by the Company in exchange therefor.

* Profit for the year of 2020 includes dividends from subsidiaries attributable to previous years' profits of RMB44,789,000 (2019: RMB38,553,000).

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 19 March 2021.

38. 本公司財務狀況表 (續)

附註：

繳入盈餘

繳入盈餘指於重組日期香港金達股份的公允價值超出本公司為交換而發行的股份面值的數額。

* 二零二零年年內溢利包括源自附屬公司應佔過往年度溢利的股息人民幣44,789,000元(二零一九年：人民幣38,553,000元)。

39. 批准合併財務報表

董事會已於二零二一年三月十九日批准及授權刊發本合併財務報表。



地址：中國浙江省海鹽縣橫港集鎮

Add : Henggang Town, Haiyan County, Zhejiang Province, China

E-mail: ir@kingdom-china.com

www.kingdom-china.com

